



U.S. Department of State FY 2001 Country Commercial Guide: Germany

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TABLE OF CONTENTS

- I. EXECUTIVE SUMMARY
- II. ECONOMIC TRENDS AND OUTLOOK
- III. POLITICAL ENVIRONMENT
- IV. MARKETING U.S. PRODUCTS AND SERVICES
- V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT
- VI. TRADE REGULATIONS AND STANDARDS
- VII. INVESTMENT CLIMATE
- VIII. TRADE AND PROJECT FINANCING
- IX. BUSINESS TRAVEL

- X. ECONOMIC AND TRADE STATISTICS
 - A. COUNTRY DATA
 - B. DOMESTIC ECONOMY
 - C. TRADE
 - D. INVESTMENT STATISTICS
- XI. U.S. AND COUNTRY CONTACTS
 - E. U.S. AND COUNTRY CONTACTS
- XII. MARKET RESEARCH AND TRADE EVENTS
 - F. MARKET RESEARCH
 - G. TRADE EVENT SCHEDULE

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I EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Germany's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

The German economy is the world's third largest, and accounts for about one-third of Euroland's

GDP. It is the United States' largest European trading partner and fifth largest global partner. Germany practices a "social market" economy that largely follows free-market principles but with a considerable degree of government regulation and generous social welfare protections.

Buoyed by world economic recovery and rapidly growing world trade, Germany has been enjoying a cyclical upswing. Following real GDP growth of just 1.5 percent in 1999, growth is expected to reach almost 3.0 percent in both 2000 and 2001. Faster growth in 2000 has been driven mainly by a sharp expansion in exports and industrial investment. These components are forecast to remain fairly strong in 2001 and to be supported by faster growth in private consumption as well.

The center-left coalition government of Chancellor Gerhard Schroeder that took office in late 1998 has consolidated its position and embarked on a number of economic reforms considered necessary to sustain economic growth and job creation, consolidate public finances, and improve Germany's investment climate. The government secured parliamentary approval in July 2000 for significant new tax reforms that will be phased in over 2001-2005. The reforms will cut high business and personal income tax rates, close loopholes and eliminate capital gains tax for corporations. The government has also proposed controversial reforms to Germany's public social security system, which faces intense financial pressure with the aging of society. Significantly, the government aims to institute these reforms while also reducing its budget deficit and official debt levels.

High unemployment is one of Germany's most serious problems. The economic upswing and changes in Germany's labor force have combined to reduce the unemployment rate, 10.5 percent in 1999, to perhaps 9.7 percent in 2000 and 9.3 percent in 2001. Structural factors are largely to blame for continuing high joblessness, and the government has so far not pursued significant labor market reforms needed to promote new job creation.

For American companies, the German market, Europe's largest, continues to be attractive in numerous sectors, and remains an important element of any comprehensive export strategy in Europe. While U.S. investors must closely study the bottom line before buying into Germany or expanding their position, they can count on high levels of productivity, a highly skilled labor force, quality engineering, a first-class infrastructure, and a location in the heart of Europe.

Successful market entrants are those that have innovative products featuring high quality and modern styling. Particularly in the consumer goods sectors, Germans appreciate innovation and high technology. New solutions in the multi-media area, and technologies and services which will help more Germans join the Internet generation, offer great potential. U.S. products are especially well regarded when they offer cutting edge technology: computers and computer software, electronic components, health care and medical devices, synthetics and automotive technology. Price will not always be the determining factor for the German buyer, even for inputs in the intermediate stages of production, where the manufacturer cares deeply about his own product and service reputation.

Approaching the German market, exporters must recognize the country for what it is: a decentralized collection of states and regions as diverse as those in the United States. Bavarian and Rhineland tastes, for example, differ distinctively. An American company seeking sales in Germany must ensure that its marketing strategy takes these differences into account and should choose a distributor with country-wide capability, often necessitating several regional locations. Too often, U.S. exporters seek to service their clients from a single European location, or even directly from the United States. After initial entry into the German or European market, this is likely to be inadequate, especially recognizing that the chief competition faced by most American companies are the German domestic firms themselves, with their natural advantage of proximity. Success in the marketplace can be achieved by countering this comparative disadvantage with high

quality products and service, at the right price.

Establishing a physical presence in Germany may be the right solution for some firms. German efforts to privatize the energy, telecommunications and transportation sectors are being assessed by numerous American firms because of the attractive opportunities they imply. For investors, the still high marginal tax rates despite modest cuts and complicated tax laws may constitute an obstacle, although deductions, allowances and write-offs help to move effective tax rates to a more internationally competitive level.

Germany presents few formal barriers to U.S. trade or investment interests (with the exception of the EU Common Agricultural Policy). Germany's regulations and bureaucratic procedures, however, can prove a baffling maze, blunting the enthusiasm of U.S. exporters. While not discriminatory in the classic sense, government regulation is often complex and may offer a degree of protection to already-established local suppliers. Safety or environmental standards, not inherently discriminatory but sometimes zealously applied, can complicate access to the market for U.S. products. American companies interested in exporting to Germany should do their homework thoroughly and make sure they know precisely which standards apply to their product, and that they obtain timely testing and certification. This is doubly important because, to the extent EU-wide standards are developed, there is a high probability that the existing German standard will form the basis for the eventual European standard.

Further information on Germany and other European markets can be found on the "Showcase Europe" homepage: <http://www.sce.doc.gov>; this is a comprehensive source for a wide range of market research and business counseling information assembled by the U.S. & Foreign Commercial Service which is designed for U.S. exporters exploring the European marketplace.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-Rom or via the Internet. Please contact Stat-USA at 1-800-Stat-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at <http://www.mac.doc.gov>. They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRADE or by fax at (202) 482-4473.

II ECONOMIC TRENDS AND OUTLOOK

INTRODUCTION

The German economy is the world's third largest, and accounts for about one-third of Euroland's GDP. It is the United States' largest European trading partner and fifth largest global partner. Germany's strong post-war economic growth has afforded its citizenry one of the highest standards of living in the world, with what some view as the industrialized world's most comprehensive and generous social safety net.

The German "social market" economy is based largely on free market principles, but with labor, wage and regulatory issues being largely decided by a broad consensus of government, business, and labor. This system has mainly served Germany well and remains popular. However, the German economy has faced a number of problems in recent years, including slow economic growth, persistently high unemployment, high government outstanding debt, an increasing share of government revenues going for debt service payments, high tax rates, continued high net transfer payments to eastern Germany, high unit labor costs, and growing social security and non-wage labor costs. These problems and the resulting concerns about Germany's attractiveness as an investment location have underscored the need – and raised popular support – for changes in the government

economic, fiscal and social policy course towards budget consolidation and structural reforms.

Germany in 2000 is enjoying the fastest real economic growth it has experienced since reunification. Faster growth is bringing a moderate reduction in unemployment, though the effect is mainly in western Germany, which already enjoys far lower joblessness than in the east.

CAPSULE ECONOMIC FORECAST

Most forecasters expect real GDP growth in 2000 of about 2.8 percent, which would be better than twice as fast as the annual average real growth since 1991. Growth is being driven this year by sharp expansion in German exports, as world trade broadly enjoys rapid expansion, and in investment in machinery and equipment. Growth in private consumption and construction output has been quite sluggish. Consumer price inflation is expected to remain under 2 percent in 2000, though up from the very low level in 1999 of 0.6 percent. Unemployment is expected to decline from 10.5 percent of the labor force in 1999 to 9.7 percent in 2000, reflecting both faster economic growth, i.e. job creation, and demographic changes that are reducing the size of the labor force. The overall improvement in the labor market, however, masks sharp regional variation. The unemployment rate in western Germany is 7.7 percent, compared with 17.3 percent in the east.

For 2001, forecasters expect continued brisk economic growth, with real GDP rising by about 3 percent. Exports and industrial investment will again be the main motors of growth, though at rates slower than those expected this year. Meanwhile growth in private consumption will also pick up to over 3 percent as planned income tax cuts take effect, and construction is expected to show initial signs of recovery after several very sluggish years. Consumer inflation is forecast to remain well under 2 percent. Unemployment will continue to decline modestly, to perhaps 9.3 percent of the labor force, with most of the improvement again in western Germany.

ECONOMIC POLICY ENVIRONMENT

The government's declared primary objective is to stimulate economic growth and employment and to get a grip on rising government debt. To this end, the government has pursued a combination of budget consolidation, growth incentives and structural reforms. This policy package aims to address the economic problems mentioned above. Key elements include the following.

FISCAL CONSOLIDATION. The government has practiced strict spending restraint in an effort to reduce the budget deficit. Government spending (federal, state and local levels but not including social security spending) is expected to rise this year by less than half of 1 percent. The government expects its total deficit (including social security) to drop from 1.1 percent of GDP in 1999 to 1.0 percent in 2000. The deficit is forecast to increase temporarily in 2001 to 1.5 percent of GDP as a result of planned tax reforms (see below) but then resume its downward trend in 2002. The government's goal is a balanced budget by 2006, and most experts believe it will be able to reach this target by then if not sooner. Total government debt, now 61 percent of GDP, is forecast to decrease gradually as a share of GDP in the coming years. The federal government has a policy of devoting one-off revenues, for example from privatization of state-owned assets and sale of telecommunications licenses, mainly to debt reduction.

TAX REFORM. Mindful of the impact of high tax rates on the German investment climate, the government in December 1999 proposed significant tax reforms. Enacted in July 2000, these will sharply cut corporate income tax rates, reduce personal income tax rates, broaden the tax base by closing some tax loopholes, and eliminate capital gains tax on sales of equity holdings by one corporation to another corporation. Income tax cuts will be phased in 2001-2005 while the capital gains elimination takes effect in 2002. Along with other more modest tax cuts already enacted, the government estimates its measures will bring total tax relief during 1998-2005 of DM 70 billion (\$35 billion). The elimination of corporate gains tax is considered particularly important as it would

promote a beneficial restructuring of Germany's complex corporate cross-holdings and thus encourage more rational capital allocation. In anticipation of a resulting increase in mergers and acquisitions, the government has also proposed a new company takeovers law that aims to establish a fair and transparent process for such takeovers, including those by foreign investors. The government seeks parliamentary approval of the takeovers law in 2000, so that it can take effect in 2001.

PENSION REFORM. Rapid aging of the German population is putting enormous financial pressure on the public pay-as-you-go social security system. Absent major reform, an imminent sharp decline in the ratio of active workers to retirees will force the current system to raise employee and employer contributions or reduce benefits. The government has therefore proposed reforms that would limit benefits from the public system while encouraging citizens to open new private, funded retirement accounts to supplement the public system. This proposal is highly controversial. While most Germans recognize the need for reform, achieving consensus on a specific program is likely to involve extended contentious debate.

LABOR MARKET ISSUES. German workers are on average among the highest paid in the world and enjoy generous social welfare and unemployment benefits. As part of its effort to stimulate growth and reduce unemployment, the government is pursuing a policy of encouraging restraint in the growth of wage costs over the medium term. It hopes that such demand management at the macro level will dampen inflationary pressures, thus leaving space for continued accommodative monetary policy to prolong the current cyclical upswing. The government pursues this aim through a tripartite (government, business, labor) body called the Alliance for Jobs. Understandings achieved in this consultative forum have been translated into multi-year wage agreements between employers and unions in several key industries involving modest wage increases.

The success of this strategy is not assured, partly because monetary policy made by the European Central Bank must take account of conditions in all 12 member countries of the European Monetary Union, most of which are currently growing faster than Germany. More broadly, the German labor market faces a number of structural problems. Continuing widespread use of sector-wide wage bargaining agreements results in a high de facto minimum wage that prices lower skilled workers out of the market. Meanwhile, generous unemployment benefits reduce the incentive to take those low-skilled jobs that are available. And despite almost 10 percent unemployment, serious labor shortages exist in the information technology area. There are some signs of increasing flexibility in the German labor market, but the government has not promoted significant structural reform, stressing instead its approach through the Alliance for Jobs.

III. POLITICAL ENVIRONMENT

OVERVIEW

The top priorities of the German government are to maintain economic growth and to continue fostering the development of eastern Germany. The new states are now an integral part of Germany, contain millions of voters, and are being brought up to the economic standards of western Germany as quickly as possible. Accordingly, a high priority continues to be placed on financing eastern development, implying the likelihood of a flow of major project opportunities for years to come.

In addition, Germany's political leadership also wants to promote Germany's competitiveness and various proposals are being considered to modernize the country's economic situation. Since unification on October 3, 1990, Germany has placed a high priority on improving its relations with its direct neighboring states as well as strengthening trans-Atlantic relations. Recognizing that political stability is nurtured by economic prosperity, Germany has been one of the major sources of assistance to Central European and CIS states.

The country continues to emphasize close ties with the United States, membership in NATO, progress toward further European integration, and improved relations with Central Europe. German-American political, economic, and security relationships regardless of which administration has been in power in either country have been based on close consultation and coordination at the most senior levels. High-level visits take place frequently, and the United States and the FRG cooperate actively in international forums. U.S. Government officials enjoy good access to policy- and decision-makers, and are able to raise issues affecting U.S. business in Germany.

BASIC GOVERNMENT STRUCTURE

Under the German Constitution, known as the Basic Law, the Federal Republic of German (FRG) is a parliamentary democracy with a bicameral legislature, an independent judiciary and executive power exercised by a Prime Minister whose title is Chancellor.

The lower house of Parliament, The Bundestag, currently consists of 669 deputies elected for a 4-year term. Members are elected through a mixture of a direct vote for constituency candidates and a second vote for party lists. The federal and state electoral laws stipulate that parties must receive at least 5 percent of the national vote (or at least three directly elected seats in federal elections) in order to be represented in the federal and state parliaments. The next national elections will take place in the fall of 2002. Voters must have German citizenship and be 18 years old.

The Federal President may be elected to two five-year terms, and his or her duties as chief of state are largely ceremonial. Executive power is exercised by the Chancellor who is elected by and responsible to the Bundestag. The Chancellor cannot be removed from office during a four-year term unless the Bundestag has agreed on a successor.

The upper house, the Bundesrat, comprising 69 members, is composed of delegations from the 16 state governments. Each state has between three and six votes, depending on the population of the state. The role of the Bundesrat is limited, but it can veto or engage in revision of legislation passed in the Bundestag when the proposed legislation would impose or affect the responsibilities of the states. Among these are matters relating to tax reform, law enforcement and the courts, culture and education, the environment, and social assistance.

The political parties represented in the Bundestag are:

- The Social Democratic Party (SPD), which abandoned the concept of a working class party in 1959 while continuing to stress social welfare programs. The SPD heads the federal government that took office in October 1998 under Chancellor Schroeder.
- The Christian Democratic Union and its Bavarian sister party, the Christian Social Union (CDU/CSU). The CDU/CSU is generally conservative on economic and social policy.
- The Alliance 90/The Greens (Buendnis 90/Die Gruenen), which has an environmentalist, pacifist platform, is the junior partner in the federal coalition government.
- The Free Democratic Party (FDP) identifies itself as a relatively market-oriented, civil libertarian party.
- The Party of Democratic Socialism (PDS), which is the successor party to the SED (the communist party of the former German Democratic Republic).

IV MARKETING U.S. PRODUCTS AND SERVICES

U.S. companies intending to export to Germany must take into account German demography. To a far greater degree than its European neighbors, Germany's population and industry are decentralized and evenly distributed. Major cities and businesses dot the countryside in a landscape which features no single business center. A U.S. supplier seeking sales in Germany must be careful to ensure that its distributor, or its own dealerships, have a country-wide capability. Too often U.S. companies seem to seek to cover Europe from a single European base, or even through periodic visits from the United States. The German commercial customer expects to be able to pick up the telephone, talk to his or her dealer, and have replacement parts or service work immediately available. U.S. exporters should avoid appointing distributors with impossibly large geographic areas, without firm commitments regarding parts inventories or service capabilities, and without agreements on dealer mark-ups.

Success in the German market, as elsewhere around the world, requires long-term commitment to market development and sales back-up, especially if U.S. companies are to overcome their natural geographic handicap with respect to their European competitors. One of the most commonly voiced complaints still heard from the German business community is about the American penchant for being here today and gone tomorrow. While this approach can produce occasional one-time deals, it is not the way of the competition, whether it be third-country or German, and is definitely not the way to establish a solid position and reputation in the German market.

Too often, U.S. suppliers are perceived by Germans as being unreliable: too quick to defer processing an export order in favor of a subsequent domestic order, too likely to bypass a successful distributor to deal directly with his customer, and interested in export sales only when domestic order books are unfilled or there is a fortuitous slip in the exchange rate. Many U.S. companies are not seen as long-term players in the market, and are not viewed as likely to provide adequate after-sales support. Distance from the market is no excuse to a customer with a problem.

SERVICES

Services are playing an increasingly important role for Germany's economy. In many studies and reports, the United States has been portrayed as a good example for a service-oriented economy, and many experts believe that a focus on these sectors will provide Germany with an opportunity to significantly reduce unemployment. Despite a still existing reluctance among the workforce, which is traditionally oriented towards manufacturing and industrial processes, growth potential for and the importance of the service sector is considerable.

In 1999, the portion of the country's GDP, accumulated in the service sector reached DM billion 2,476.23 (USD billion 1,269.86) – approximately 63 percent of the total GDP. Since many manufacturing businesses satisfy their demand for services internally, this figure does not correctly reflect the importance of the services sector for Germany. The German Federal Economics Ministry estimates that services account for 70 percent of all jobs, a figure slightly below the comparable indicator in the United States.

In many areas, the German government follows EU stipulations opening up service markets, such as telecommunications, postal services, the rail system or energy, which may offer potential for foreign, including U.S., competition. Other sectors, such as the water industry or road haulage may appear to be in general open to competition, but do not at a first glance lend themselves easily to U.S. involvement.

The German government prides itself for having established a liberal, open telecommunications market, following the deregulation of voice telephony in 1998. The number of telecommunication service providers has risen from 1,200 in early 1998 to more than 1,700 - many of them American -

and, according to government sources, these companies have created more than 53,000 new jobs.

Nevertheless, the situation of the services industry and the attitude towards individual services leaves room for improvement. U.S. companies considering to enter the German services market should be aware that the still comparatively high tax rates despite modest cuts and complicated tax laws may constitute an obstacle to investors, although deductions, allowances and write-offs help to move effective tax rates to a more internationally competitive level.

E-COMMERCE

Most experts are optimistic that the Internet, and, consequently, e-commerce, will gain wider acceptance in the near future. Politicians of all parties see the Internet in general as one of the driving forces behind potential upswing: Electronic commerce in general is supposed to turn into the most promising Internet branch. A British research team expects 7% of all German households to be making cyber purchases in 2001, totaling \$ 3,5 billion, up from 1% and \$96 million in 1997. However, because of the lingering consumer skepticism, company-to-company transactions and intra-company business will probably show the greatest growth. A survey by Forrester indicated that 65 percent of the top 1,000 German companies plan to expand into company-to-company e-commerce. In the future, profitable b2b market places will have to offer additional services, such as credit checks, contracting, payment administration, or solutions for customs and tax problems.

For the future, experts believe that travel services, telecommunication products, office equipment and consumer electronics will be increasingly sold via the net, and they expect that music may become an important segment in electronic commerce. They forecast that MP3 will establish itself as the accepted standard utilizing Windows Media Player, Real Networks or Quicktime as software.

TRADE FAIRS

No business visitor or company wishing to export to Germany can fail to note that trade fairs play a crucial role in marketing in this country, a role perhaps unique in the world. This is not too surprising when one considers that the trade fair movement was born in Germany in the Middle Ages and that, even today, a major portion of the truly world-class vertical fairs take place within Germany's borders, attracting buyers from around the world. During any given year, one or more major trade fairs will be staged in Germany for almost any product or. Trade fairs thrive in Germany because they are occasions on which business is actively done, rather than serving simply as public relations venues. U.S. exhibitors at German fairs should bring their order books and be prepared to sell. While U.S. exhibitors and even visitors can often conclude transactions, all attendees can use the great German fairs to conduct market research, see what their worldwide competition is doing, and test pricing strategies. The German fairs should not be thought of as strictly venues for doing business in Germany. The major shows attract buyers from throughout the world, allowing U.S. exhibitors do business here with buyers from Europe, Asia, Africa, Latin America and even with other U.S. companies.

Both CeBIT 2000, the world's largest computer and telecommunications show, and the 2000 Hannover Trade Fair, the world's largest industrial trade fair of any kind, saw record numbers of visitors and exhibitors. This confirms the conviction that there is no other venue where an American company can get so much product exposure for its marketing dollar. Trade fairs provide a U.S. company interested in entering Germany also with the opportunity to research its market and the potential of its product properly before making a business decision, which is advisable in any case. Not all products can be easily sold and, even in a high-priced country such as Germany, it is important to attach the right price tag to a product.

The promotion of U.S. participation at German trade fairs is also an essential part of "Showcase Europe," a field-driven initiative which is designed to pay tribute to the ongoing integration of a

single Europe. "Showcase Europe" concentrates on the following sectors of strategic interest: Aerospace; Energy; Medical Equipment, including Drugs and Pharmaceuticals; Telecommunications and Information Technologies; Environmental Technologies and Equipment; Franchising; and Travel and Tourism. In these fields, the Commercial Service offices located in European countries attempt to concentrate various marketing and advocacy actions. At selected fairs, for example, U.S. Embassy staff will attempt to bring U.S. companies together not only with potential German business partners, but also with visitors from other European countries. "Showcase Europe" also focuses on advocacy on behalf of U.S. business interests and concentrates on further opening the markets in the above listed sectors to U.S. companies, and include official U.S. government advocacy on behalf of American firms bidding on German procurement projects.

ADVERTISING

Besides exhibiting at a German trade fair, in most cases advertising is considered a suitable promotion method. Regulation of advertising in Germany is a mix between judicial rules and voluntary guidelines developed by the major industry associations. Legal rules were established at the beginning of the 20th century by the "Law Against Unfair Competition." This law continues to be valid today, although it has been modified over time. In essence, this law allows competitors to bring suit if advertising "violates good manners."

Many advertising practices that are common in the United States, such as offering premiums, would not be allowed in Germany. Any planned advertising campaigns should be thoroughly discussed with a potential business partner or an advertising agency in Germany. Following is the address of the German association of advertising agencies:

Gesamtverband Werbeagenturen e.V.
 (German Association of Advertising Agencies)
 Friedensstr. 11
 60311 Frankfurt a.M.
 Telephone: [49][69] 2560080
 Telefax: [49][69] 236883

There are numerous technical or specialized periodicals that deal with all aspects of technology and doing business in Germany. In addition, Germany has a well-developed array of newspapers and magazines, which offer the opportunity to gather information and advertise products and services.

ASSOCIATIONS

For nearly all facets of doing business, there appears to be an industry or trade association that is active in a particular field and which can often serve as a suitable point of contact when trying to establish a partnership.

PUBLIC PROCUREMENT

Selling to German government entities is not always an easy process. However, although a delay in implementing all facets of the EU Utility Directive occurred, it is safe to say that, in general, German government procurement is non-discriminatory and generally appears to comply with the GATT Agreement on Government Procurement (the Procurement Code) and the European Community's procurement directives. That said, it is undeniably difficult to compete head-to-head with major German or other EU suppliers with long-term ties to German government purchasing entities.

MARKETING TO THE NEW FEDERAL STATES

While market conditions in the new and old federal states of the reunited Germany continue to converge impressively, U.S. exporters and potential investors should, nonetheless, be aware that the

new federal states of eastern Germany still present, in certain respects, distinctive commercial opportunities and challenges.

For instance, while promotion and investment assistance provided by the German Federal Government usually covers the entire territory of Germany, some programs and terms are more favorable in the new federal states as part of the government-led effort to transform these states of the former East Germany to a market economy. Additionally, at both the federal and state-level there are investment grants, special depreciation and credit programs, and regional promotions, which apply specifically to the new federal states.

One regional promotion initiative of particular interest to U.S. firms interested in market opportunities in the new federal states is the IIC or Industrial Investment Council of the New German States. Through extensive market research, the IIC is in the process of identifying (and will subsequently disseminate information on) the distinctive commercial conditions which set eastern Germany apart as a favorable commercial destination -- especially for major U.S. investors in certain key sectors but also, indirectly, for U.S. exporters of all sizes and sectors. Among some of the distinctive conditions which IIC's market research is highlighting for the new federal states are: the degree of wage and labor flexibility across the board; the degree of local flexibility in accommodating major infrastructure projects; technical, workforce, and niche R&D capabilities; transportation logistics and distribution advantages; etc.

MARKETING U.S. AGRICULTURAL PRODUCTS

The Foreign Agricultural Service (FAS), USDA, maintains a U.S. Agricultural Trade Office (ATO) in Hamburg, Germany:

U.S. Agricultural Trade Office
 Alsterufer 28
 20354 Hamburg, Germany
 Tel: [49][40] 4146-070
 Fax: [49][40] 4146-0720
 E-Mail: atohamburg@fas.usda.gov
<http://www.usembassy.de/atohamburg>

The primary objective of the ATO is to facilitate trade in U.S. agricultural products. To meet this goal, the ATO provides the following support and services:

- Trade Leads: Designed for German buyers searching for specific U.S. products. More than 36,000 U.S. firms receive trade leads through this system each week.
- U.S. Supplier Listings: Lists of U.S. suppliers for use by potential German buyers.
- Buyer Alert: Lists of specific products being offered by U.S. exporters.
- German Importers: Lists of German importers, by product sector, for use by U.S. exporters.
- Market Briefs: Background and basic information on exporting agricultural products to Germany.
- USA Promotions: Decoration and other promotional materials for use in special USA promotions.

- Trade Shows: Information on key trade shows being held in Germany. Also, coordinate special USA pavilions at certain food shows in Germany, and organize and recruit German buyers for U.S. food and agricultural trade shows.
- American Food Directory: Extensive listings of U.S. food and beverage products imported and available for sale in Germany.
- The ATO also works closely with numerous U.S. agricultural trade associations and U.S. firms conducting programs designed to boost foreign demand for U.S. agricultural products.

The Foreign Agricultural Service also maintains an Office of Agricultural Affairs, which is located at the U.S. Embassy in Berlin, Germany. This office oversees USDA activities in Germany and can provide information on German food law as well as German import requirements. FAS Berlin may be contacted as follows:

Office of Agricultural Affairs
 American Embassy/Berlin
 Clay Allee 170
 14195 Berlin, Germany
 Tel: [49][30] 8305-1150
 Fax: [49][30] 8431-1935
<http://www.usembassy.de/embassy.fas>

V LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

(All figures are USD millions; e = estimated)

- 1: Drugs & Pharmaceuticals - DRG
- 2: Telecommunications Services - TES
- 3: Computer Software – CSF
- 4: Electronic Components – ELC
- 5: Management Consulting - MGM
- 6: Medical Equipment and Supplies - MED
- 7: Franchising – FRA
- 8: Computer & Peripheral Equipment - CPT
- 9: Automotive Parts and Services - APS
- 10: Computer Services - CSV
- 11: Sporting Goods - SPT
- 12: Electronics Industry Production and Test Equipment – EIP
- 13: Scientific & Laboratory Instruments - LAB
- 14: Air Conditioning and Refrigeration Equipment -ACR
- 15: Travel & Tourism - TRA
- 16: Telecommunications Equipment – TEL

1 DRUGS & PHARMACEUTICALS

DRG

In 1999, the United States was Germany's second largest supplier of pharmaceutical products, increasing exports to Germany by 40 percent over 1998 levels. German government cost-containment legislation continues as the driving force for the market of self-medication drugs and generic medicines, accounting for 15 percent of total drug sales. Best sales prospects exist for vaccines, cardio-vascular medication, analgesics, blood-building preparations, diagnostics, and infection/tumor blockers. In the OTC non-prescription segment, multivitamin preparations; lifestyle and natural/herbal products continue to be in high demand. The German pharmaceutical market is

highly regulated. While prescription drugs still have to undergo lengthy approval procedures, market entry for biotechnically derived or technologically advanced drugs has been eased. The application procedure is centralized through the European Drug Agency (EMA) in London.

	1998	1999	2000(e)
A) Total market size	14,300	16,100	18,700
B) Total local production	20,100	20,500	20,900
C) Total exports	14,900	15,200	15,500
D) Total imports	9,100	10,800	13,300
E) Imports from the U.S.	1,430	2,380	3,660

2 TELECOMMUNICATIONS SERVICES

TES

The telecommunications services sector is one of the most promising business areas. This trend is supported by the liberalization of the telecommunications market, especially since the end of the voice telephony monopoly on January 1, 1998, and the expected growth in online and Internet applications and services. While the end of the fixed-line monopoly spurred competition in this segment, highest growth rates are expected for the mobile segment. Although traditional telecommunication services, such as call centers, may need German-speaking staff, there appears to be excellent potential for U.S. companies in nearly all areas - especially since the United States appears to be the only relevant supplier of many of these services. The quickly expanding use of the Internet as a virtual marketplace will trigger demand for Internet-related telecommunication services. It has to be noted, however, that the bulk of the revenues generated in the services area is still earned by Germany's telecommunication giant Deutsche Telekom AG.

	1998	1999	2000(e)
Total sales	36,700	38,500	42,000
Sales by local firms	35,200	36,500	39,500
Sales by local firms abroad	n/a	n/a	n/a
Sales by foreign-owned firms	1,500	2,000	2,500
Sales by U.S.-owned firms	1,000	1,500	2,000

3 COMPUTER SOFTWARE

CSF

The German software market is booming with two-digit growth figures. The near-term outlook remains very positive, with anticipated growth rates in the 13 percent range. Innovative products will continue to encourage the home and business users to upgrade programs. Internet-related software products are expected to be best sales prospects. Even though the number of PC and Internet users in Germany is growing at a very strong pace, the development in Germany still lags about two to three years behind the United States and offers ample opportunities for innovative software suppliers. The top ten suppliers hold about 30 percent of the market, mainly with sales of standard software packages. More than 60 percent of sales are achieved by medium-sized to small vendors. Analysts estimate that approximately 80 percent of software sold in Germany is imported, mainly from the United States. Innovative U.S. software products, in particular industry-specific and niche products will continue to find excellent sales opportunities in Germany.

	1998	1999	2000(e)
A) Total market size	11,200	12,765	14,500
B) Total local production	3,675	4,070	4,500
C) Total exports	1,312	1,480	1,600
D) Total imports	8,837	10,175	11,600
E) Imports from the U.S.	6,037	6,845	7,700

4 ELECTRONIC COMPONENTS

ELC

Growth (10 percent) for electronic components in 1999 slightly exceeded projections; the market reached DM 28.5 billion (USD 14.3 billion). Active components (semiconductors, tubes/displays) account for almost 60 percent of the electronic components market and was valued at DM 8.8 billion (USD 4.4 billion) in 1999, with semiconductors reaching the highest growth rates. The electro-mechanical components segment increased by 3.3 percent, passive components by 5.8 percent, and printed circuit boards by 2.8 percent. Future market expansion in Germany will be spurred by the telecommunications industry (+27 percent), data processing industry (+20 percent), automotive electronics (+12.5 percent), and industrial electronics (+10.3 percent). Leading U.S. electronics components manufacturers are represented in Germany. The United States account for over 20 percent of all imports.

	1998	1999	2000(e)
A) Total market size	12,980	14,270	16,700
B) Total local production	11,300	12,150	13,400
C) Total exports	9,020	9,530	10,000
D) Total imports	10,700	11,650	13,300
E) Imports from the U.S.	2,150	2,300	2,600

5 MANAGEMENT CONSULTING

MGM

Management Consulting is one of the most thriving service sectors in Germany. The total market continues to grow by more than ten percent per year and does not show any sign of stagnation or decrease in Germany. To obtain reliable statistical is extremely difficult. Estimates report that there are almost 10,000 one-man/woman operations, which, account for a very small fraction of the total market in terms of billings. Today, clients of management consultants typically integrated solutions from their consultants.. Increased internationalization and technical developments almost guarantee further growth potential. Further expansion of the sector is obstructed by a severe lack of qualified personnel.

	1998	1999	2000(e)
A) Total sales	10,650	12,680	13,950
B) Sales by local firms	5,440	5,990	6,200
C) Sales by local firms abroad	n/a	n/a	n/a
D) Sales by foreign-owned firms	5,440	5,980	6,200
E) Sales by U.S.-owned firms	4,560	4,700	5,000

6 MEDICAL DEVICES

MED

The market for medical devices in Germany is estimated at USD 12.5 billion for the year 2000, approximately 13 percent of total health expenditures. There are roughly 1,200 local medical device manufacturers, which produced medical devices valued at USD 8 billion in 1999. The major consumer group is the in-patient, hospital sector, accounting for USD 7.5 billion(e) in the year 2000, followed by the out-patient sector valued at USD 5 billion(e). As a result of health reform 2000 and cost-containment measures, local production is expected to increase only moderately by 1.3 percent, with the total market size estimated to grow by 5.5 percent in the year 2000. Experts consider medical devices a growth market with excellent potential for U.S. suppliers of innovative and price-competitive products. U.S. medical device exporters to Germany hold a 30 percent market share and, with CE marked products, will continue to find excellent potential in Germany and other European countries.

	1998	1999	2000(e)
A) Total market size	11,250	11,850	12,500
B) Total local production	8,150	8,000	8,100
C) Total exports	6,500	7,000	7,200
D) Total imports	9,600	10,850	11,600
E) Imports from the U.S.	2,850	3,255	3,480

7 FRANCHISING

FRA

At the end of 1999, there were 720 franchise systems operating in Germany. Compared to 1998, 9.1 percent more franchisors and 8.5 percent more units reflect a healthy industry growth. 43 American franchisors (approximately 2,100 franchisees) hold an 11.7 percent share of the market. A relatively high concentration of franchise chains in Germany can be found in the fast food sector (dominated by U.S. concepts), followed by home maintenance, clothing, automotive, recreation, education, cleaning and hotels. Continuous growth within the 5 to 10 percent range is expected for all franchise sectors; industry sources expect best prospects to be training and educational services; express delivery services (all types); theme bistros/restaurants; office, management, accounting and tax services; maintenance, cleaning and sanitation services; advertising; telecommunication products and services; energy saving products and services; retail stores (specialized); home care services; and environmental services. U.S. franchisors must be prepared to adapt to required market norms and standards, invest in market research, test market receptivity through pilot projects and adjust their concepts to German business practices and consumer tastes.

	1998	1999	2000(e)
A) Total sales	18,285	19,887	21,600
B) Sales by local firms	15,254	16,550	17,400
C) Sales by local firms abroad	246	354	400
D) Sales by foreign-owned firms	3,277	3,691	4,600
E) Sales by U.S.-owned firms	2,038	2,327	2,500

8 COMPUTER & PERIPHERAL EQUIPMENT

CPT

Although competition from East Asia and Europe continues to increase, U.S. computer products are still viewed as innovative products of superior quality and leading edge technology. In 1999, sales of main-frame and mini-computers continued their downward trend, reflecting the continuing move away from these machines to PCs. Germany is, and will remain for the foreseeable future, a major opportunity for sales of American computer products. The United States is expected to retain its 1999 import share of approximately 26 percent at least until 2001. Exports exceed production due to considerable amounts of imported equipment being directly resold abroad or included as value-added equipment in locally manufactured products which are exported.

	1998	1999	2000(e)
A) Total market size	21400	22,900	24,500
B) Total local production	8,900	9,200	9,500
C) Exports	10,700	11,500	12,300
D) Total imports	23,200	25,200	27,300
E) Imports from the U.S.	6,200	6,400	6,600

9 AUTOMOTIVE PARTS AND SERVICES

APS

The German market for U.S. manufactured automotive parts and services grew by 12 percent in 1999, although German manufacturers increased their market share of the domestic market to 66 percent. U.S. manufacturers of original equipment (OEM) and tuning parts continued to increase exports to Germany, sales of U.S. automotive workshop equipment remained steady (U.S. manufacturers dominate the German market), while sales of after-market accessories decreased. The trend to fit U.S. made "OEM replacement" parts (clutches, exhaust systems) on German vehicles for the U.S. market continues. The export of U.S. manufactured parts to Germany, therefore, remains both healthy and positive.

	1998	1999	2000
A) Total market size	34,650	40,194	40,950
B) Total local production	27,800	35,169	36,150

C) Total exports	4,750	5,415	5,700
D) Total imports	11,600	10,440	10,500
E) Imports from the U.S.	1,400	1,554	1,740

10 COMPUTER SERVICES

CSV

Computer services continues to be one of the most dynamic segments in the German IT market, with anticipated growth rates in the 13 percent range. Driving factors for this growth include downsizing, new technologies and the implementation of increasingly complex systems requiring expert knowledge. Record growth is expected for outsourcing, as more and more firms make use of the expertise provided by computer service providers. Other best prospects in the computer services segment include software implementation, systems integration and IT training. An additional growth area will be the expanding use of the Internet as a virtual marketplace, which increases demand for Internet-related network services. Despite competition from local companies, U.S.-based companies are often perceived as having more experience in the IT environment and therefore have a head-start in the business. The majority of large U.S. computer service providers have facilities in Germany and, for official statistical purposes, are counted as local firms.

	1998	1999	2000(e)
A) Total sales	12,370	13,804	15,500
B) Sales by local firms	11,873	13,252	14,900
C) Sales by local firms abroad	1,480	1,518	1,700
D) Sales by foreign-owned firms	1,977	2,070	2,300
E) Sales by U.S.-owned firms	1,400	1,518	1,700

11 SPORTING GOODS

SPT

Germany is Europe's largest sporting goods equipment market and a very sport-minded country. There are no fewer than 86,000 clubs, with nearly 26 million members, associated with the "Deutscher Sportbund" (German Sports Federation). It is through the programs of these clubs, rather than school programs as in the United States, that the nation's elite athletes rise to the top. Excellent opportunities exist for U.S. firms: American sporting goods products, especially those that are "Made in the USA," continue to set trends and gain popularity in Germany.

	1998	1999	2000 (e)
A) Total market size	7,700	7,874	8,000
B) Total local production	5,978	6,100	6,200
C) Total exports	1,505	1,519	1,600
D) Total imports	3,227	3,293	3,400
E) Imports from the U.S.	581	625	670

12 ELECTRONIC INDUSTRY PRODUCTION & TEST EQUIPMENT

EIP

Germany's receptivity to American electronic production and test equipment is very high, a fact mirrored by an import market share of 41 percent. U.S. EIP manufacturers traditionally set the technology standards worldwide by consistently offering the next generation of equipment for manufacturing and testing complex devices, surface-mounted parts and high-speed integrated circuits. In 1999, Japan enjoyed a 26 percent market share, Switzerland ranked third with 13 percent, Italy was fourth with 7 percent, followed by Great Britain with 6 percent. Semiconductor production equipment is projected to enjoy best sales prospects.

	1998	1999	2000(e)
A) Total market size	1,215	1,260	1,300
B) Total local production	2,250	2,295	2,300
C) Total exports	2,025	2,070	2,100

D) Total imports	990	1,035	1,100
E) Imports from the U.S.	415	430	460

13 SCIENTIFIC & LABORATORY INSTRUMENTATION

LAB

With a total market of USD 3.5 billion in 1999, Germany is the largest producer and consumer of scientific and laboratory instrumentation in Europe. Undergoing considerable consolidation during the past three years – which also included relocation of production abroad for reasons of competitiveness - the industry has meanwhile recovered. The entire German market increased 3.5 percent in 1999, mainly as a result of a booming business in life science (biotechnology/genetic engineering) and the pharmaceutical industry. Due to the strong export orientation of the industry – 52 percent of the annual production output is exported - the industry depends very much on imported technologies preferably from the U.S., which in 1999 captured an import market share of 41 percent. Best sales prospects for U.S. suppliers include laser and opto-electronic instrumentation, laboratory automation and information systems (LIMS), and the broad spectrum of chromatographic and spectroscopic technologies.

	1998	1999	2000(e)
A) Total market size	3,363	3,480	3,600
B) Total local production	4,038	4,062	4,100
C) Total exports	2,042	2,103	2,200
D) Total imports	1,367	1,521	1,700
E) Imports from the U.S.	590	630	660

14 AIR CONDITIONING AND REFRIGERATION EQUIPMENT

ACR

The German market for air conditioning and refrigeration is the largest in Europe. Market growth in the 10 percent range is anticipated over the next two years due to ever stricter environmental regulations regarding the use of refrigerants, an increasing focus on energy savings and increasing concerns regarding health and productivity in the workplace. These factors require modernization or replacement of old equipment and encourage the installation of air conditioning equipment. In general, U.S. products enjoy a good reputation. Even though the market for portable air conditioning and split units is growing remarkably, the United States is facing strong competition from Japanese and Italian firms in Germany. Best sales prospects for U.S. products continue to be in the refrigeration technology area.

	1998	1999	2000(e)
A) Total market size	3,456	3,746	4,400
B) Total local production	2,927	3,117	3,500
C) Total exports	1,820	1,979	2,100
D) Total imports	2,348	2,608	3,000
E) Imports from the U.S.	153	171	200

15 TRAVEL & TOURISM

TRA

Outbound travel of Germans accounted for USD 47,000 million in 1999d; 31 percent was business and 69 percent was leisure travel. Germany represents the third largest overseas market to the U.S. (after Japan and Great Britain). Receipts from German visitors to the United States in 1999 totaled an estimated USD 5,508 million. 1,985,000 Germans visited the United States in 1999, a increase of 4 percent over 1998. The Office of Tourism Industries within the Department of Commerce predicts a modest increase in the number of tourists from Germany of 3 percent for 2000, despite the unfavorable Dollar – DM exchange rate. Key trends in the travel preferences of Germans: special interest and soft adventure holidays, dual-purpose vacations eco-tourism, personal safety, individual and flexible packages.

	1998	1999	2000(e)
A) Total sales	45,556	47,027	47,200
B) Sales by local firms	40,795	41,519	41,700

C) Sales by local firms abroad	n/a	n/a	n/a
D) Sales by foreign-owned firms	4,761	5,508	5,500
E) Sales by U.S.-owned firms	4,068	4,708	4,700

16 TELECOMMUNICATIONS EQUIPMENT

TEL

The telecommunications industry is widely regarded as one of the driving forces behind future economic growth in Germany. Whether in the areas of multi-media, mobile communications, or the Internet, telecommunications is the key to unlocking German potential for future economic development. Germany is not only one of the fastest growing markets for mobile equipment, but is also very well prepared for any future technology in the telecommunications sector. Thousands of miles of high quality fiber optical cable make the country ready for the application of the future. The immense changes in the legal infrastructure and the privatization of voice telephony (January 1, 1998) have added momentum to the positive trend. The United States is Germany's most important import source for telecommunications equipment.

	1998	1999	2000(e)
A) Total market size	7,900	8,200	10,000
B) Total local production	9,200	10,300	11,500
C) Exports	5,800	6,300	7,000
D) Total imports	3,900	4,200	4,500
E) Imports from the U.S.	790	820	900

BEST PROSPECTS FOR AGRICULTURAL PRODUCTS

(All figures are metric tons, unless otherwise stated.)

- 1: Tree Nuts
- 2: Pet Food
- 3: Wine
- 4: Rice
- 5: Edible Sunflower Seeds

1 TREE NUTS

HTP

The category of tree nuts includes pistacios, almonds, pecans, hazelnuts and walnuts. Germany does not produce significant quantities of these nuts, therefore supply is met virtually entirely by imports. Germany is the largest export market for U.S. almonds. A number of U.S. associations actively promote their products in Germany, including Blue Diamond Almond Growers, California Pistachio Commission and the California Walnut Commission. In 1999, U.S. total exports of tree nuts to Germany were valued at \$242 million, out of a total import value of \$680 million.

	1998	1999	2000(e)
A) Total market	140,000	145,000	145,000
B) Production	* *	*	
C) Total exports	26,000	25,000	21,000
D) Total imports	166,000	170,000	166,000
E) Imports from the U.S.	62,000	75,000	75,000

2: PET FOOD

G&FD

Germany is one of the leading countries for pet ownership in the world. Even though the majority of pet foods is produced domestically (the market leader is a U.S. firm), interest in specialty, healthy foods for pets is growing rapidly. German pet owners are willing to pay premiums to properly feed their pets. Access to the German market for U.S. exports of pet food should be enhanced as a result of the recently completed US/EU veterinary equivalency negotiations. In 1999, U.S. total exports of pet food to Germany were valued at \$36 million, out of a total import value of \$415 million.

	1998	1999	2000(e)
A)Total market	691,000	740,000	760,000
B)Production	535,000	530,000	530,000
C)Total exports	242,000	240,000	250,000
D)Total imports	398,000	450,000	480,000
E)Imports from the U.S.	20,000	25,000	26,000

3 WINE

HTP

Germany is the world's largest importer of wine, with imports totaling 11.8 million hectoliters in 1998, valued at \$1.9 billion. The import figure represents nearly two-thirds of total German wine consumption. Italy, France and Spain are the leading suppliers of wine to Germany, with a combined import market share of more than 80 percent. U.S. wines have developed an increasingly good reputation for quality in the German market. In the past five years the value of Germany's imports of U.S. wines has grown to \$41 million in 1999.

	1998	1999	2000(e)
	hl	hl	hl
A)Total market	20,210	17,700	20,000
B)Production	10,655	8,600	10,000
C)Total exports	2,227	2,400	2,500
D)Total imports	11,782	11,500	12,500
E)Imports from the U.S.	102	100	120

4 RICE

GFD

Germany does not produce rice, supply is met exclusively by imports. German rice millers have a long standing relationship with U.S. exporters of husked brown rice. Beginning 1998, U.S. rice exporters took advantage of a tariff rate quote at zero duty for 38,000 tons of semi-milled and wholly-milled rice. U.S. shipments for this value-added product went up by 10,000 tons replacing shipments of husked rice. U.S. shipments of rice to Germany are valued US\$32 million in 1998.

	1998	1999	2000(e)
A)Total market	228,000	233,000	235,000
B)Production	*	*	*
C)Total exports	42,000	56,000	57,000
D)Total imports	228,000	233,000	235,000
E)Imports from the U.S.	58,000	68,000	70,000

5 EDIBLE SUNFLOWER SEEDS FOR CONFECTIONERY USES

COTS

Germany is the largest market for U.S. exports of edible sunflower seed, accounting for almost 50 percent of total U.S. exports. While some German farmers continue to grow edible sunflower seed under contract, on the whole local farmers have not been pleased with crop yields. Marketing efforts on the part of the U.S. National Sunflower Association are expected to assist in the expansion of U.S. exports to this market. In 1999, U.S. total exports of confectionary sunflowers to Germany were valued at \$40 million, out of a total import value of \$58 million.

	1998	1999	2000(e)
A)Total market	76,661	121,000	125,000
B)Production	5,000	5,000	5,000
C)Total exports	3,873	4,000	5,000
D)Total imports	75,534	120,000	115,000

E)Imports from the U.S.	37,012	30,000	35,000
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VI TRADE REGULATIONS AND STANDARDS

Germany's regulations and bureaucratic procedures can be a difficult hurdle for companies wishing to enter the market, requiring close attention by U.S. exporters. Complex safety standards, not normally discriminatory but sometimes zealously applied, complicate access to the market for many U.S. products. U.S. suppliers are well advised to do their homework thoroughly and make sure they know precisely which standards apply to their product, and that they obtain timely testing and certification.

The European Union's (EU) attempts to harmonize the various product safety requirements and related standards for industrial products of its member states have complicated the issue. During a transition period national requirements must be met. (After the transition period, the Europe-wide "CE" mark supersedes all other compliance certificates, provided the products in question are covered by an EU-directive.) The EU's efforts to harmonize standards through the "New Approach" certification-facilitating directives (and separately developed European standards) are incomplete as far as sectors covered. In some cases, U.S. firms, e.g., in the automotive or medical sectors, will have to worry about complying with the specific requirements of all applicable "Old Approach" product-specific EU standards legislation.

This is doubly important because, to the extent EU-wide standards are developed, there is a high probability that the existing German standard will form the basis for the eventual European standard. In many cases, Germany will also be the first European country to implement EU-wide standards. The implementation of electromagnetic compatibility standards (EMC), despite a five-year phase-in period, surprised many affected companies - not only foreign but also German - with the result that accredited test laboratories are booked for months and market introduction for some products is delayed considerably.

German buyers may require additional performance or quality marks, which are not necessarily legally required, but greatly enhance a product's chances to be marketed. Both EU requirements and the standards for a German quality or performance mark will, in many cases, require a product to be modified. Even if the product does not require modification, it will require testing and certification before it can be marketed. Important marks are the "gepruefte Sicherheit" (GS) mark for mechanical products, and the "Verband Deutscher Elektrotechniker" (VDE) mark for electrical components. It should be emphasized that neither the "GS" license nor the "VDE" license are mandatory for products sold in Germany. The only exception is for products for use in certain work place applications, where either of these marks are required to meet insurance eligibility requirements.

The German organization that compiles the standards laying down the requirements for a "GS" mark is the "Deutscher Industrie Normenausschuss - DIN" (German Standards Institute). The organization responsible for testing is the "Technischer Ueberwachungsverein e.V. - TUV," (Technical Inspection Association).

Although the "VDE" license deals with electrical products, instead of mechanical products, the same process of certification can be followed. A company can obtain "VDE" literature from the VDE publisher (VDE Verlag, GmbH), or directly from the VDE association (for contact information please see below).

The TUV tests for both the "VDE" license and the "GS" license. The process for "VDE"

certification is the same as that of the "GS" mark. TUVs are private companies set up by various German states to inspect and test products for compliance with German safety standards. Individual TUVs have also been authorized by the German Government to test products for compliance with EU legislation, and many have established representative offices in the United States.

Firms interested in certification should contact a U.S. TUV office (Contact information is provided below).

SELF-CERTIFICATION

For certain products, self-certification of manufacturers (through a Manufacturer's Declaration of Conformity) is sufficient. Further information is available from the U.S. Mission to the EU:

U.S. Mission to the EU (USEU)
40 Blvd. Du Regent
B-1000 Brussels, Belgium
Telephone: [32][2] 508 2746
Telefax: [32][2] 513 1228

EFFECT OF EU HARMONIZATION OF STANDARDS ON THE "GS" AND "VDE" MARK:

The effect of EU harmonization on the "GS" and "VDE" mark is difficult to analyze. It is estimated that about 75 percent of all American products sold in the EU must have the "CE" mark once all directives have been passed and all transition periods have expired. Where EU directives are in place the "CE" mark is mandatory by law for products that are covered by the appropriate directive; the mark allows the product to be marketed in all the EU member states. National certificates such as the "GS" and the "VDE" marks, may not be legally required, but enhance marketing chances. German consumers look for these marks in much the same way as Americans look for the "UL" mark.

Currently, only 12 of the 22 proposed and planned EU directives are in place: low voltage electrical safety, toys, simple pressure vessels, construction projects, electro-magnetic capability, gas appliances, personal protective equipment, machinery, active implantable medical devices, non-automatic weighing machines, type approval of telecommunications terminal equipment, and medical devices. For products where there is as yet no EU directive, national standards, even if they are voluntary, should be adhered to, in order to ensure marketability of a product.

Who has the authority to actually affix the "CE" mark? For many products, the mark may be affixed by the manufacturer, based on his or her own testing to verify that the product meets EU requirements. However, EU legislation may require that an independent third party be involved in product assessment.

Who is qualified to be this third party? The EU establishes so-called "notified bodies," i.e. testing or certification agencies. The majority of the TUVs have already been approved - they will play an important role as notified bodies.

CONTACT INFORMATION FOR EU "CE" STANDARDS:

Mr. Robert Straetz
Office of European Union and Regional Affairs
Room H-3036
International Trade Administration
U.S. Department of Commerce
Washington, D.C. 20230
Telephone: (202) 482-4496

Telefax: (202) 482-2155

U.S. CONTACTS FOR FOREIGN STANDARDS INFORMATION:

National Center for Foreign Standards Information

National Institute of Standards and Technology

TRF Room A163

Gaithersburg, MD 20899

Telephone: (301) 975-4040

Telefax: (301) 975-2128

Europe\Regional, Political, and Economic Affairs

Room 6519

U.S. Department of State

Washington, D.C. 20520

Telephone: (202) 647-2395

Office of the U.S. Trade Representative

600 17th St., NW

Washington, D.C. 20506

Telephone: (202) 395-3320

American National Standards Institute

11 West 42nd St.

13th Floor

New York, NY 10036

Telephone: (212) 642-4900

Telefax: (212) 302-1286

TUV OFFICES IN THE UNITED STATES (HEADQUARTERS):

(Contact information for regional offices is available from these headquarters or from the U.S. Embassy in Berlin)

TUV Essen Laboratories

6 Brighton Rd.

Cliffton, NJ 07012

Telephone: (201) 773-8880

Telefax: (201) 773-8834

Contact: Wayne Gruber, Technical Manager

TUV America, Inc.

Headquarters

5 Cherry Hill Dr.

Danvers, Ma 01923

Telephone: (508) 777-7999

Telefax: (508) 777-8441

Contact: Kurt Else, President

TUV Rheinland of North America

Headquarters

12 Commerce Rd.

Newtown, CT 06470

Telephone: (203) 426-0888

Telefax: (203) 270-8883
Contact: John Tyra

VALUE ADDED TAX/TURNOVER TAX

In common usage, value added tax (VAT) and turnover tax are regarded as being identical. All imports and deliveries of goods to or in Germany are subject to VAT, as are services deemed to have been rendered within the country. The tax liability rests on the German business providing service or products or on the importer or buyer of goods or services from abroad. The tax levied on the business is invoiced to customers, who may deduct it from their own liability. The ultimate burden is therefore on the final consumer, who, not being a business, does not file VAT claims and therefore has no rights of deduction.

The basic VAT rate is 16 percent. A reduced rate of 7 percent is levied on certain specified items, such as food, books and other publications. Exports abroad and deliveries of goods to other EU countries are free of VAT. The full amount of the VAT should be listed separately on invoices. For invoices up to DM 200 (USD 100) it is sufficient to indicate only the percentage of the tax rate. Invoices amounting to higher sums must list the payable tax separately. In order to fulfill turnover tax liabilities, all revenues must be listed separately on a pre-payment form of the local tax office. It is important, however, to collect and present all invoices as originals in order to deduct the VAT charged from one's own tax liability or to get reimbursed by the German Ministry of Finance.

CUSTOM REGULATIONS/TARIFFS: Information on customs regulations and tariffs is available from German customs offices, and can differ considerably depending on the products. Please contact the Commercial Service (for contact information, please see Chapter XI).

AGRICULTURAL PRODUCTS

General Veterinary Requirements: In April of 1997, the United States and the European Union (EU) reached an agreement on an overall framework for recognizing as equivalent each other's veterinary inspection systems. Progress made should open new trade opportunities for red meat and preserve most pre-existing trade in products such as pet food, dairy and egg products. The veterinary equivalency agreement covers more than \$1.5 billion in U.S. animal product exports to the EU and an equal value of EU exports to the United States.

All beef and pork exported to Germany for human consumption must come from slaughterhouses, cutting plants and cold stores approved for export to the EU. Since 1989, the EU has prohibited importation of beef from cattle treated with growth hormones. Soon after this ban went into effect, an agreement was reached between the United States and the EU that allows American producers of beef from animals not treated with hormones to export to the EU. Under the terms of this agreement, the cattle must come from an EU-approved source, and the animals must be slaughtered in a slaughterhouse that has been approved by the EU for handling untreated beef.

BEEF: The EU beef market is largely insulated from the world market by high import duties on most products. Import opportunities do exist, however, for selected products that are covered by fixed, relatively low tariffs or special quota. Most notably, the EU grants market access for annual imports of up to 12,250 MT of beef from the United States and Canada under its high-quality beef (HQB) quota. (Imports under this quota are still subject to an ad valorem duty, which will be reduced according to the Uruguay Round Agreement.) Under the Uruguay Round Agreement, the EU duty on beef livers (which was seven percent in 1994) will be eliminated in six equal annual installments by July 1, 2000.

PORK: Selected market opportunities exist for imports of pork. Market access within the EU has been improved through the creation of a tariff-rate quota totaling 75,000 MT by the year 2000, including a 39,000 MT allocation for tenderloins, boneless loins and boneless hams.

POULTRY: Unfortunately U.S. and EU negotiators were not able to reach agreement on a number of important points during the veterinary equivalency negotiations, particularly in the poultry sector. The most contentious issue in the negotiations concerned the use in the United States of chlorinated water and other anti-microbial treatments in poultry processing. However, most forms of anti-microbial treatments are prohibited in the EU. The EU's ban on anti-microbial treatments effectively blocks U.S. poultry exports to the EU which were estimated at \$50 million in 1996.

DAIRY PRODUCTS: The veterinary agreement allows for the resumption of U.S. dairy product exports to Germany, which had been banned for more than one year. Under the Uruguay Round Agreement, the variable levy on dairy products has been replaced by a fixed tariff equivalent.

PLANT HEALTH: As part of the Single Market exercise, plant health regulations in the fifteen European Union Member States have been harmonized. The new regulations went into effect on June 1, 1993. The EU has been successful in reducing the number of phytosanitary restrictions, and new marketing opportunities have been created for U.S. horticultural exports. Phytosanitary certificates are required for most fresh products.

HORTICULTURAL PRODUCTS: Germany is an important market for United States horticultural products. Principal products include almonds, citrus, raisins, prunes and walnuts. Horticultural products entering Germany face a number of border restrictions. In addition to considerable tariffs which vary by product, imports of selected produce are subject to an entry price system. Under such a system imports which have a price at or above the respective entry price are assessed only the appropriate ad valorem duty. Imports which have a price below, but within a certain range of the entry price are assessed the ad valorem duty plus a specific duty which is the difference between the import price and the entry price. "Within a certain range" generally means within eight percent of the entry price. Imports having a price more than eight percent below the entry price are assessed the ad valorem duty plus a very large specific duty (known as the tariff equivalent) which generally takes the cost of the product (import price plus duties) far above the entry price.

Under the Uruguay Round Agreement duties for horticultural products will be reduced in six equal annual installments by an average of 36 percent by July 1, 2000. Increased export opportunities will be created for single-strength orange juice, fresh foliage, shelled and roasted almonds, walnuts, apples, fresh asparagus, fresh grapes, roasted pistachios and potato chips.

ORGANIC PRODUCTS: There is a growing market within Germany for certified organic products. Since July 1992, Union-wide regulations on marketing organic products have been in effect. Administrative hurdles still slow down the development of this promising import market. The completion of an American National Organic Program promised for the end of 2000 will significantly reduce bureaucratic requirements for trade in certified organic products with the European Union. Until then importers must work through German authorities to submit oversight information on certified organic products on a case-by-case basis.

CONSUMER-READY PRODUCTS: Imports of consumer-ready food products into Germany face many market access restrictions and very strict food laws. In addition to bound import duties, the EU has established a complex system of border protection measures for food products. Since prices for basic agricultural commodities such as dairy products, sugar and cereals are considerably higher than world market prices, the EU maintains a mechanism to protect European consumer-ready food products from imports made with lower-price inputs. Therefore, most processed products entering the EU are subject to additional import charges based on the percentage of sugar, milk fat, milk protein and starch in the product. These additional import charges have made many imported processed food products non-competitive in the EU market. In 1998 the Foreign Agricultural

Service completed “Accessing Germany’s Retail Food Sector - A Guide for U.S. Food and Beverage Suppliers” which is available from USDA/FAS Trade Assistance Promotion Office by contacting <SmithMark@fas.usda.gov> or <hamptonk@fas.usda.gov>.

PACKAGING DISPOSAL: With the tremendous growth of waste and increasing disposal problems, Germany has established legislation which contains certain rules for the disposal of packaging materials. In response to this legislation, a cooperative effort for the collection and recycling of packaging materials was initiated. The organization involved is called the “Duales System Deutschland,” and it administers the use of the “Green Dot,” a recycling symbol which is found on the packaging material of virtually all products sold in Germany. While packaging material for products sold in Germany is not legally required to carry the Green Dot, it is almost impossible to market a product in Germany without it. Typically, the importer pays a license fee to the user of the Green Dot, dependent on the type and amount of packaging, and provides the exporter with the information necessary.

U.S. AGRICULTURAL COMMODITY ASSOCIATIONS ACTIVE IN GERMANY

A number of U.S. agricultural commodity and other trade associations conduct market development programs in Germany. In some cases, these associations maintain staffed field offices in Germany. Others may have a trade representative or public relations company representing their interests, and others may cover Germany from other European offices or from offices in the United States. A portion of the funding for the market development programs of these associations is provided by the USDA-operated Market Access Program (MAP) and Foreign Market Development program (FMD). These associations can be contacted through the U.S. Agricultural Trade Office (ATO) (see first section for phone, address and e-mail).

A listing of the agricultural associations which operate market development programs/activities in Germany, or in Germany as part of a European program, is provided below. Most of these associations receive USDA funding for their activities. Three U.S. agricultural trade associations (American Plywood Association, American Soybean Association and USA Rice Federation) maintain offices in the ATO Hamburg, are located at the American Consulate.

- Alaska Seafood Marketing Institute
- Almond Board of California
- American Forest and Paper Association
- American Hardwood Export Council
- American Plywood Association
- American Peanut Council
- American Quarter Horse Association
- American Seafood Institute
- American Seed Trade Association
- American Sheep Industry Association
- American Soybean Association
- Asparagus USA
- California Agricultural Export Council
- California Pistachio Commission
- California Prune Board
- California Walnut Commission
- Cherry Marketing Institute
- Chocolate Manufacturers Association
- Cotton Council International
- Cranberry Marketing Committee
- Eastern U.S. Agricultural and Food Export Council (EUSAFEC)

- Florida Department of Citrus
- Hop Growers of America
- Intertribal Agricultural Council
- Mohair Council of America
- Mid-America International Agri-Trade Council (MIATCO)
- National Dry Bean Council
- National Honey Board
- National Renderers Association
- National Sunflower Association
- New York Wine and Grape Foundation
- Northwest Wine Promotion Coalition
- Organic Trade Association
- Pear Bureau Northwest
- Southern Forest Products Association
- Southern Pine Marketing Council
- Southern United States Trade Association (SUSTA)
- The Catfish Institute
- The Popcorn Institute
- U.S. Dairy Export Council
- U.S. Livestock Genetics
- U.S. Meat Export Federation
- U.S. Wheat Associates
- USA Dry Pea and Lentil Council
- USA Poultry and Egg Export Council
- USA Rice Federation
- Washington Apple Commission
- Western United States Agricultural Trade Association (WUSATA)
- Western Wood Products Association
- Wine Institute

VII INVESTMENT CLIMATE

OPENNESS TO FOREIGN INVESTMENT

The German government and industry actively encourage foreign investment in Germany, and German law treats foreign firms in the same way as it does German firms. Under German law, foreign-owned companies registered in the FRG as a GmbH (limited liability company) or an AG (joint stock company) are treated no differently from German companies. There are no special nationality requirements on directors or shareholders, nor do investors need to register investment intent with any government entity. Foreign companies also generally endure the same or similar investment problems as do domestic firms, such as high marginal income tax rates, inflexible labor laws, and burdensome regulations.

The 1956 U.S.-FRG Treaty of Friendship, Commerce and Navigation affords U.S. investors national treatment and provides for the free movement of capital between the U.S. and Germany. Germany subscribes to the OECD Committee on Investment and Multinational Enterprises' (CIME) National Treatment Instrument and the OECD Code on Capital Movements and Invisible Transactions (CMIT). While Germany's foreign economic law contains a provision permitting restrictions on private direct investment flows in either direction for reasons of foreign policy, foreign exchange, or national security, no such restrictions have ever been imposed. In such a theoretical case, the federal government would first consult with the Bundesbank and the governments of the federal states. There is no broad authority to screen or block foreign direct investment.

CONVERSION AND TRANSFER POLICIES

The Deutsche Mark (DM) is a free currency with no restrictions on its transfer or conversion. As a result of European Monetary Union, the DM will be phased out in 2002 and replaced by the euro, which will be similarly free, with no restrictions on its transfer or conversion. There is no difficulty in obtaining foreign exchange. There are also no restrictions on inflows and outflows of funds for remittances of profits or other purposes.

EXPROPRIATION AND COMPENSATION

German law provides that private property be expropriated for public purposes only, in a non-discriminatory manner, and in accordance with established principles of international law. There is due process and transparency of purpose, and investors and lenders to expropriated entities receive prompt, adequate, and effective compensation.

DISPUTE SETTLEMENT

Investment disputes concerning American or other foreign investors and Germany are rare. During the hostile takeover of the Mannesmann mobile phone company by a British firm, there was evidence that the German government initially intervened on the German firm's behalf. However, the takeover was ultimately completed. In a case that is still pending, U.S. investor United Parcel Service contends that the state-owned Deutsche Post takes advantage of its monopoly position in letter delivery to subsidize its small package delivery business, creating unfair competition with UPS. Germany is a member of the International Center for the Settlement of Investment Disputes (ICSID), as well as a member of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. German courts are fully available for foreign investors in the event of investment disputes. The government does not interfere in the court system and accepts binding arbitration. For more information on Germany's law on arbitration, reformed in 1997, see www.internationaladr.com/tc121htm.

PERFORMANCE REQUIREMENTS/INCENTIVES

A comprehensive package of federal and state investment incentives is available to domestic and foreign investors. Germany is in compliance with its WTO TRIMS notification. The government has placed particular emphasis on investment promotion in the New States and offered a number of incentives to this end. Ongoing efforts to reduce government budget deficits may put pressure on these programs over time. The incentives currently available include:

FOR THE EASTERN GERMAN STATES AND EASTERN BERLIN:

- Tax Incentives: Investment allowances, special depreciation allowance, Eastern Germany Equity Fund.
- Investment Grants: Improvement of Regional Economic Structures Program, grants for research and development, consulting fee and training costs.
- Credit Programs: Loans with below-market interest rates from the Equalization Funds Bank, Kreditanstalt fuer Wiederaufbau funds, the European Recovery Program, EU programs, and loan guarantee and credit programs.

PROGRAMS FOR ALL OF GERMANY:

- Tax Incentives: Special depreciation allowance, capital reserve allowance.
- Investment Grants: Improvement of Regional Economic Structures Program, grants for research and development, consulting fees and training costs.
- Credit Programs: Loans with below-market interest rates from the Equalization Funds Bank, Reconstruction Funds Bank, the European Recovery Program, European Union programs, loan guarantee programs and other programs for small technology firms and environmental demonstration projects.

U.S. and other foreign firms may also participate in government and/or subsidized research and development programs, provided that:

- the company is legally established in Germany;
- the activity is a long-term operation with significant R&D capacities;
- the project engages in sponsored research that is entirely performed in Germany;
- the firm can exploit intellectual property rights independent from a parent company;
- the Federal Ministry of Education, Science, Research and Technology (BMBF) may exploit intellectual property rights from funded research;
- any licensing of technology outside of the EU requires the written approval of BMBF;
- preference is given to locating manufacturing facilities in Germany for any production resulting from the research (this criterion can be modified on a case-by-case basis.)

American business representatives indicate that these formal requirements and the administration of the programs by German authorities do not constitute barriers for access to this R&D funding.

Foreign investors can obtain more information on investment conditions and incentives from:

Federal Commission for Foreign Investment in Germany

Markgrafenstr. 34

10117 Berlin

Germany

Telephone: [49][30] 206-570

Telefax: [49][30] 206-571-11

e-mail: office@fdin.de

www.foreign-direct-investment.de

www.invest-in-germany.de

Federal Commission for Foreign Investment in Germany

31 West 52nd Street

New York, NY 10019

Telephone: (212) 469-8031

Telefax: (212) 469-2888

e-mail: ny-office@fdin.de

RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

Foreign and domestic entities have the right to establish and own business enterprises, engage in all forms of remunerative activity, and to acquire and dispose of interests in business enterprises.

The privatization of state-owned utilities has promoted competition and led to falling prices in some sectors. In 1998, Germany began to deregulate and privatize its telecommunications sector. Scores of foreign and domestic companies have invested in that sector, although the government continues to hold a 57.6 percent stake in the former monopolist Deutsche Telekom (DTAG). Since then, DTAG has lost more than one third of the long-distance market to competitors, but competition is still very limited in local networks. Competition also came to the electricity markets in 1998, and foreign firms have invested in it, though with some difficulty, owing to the continuing market dominance of ex-regional monopolists. Lufthansa Airlines has also been privatized, but the European Union (EU) requirement that the airline remain majority-owned by EU entities limits the extent of foreign investment. The government also plans partially to privatize Deutsche Post beginning in November 2000, and the firm will lose its monopoly in letter delivery at the end of 2002. Government regulatory authorities and the Cartel Office are prepared to address problems

and settle complaints brought forward by foreign market entrants and bidders.

PROTECTION OF PROPERTY RIGHTS

The German Government adheres to a policy of national treatment, which considers property owned by foreigners as fully protected under German law. There is no discrimination against foreign investment and foreign acquisition, ownership, control or disposal of property or equity interests. In Germany, the concept of mortgages is subject to a recognized and reliable security. Secured interests in property, both chattel and real, are recognized and enforced.

Intellectual property is well protected in Germany. Germany is a member of the World Intellectual Property Organization (WIPO). Germany is also a party to the major international intellectual property protection agreements: the Bern Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, the Universal Copyright Convention, the Geneva Phonograms Convention, the Patent Cooperation Treaty, the Brussels Satellite Convention, and the Treaty of Rome on Neighboring Rights.

U.S. citizens and firms are generally entitled to national treatment in Germany with only a few exceptions. The federal government's commitment under the intellectual property rights portion (TRIPS) of the Uruguay Round has further reduced concerns about the level of software piracy. Germany's 1993 implementation of the EU software copyright directive, as well as an educational campaign by the software industry, helped to address this problem.

National treatment is also granted to foreign copyright holders, including remuneration for private recordings. Under the TRIPS agreement, the federal government also grants legal protection for practicing U.S. artists against the commercial distribution of unauthorized live recordings in Germany.

TRANSPARENCY OF THE REGULATORY SYSTEM

Germany has transparent and effective laws and policies to promote competition, including anti-trust and unfair competition laws. The German government recognizes that certain aspects of German tax, labor, health, environmental and safety regulations are overly burdensome and impede new investment. The coalition is attempting to address some of these problems. It has secured parliamentary approval for significant tax reforms that would reduce both business and personal income tax rates, close some tax loopholes to broaden the tax base, and eliminate capital gains tax on holdings sold by one corporation to another corporation. The package takes effect in 2001 with income tax cuts phased in over five years; the capital gains elimination takes effect in 2002. The government has also proposed pension reforms to cope with Germany's aging population and financial problems facing the current pay-as-you-go public social security system. Broadly, these changes would limit benefits from the public system while encouraging citizens to open new private, funded retirement accounts to supplement the public system. The proposed reforms are controversial, however, and it remains uncertain what final form they will take. Meanwhile, the government is pursuing these reforms while also continuing efforts to reduce its fiscal deficit.

The German economy is highly regulated with authority dispersed over the federal, state, and local levels. Many new investors consider bureaucracy excessive, which has prompted most state governments to establish investment promotion offices and investment banks to expedite the process. New rules have simplified bureaucratic requirements, but industry sometimes contend with officials' relative inexperience with deregulation and lingering pro-regulation attitudes.

Taxation of American firms within the FRG is governed by the 1989 "Convention for the Avoidance of Double Taxation with Respect to Taxes on Income." It has been in effect since 1989 (and since January 1, 1991 for area that comprised the former German Democratic Republic.) With

respect to income taxes, both countries agree to grant credit to their respective federal income taxes for taxes paid on profits by enterprises located in each other's territory. The German system is more complex, but there are more similarities than differences between the German and American business tax systems.

American companies can generally obtain the resident and spouse work permit visas they require to do business in Germany, but the relevant laws are quite broad and application of them involves considerable administrative discretion.

EFFICIENT CAPITAL MARKETS AND PORTFOLIO INVESTMENT

Germany has a modern financial market sector but is often considered "overbanked." For example, it has twice as many bank branches per capita as does the United States. The banking system is sound and healthy and a gradual process of consolidation is underway. However, it is dominated by public sector financial institutions. The total assets of 2,987 financial institutions that reported in January 2000 were 5.8 trillion Euro. The 290 reporting commercial banks accounted for 1.5 trillion euro of this amount. The four largest commercial banks (Deutsche Bank, Dresdner Bank, Commerzbank, and Bayerische Hypo- und Vereinsbank) accounted for about 57 percent of total commercial bank assets.

Credit is available at market-determined rates to both domestic and foreign investors and a variety of credit instruments are available. Legal, regulatory, and accounting systems are generally transparent and consistent with international banking norms, although the German accounting system is sometimes criticized for being less transparent than the U.S. system. Germany has a universal banking system that is effectively regulated by federal authorities.

There was a sharp increase in corporate mergers and acquisitions in 1999 and early 2000, including a few widely publicized cases of hostile foreign takeovers, which have traditionally been rare in Germany. Partly as a result, the government has proposed a new takeovers law, which aims to establish a fair and transparent process for company takeovers. The law would govern bidder's obligation to offer, terms of shares/cash payment, offer price, defensive measures by the existing board, informing stakeholders, and other aspects of takeovers. The government says the new law would treat foreign and German investors equally and would regulate, but not hinder, company takeovers. It hopes to gain legislative approval of the law in 2000, so that it can take effect in 2001. The law would be administered by the Federal Office for Securities Oversight, which has been in operation since 1995. In recent years, Germany has also implemented a series of laws to improve its securities trading system, including insider trading laws.

By law, all companies in Germany must have a fluent German speaker on the managing board. Unnecessary red tape is a problem in the financial sector, but according to U.S. firms operating in the market, this problem affects both domestic and foreign firms.

POLITICAL VIOLENCE

Political acts of violence against either foreign or domestic business enterprises are extremely rare. Isolated cases of violence directed at certain ethnic minorities and asylum seekers have not affected U.S. investments or investors.

CORRUPTION

Germany is among the least corruption-plagued countries of the industrialized world, according to Transparency International, the Berlin-based international "corruption watcher." However, the construction sector, the privatization of former East German enterprises, and the awarding of public contracts represent areas of some continued concern. The European-wide organized crime problem also plays a role in the incidence of corruption. Strict anti-corruption laws apply to domestic

economic activity. U.S. firms have not identified corruption as an impediment to investment.

The German government has sought to reduce domestic and foreign corruption. For example, Germany in February 1999 implemented in its own law the 1998 OECD Anti-Bribery Convention, thereby criminalizing bribery of foreign public officials by German citizens and firms abroad. Tax reform legislation that became law in March 1999 ended the tax write-off of bribes in Germany and abroad. Germany has increased penalties for bribery of German officials, for corrupt practices between companies, and, under the law against unfair competition, for price-fixing by companies competing for public contracts. It has also strengthened anti-corruption provisions applying to support extended by the official export credit agency. Most state governments have contact points for whistle blowing and provisions for rotating personnel in areas prone to corruption. Government officials are forbidden from accepting gifts linked to their jobs.

Opinions, however, differ on the effect these steps will have in practice. German industry opposes creation of a central, national-level register of companies that would be barred from bidding for public contracts. While the German government has successfully prosecuted hundreds of domestic corruption cases over the years, there have been no prosecutions involving the bribery of foreign government officials since the 1999 changes in German law.

BILATERAL INVESTMENT TREATIES

Germany has ratified treaties with 111 countries and territories: Albania; Argentina; Armenia; Azerbaijan, Bangladesh; Belarus; Benin; Bolivia; Bosnia and Herzegovina; Bulgaria; Burundi; Cameroon; Cape Verde; Central African Republic; Chad; Chile; China; Congo (People's Republic); Congo (Democratic Republic); Costa Rica; Croatia; Cuba; Czech Republic; Dominican Republic; Ecuador; Egypt; Estonia; Gabon; Georgia; Ghana; Greece; Guinea; Guyana; Haiti; Honduras; Hong Kong; Hungary; India; Indonesia; Iran; Ivory Coast; Jamaica; Jordan; Kazakhstan; Republic of Korea; Kuwait; Kyrgyzstan; Laos; Latvia; Lebanon; Lesotho; Liberia; Lithuania; Macedonia; Madagascar; Malaysia; Mali; Malta; Mauritania; Mauritius; Moldova; Mongolia; Morocco; Namibia; Nepal; Niger; Oman; Pakistan; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Poland; Portugal; Qatar; Romania; Russia; Rwanda; Saudi Arabia; Senegal; Sierra Leone; Singapore; Slovak Republic; Slovenia; Somalia; South Africa; Sri Lanka; St. Lucia; St. Vincent and the Grenadines; Sudan; Swaziland; Syria; Tajikistan; Tanzania; Thailand; Togo; Tunisia; Turkey; Turkmenistan; Uganda; Ukraine; United Arab Emirates; Uruguay; Uzbekistan; Venezuela; Vietnam; Yemen (Arab. Rep.); Yugoslavia (SFRY); Zambia; and Zimbabwe.

Germany has signed, but not yet ratified, treaties with the following 21 countries. These include new treaties signed with some of the countries of the former Soviet Union and the former Yugoslavia, which also remain listed above as prior treaties with these entities remain in effect.

Country	Signed	Temporarily Applicable
Algeria	03/11/96	No
Antigua and Barbuda	11/05/98	No
Armenia	12/21/95	Yes
Barbados	12/02/94	No
Brazil	09/21/95	No
Brunei	03/30/98	No
Burkina Faso	10/22/96	Yes
Cambodia	02/15/99	No
Croatia	03/21/97	No
El Salvador	12/11/97	No
Gabon	09/15/98	Yes

Israel	06/24/76	Yes
Kenya	05/03/96	No
Kyrgyzstan	02/15/99	No
Macedonia	09/10/96	No
Mexico	08/25/89	No
Moldova	02/28/94	No
Nicaragua	05/06/96	No
Nigeria	03/29/00	No
Sri Lanka	02/07/00	No
Turkmenistan	08/28/97	No

Germany has initialed, but not yet signed, new treaties with Ethiopia (06/14/95); and Bosnia/Herzegovina (03/12/99).

OPIC AND OTHER INVESTMENT PROGRAMS

OPIC programs were available for the New States of Germany following reunification for several years during the early 1990s, but were suspended following the extraordinary achievements in the economic and political transition.

LABOR

The German labor force is generally highly skilled, well-educated, disciplined, and very productive. However, the labor market is characterized by various structural problems, German wages and fringe benefits are among the highest in the world, and, partly as a result, unemployment is very high (almost 10 percent). Sector-wide wage bargaining agreements result in high de facto minimum wages, pricing lower skilled workers out of the market. Meanwhile, generous unemployment benefits reduce the incentive to take those lower paying jobs that are available. Legislation designed to protect workers limits the ability of employers to adapt to dynamic market conditions, which requires them to be able to shed redundant workers or modify their workforce makeup. The current government has been unwilling to loosen these laws, and has even rescinded small changes made by the former government intended to provide employers with somewhat more flexibility.

The country's system of combined on-the-job and academic training for apprentices produces many of the skills employers need, but the system has not kept up with the number of applicants and some say it needs to be made more flexible and responsive to the changing demands of the economy. Despite overall high unemployment, a serious labor shortage has appeared in some high-tech sectors, prompting business calls for easier visa procedures for qualified foreign guest workers, especially in the information technology field. The government has responded with a program to attract more foreign specialists.

Unionized labor (about 35 percent of the labor force) is organized in a few large umbrella unions largely grouped by sector. Labor has traditionally been able to agree with management with relatively few work stoppages. The law limits management recourse to lockouts while "co-determination" laws give the unions significant voting representation on the supervisory boards of large companies and participation rights in company decisions through a well-established network of "works councils."

FOREIGN-TRADE ZONES/FREE PORTS

There are no free trade zones or free ports in Germany.

Germany has a basically non-discriminatory, well developed financial services infrastructure. Germany's universal banking system allows the country's more than 45,000 bank offices not only to take deposits and make loans to customers, but also to trade in securities. The traditional German system of cross-share holding among banks and industry, as well as an undeveloped equity market and a high rate of bank borrowing dictate that German banks exert substantial influence on industry. There is current discussion on whether or not the banks' influence should be diminished, but given the overall conservative nature of the financial system and its successes in the past it is unlikely that profound changes will result. Private banks control roughly 30 percent of the market, while publicly-owned savings banks controlled by state and local governments account for 50 percent of banking turnover, and cooperative banks make up the balance. All three types of banks offer essentially the same, full range of services to their customers. An array of specialist banks finance homeowner mortgages, provide guarantees to small and medium-sized businesses, finance projects in disadvantaged regions in Germany and guarantee exports to developing countries.

Practices regarding finance, availability of capital and schedules of payment are comparable to those which prevail in the United States. There are no restrictions or barriers on the movement of capital, foreign exchange earnings or dividends. Virtually all major U.S. banks are represented in the German market, principally but not exclusively in the city of Frankfurt am Main, Germany's main financial center. A large number of German banks, including some of the partially state-owned regional banks, similarly maintain subsidiaries, branches and/or representative offices in the United States. Germany's "big three" private banks are Deutsche Bank, Dresdner Bank and Commerzbank.

IX BUSINESS TRAVEL

Neither Germany's legal system or its fully developed infrastructure present any obstacles for traveling to the country. Traveling by plane, train or car meets international, but prices exceed U.S. standards. The number of in-country flights has been picking up and the train stations that dot the country provide sufficient access to nearly all cities.

Nevertheless, cars are the most popular means of transport and Germany's famous highway system is extensive. The condition of roads in eastern Germany may still not reach western German standards, but they are no barrier to traveling. Geographic distances are relatively short, when compared to the United States, but as Germany is much more densely populated than its European neighbors, it may take a little longer to travel the same distance in the FRG than it may take in France or Scandinavia. Especially the industrial and commercial centers in the Rhine-Main (Frankfurt) and Rhine-Ruhr areas are densely populated and heavily industrialized, and business travelers are well advised to plan on timely departures to reach their destination in time. Train and air travel are also efficient means of travel, with timely and comprehensive connections between all major and many minor cities throughout both eastern and western Germany.

There is sufficient hotel space in most major cities, unless there happens to be a major trade fair or a similar event in a particular city. Business class amenities and services can be found in all major cities, including those in the eastern states.

Visas are not required for U.S. passport holders on business (and leisure) travel spending fewer than 90 days in Germany; for longer stays, travelers are encouraged to apply to the German Embassy or German Consulates in advance of travel (see addresses in Appendix E, part VII).

Travel Guides for Business Representatives are available for sale by the Superintendent of Documents. U.S. Government Printing Office, Washington, D.C. 20402; phone: (202) 512-1800; fax: (202) 512-2250. Business travelers to Germany seeking appointments with U.S. Mission officials should contact the commercial sections of the Embassy or the Consulates General in

advance. [For contact information, please see Section XI. U.S. and Country Contacts.]

GERMANY-WIDE HOLIDAYS IN FY 2001

October 3		Day of German Unity
October 31	(4,9,13,14,16)	Reformation Day
November 1	(1,2,10,11,12)	All Saints Day
November 22	(13)	Repentance Day
December 25		Christmas
December 26		Second Christmas Day
January 1		New Years Day
January 6	(1,2,14)	Epiphany
April 13		Good Friday
April 16		Easter Monday
May 1		German Labor Day
May 24		Ascension Day
June 4		Whit Monday
June 14	(1,2,7,10,11,12,13,16)	Corpus Christi Day
August 15	(2,13)	Assumption Day

The above numbers denote that the respective holidays are observed in the following federal states:

- 1 = Baden-Wuerttemberg
- 2 = Bavaria
- 3 = Berlin
- 4 = Brandenburg
- 5 = Bremen
- 6 = Hamburg
- 7 = Hesse
- 8 = Lower Saxony
- 9 = Mecklenburg-Pommerania
- 10 = Northrhine-Westphalia
- 11 = Rhineland-Palatinate
- 12 = Saarland
- 13 = Saxony
- 14 = Saxony-Anhalt
- 15 = Schleswig-Holstein
- 16 = Thuringia

X. ECONOMIC AND TRADE STATISTICS

A.) COUNTRY DATA

(* = projected)

- a. Population: 82 million (1998), including 15.3 million in eastern Germany and 7.3 million foreigners (d).
- b. Religion: 34% Protestant, 33% Catholic.
- c. Government: Constitutional, parliamentary confederation
Head of State: Johannes Rau, President
Head of Government, Gerhard Schroeder, Chancellor
- d. Language: German

B.) DOMESTIC ECONOMY

Endnote/

	1997	1998	1999	Source
a. GDP (current, DM bill)	3,666.6	3,784.2	3,877.1	(c)
b. GDP (current, \$ bill)	2,119.4	2,158.1	2,118.6	(c)
c. Real GDP Growth Rate (%)	+1.5	+2.2	+1.5	(c)
d. GDP per Capita (\$)	25,824.0	26,318.0	26,513.0	(c)
e. Fed Govt Expenditure(% GDP)	14.3	12.1	12.5	(1)(c)
f. Public Expenditure(% GDP)	47.5	48.3	48.4	(1)(c)
g. Inflation/Cost of Living (%)	1.9	1.0	0.6	(c)
h. ForEx Reserves (\$ bill)	44.2	57.1	51.9	(a)
i. Unemployment (%)	11.4	11.1	10.5	(a)
j. Exchange Rate (\$/DM)	1.7348	1.7592	1.83	(a)
k. Ext'l Public Debt (\$ bill)	406.4	439.1	442.3	(a)
l. Wages (1995=100)	104.2	106.2	109.0	(a)
m. Productivity(1995=100)	n/a	n/a	n/a	

C.) TRADE

	1997	1998	1999	Source
a. Total export (fob/\$ bill)	513.6	542.7	549.0	(a)
b. Total import (cif/\$ bill)	446.3	470.6	478.9	(a)
c. Exports to U.S.(fas/\$ bill)	24.5	26.7	26.8	(b)
d. Imports from U.S.(fob/\$ bill)	43.1	49.8	55.2	(b)
e. Principal U.S. exports: computers & software, aircraft, motor vehicles, analytical/medical equipment, telecommunications equipment & services.				
f. Principal U.S. imports: motor vehicles/parts, machine tools, machinery, analytical/ diagnostic equipment, chemicals.				
g. Foreign supplier share of German imports (%):				

	1997	1998	1999	Source
1. France	10.5	11.0	10.3	(a)
2. Netherlands	8.7	8.0	7.9	(a)
3. Italy	7.9	7.7	7.3	(a)
4. United States	7.6	8.2	8.2	(a)
5. United Kingdom	7.0	6.8	6.5	(a)
6. Belgium/Luxembourg	6.1	5.6	5.2	(a)
7. Japan	4.9	5.0	4.8	(a)
8. Austria	3.8	3.9	4.0	(a)

h. BOP, Current Acct (\$ bill)	-1.4	-3.6	add	
i. Trade balance with world & leading trading partners (\$ bill):				

	1997	1998	1999	Source
** World **	67.1	73.1	n/a	(a)
1. Austria	10.2	10.6	10.0	(a)
2. United Kingdom	11.9	14.0	13.2	(a)
3. France	7.7	9.7	12.9	(a)
4. United States	10.2	12.2	16.4	(a)
5. Belgium/Lux.	2.4	4.5	5.6	(a)

6. Italy	2.3	3.4	5.5 (a)
7. Netherlands	-2.6	-1.4	-2.5 (a)
8. Japan	-9.8	-12.9	-11.9 (a)

j. Import policy:

1. Tariffs: EC Common External Tariff.
2. Taxes: Value Added Tax (VAT) of 16% on industrial goods.
3. Licensing: Few restrictions.

- k. Best U.S. export prospects: drugs/pharmaceuticals, telecommunications services, franchising, medical equipment, computer/software equipment and services, sporting/recreation equipment, auto parts & services, electronic components, laboratory and scientific instruments., films/videos, telecommunications equipment

SOURCES:

- a. German Federal Bank Monthly Reports and supplements
- b. Official statistics of the U.S. Department of Commerce
- c. German Federal Statistical Office

D.) INVESTMENT STATISTICS

There are a number of sources of statistics on the origin and magnitude of foreign investment, employing varying methods and definitions. According to the U.S. Department of Commerce, the cumulative volume (direct investment position on a historical-cost basis) of American investment in Germany as of 1994, about \$39 billion, was roughly equal to that of German investment in the United States. Thereafter, however, annual flows of new German investment in the United States exceeded flows of American investment in Germany. As a result, by 1998, the cumulative position of German investment in the United States had reached \$95 billion, while U.S. investment in Germany was \$43 billion.

Statistics issued by the German Bundesbank (central bank) employ different definitions but confirm the basic point that German investment abroad has recently exceeded foreign investment in Germany, though the latter has grown rapidly. On these figures, net new foreign direct investment in Germany more than doubled in 1999 to DM 96.5 billion (\$52.6 billion) from 1998's DM 40 billion (\$22.7 billion). In 1999, U.S. firms as a group were the third largest foreign investors in Germany (\$9.6 billion or 18 percent of total new investment). New German investment abroad rose from \$84.7 billion in 1998 to \$94 billion in 1999. The U.S. was the number-two location for German business in 1999, which invested \$22.7 billion in the U.S. (or 24 percent of the total). Britain was the most popular destination for new German investment in 1999.

Using more expansive definitions, statistics from the American Chamber of Commerce in Germany (Amcham) put the cumulative volume of U.S. direct investment as of April 1999 at DM 190 billion (\$104 billion). The German Ministry of Economics estimates that as of end-1997, American firms investing in Germany employed 554,000 people, while German firms investing in the United States employed 485,000 people.

Table 1. Germany's International Investment Position (DM billion)

Calendar Year	1996	1997	1998
Foreign Direct Investment By German Nationals/Entities	76.5	69.9	152.4

Abroad

Direct Foreign Investment In Germany	8.5	16.7	35.0
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(Source: Deutsche Bundesbank)

Table 2. Companies in Germany with Direct Foreign Investment

Calendar Year	1995	1996	1997
Total (in thousands)	8,982	9,032	8,905
(of which Manufacturing)	1,813	1,805	n/a
Employees (in thousands)	914	876	850
(of which Manufacturing)	580	546	n/a
Annual Turnover (in DM billion)	581	585	599
(of which Manufacturing)	308	306	n/a

(Source: Deutsche Bundesbank)

Table 3. Foreign Direct Investment by Industrial Sector (1998 – DM million)

1. Holding Companies	17,584
2. Credit and Banking	13,576
3. Paper Industry	851
4. Optical Industry	625
5. Car Dealers/Repair Shops/Gas Stations	533
6. Electrical Power	494
7. Other Motor Vehicle	486
8. Glass, Ceramics, Stone processing	439
9. Machinetools	319

(Source: Economics Ministry)

Table 4. Top 25 U.S. investors (in rank order):

Opel AG
 Ford-Werke AG
 Esso AG
 Phillip Morris GmbH
 IBM Deutschland GmbH
 General Electric Deutschland
 Hewlett-Packard GmbH
 German Coca-Cola
 Procter and Gamble
 ITT Industries Europe GmbH
 Conoco Mineraloel GmbH
 Mobil Oil AG
 Dow Deutschland, Inc.
 Kraft Jacobs Suchard Erzeugnisse GmbH
 Motorola Deutschland

Deere and Company
 Du Pont de Nemours
 Braun AG
 Wertkauf Verwaltungsgesellschaft mbH
 Woolworth Co. GmbH
 Delphi Automotive Systems GmbH
 Effern GmbH
 Compaq Computer EMEA GmbH
 Kodak AG
 (Source: American Chamber of Commerce in Germany)

XI. U.S. AND COUNTRY CONTACTS

A. COUNTRY CONTACTS

Federal Ministry of Economics
 Bundesministerium fuer Wirtschaft
 Mr. Wolfgang Hantke, America Desk Officer
 Scharnhorststrasse 36
 10115 Berlin, Germany
 Telephone: [49][30] 2014-7578
 Telefax: [49][30] 2014-5479

Bundesministerium fuer Wirtschaft
 Dr. Bernard Veltrup, Head of Division - New States
 Scharnhorststrasse 36
 10115 Berlin, Germany
 Telephone: [49][30] 2014-6260
 Telefax: [49][30] 2014-5364

Federal Bureau for Foreign Trade Information
 Bundesstelle fuer Aussenhandelsinformation
 Mr. Wolfgang Potthast, North American Desk Officer
 Agrippastrasse 87-93
 50676 Koeln, Germany
 Telephone: [49][221] 20 57-249
 Telefax: [49][221] 20 57-212

Federal Ministry of Finance
 Bundesministerium fuer Finanzen
 Wilhelmstrasse 97
 10117 Berlin, Germany
 Telephone: [49][30] 2242-0
 Telefax: [49][30] 2242-3260

B. COUNTRY TRADE ASSOCIATIONS/CHAMBERS OF COMMERCE

Bundesverband der Deutschen Industrie e.V. (BDI)
 (Federation of German Industries)
 Breite Strasse 29
 10178 Berlin, Germany
 Telephone: [49][30] 2028-0

Deutscher Industrie und Handelstag (DIHT)

(Federation of German Chambers of Industry and Commerce)
 Breite Strasse 29
 10178 Berlin, Germany
 Telephone: [49][30] 203 08-0

Bundesverband des Deutschen Gross- und Aussenhandels e.V. (BGA)
 (Federation of German Wholesale and Foreign Trade)
 Am Weidendamm 1 A
 10117 Berlin, Germany
 Telephone: [49][30] 5900 995-0
 Telefax: [49][30] 5900 995-19

Zentralverband Elektrotechnik- und Elektronikindustrie e.V. (ZVEI)
 (German Electrical and Electronic Manufacturers Association)
 Stresemannallee 19
 60596 Frankfurt/Main, Germany
 Telephone: [49][69] 6302-0
 Telefax: [49][69] 6302-317

Verband Deutscher Maschinen- und Anlagenbau e.V. (VDMA)
 (German Association of Machinery and Plant Manufacturers)
 Lyoner Strasse 18
 60528 Frankfurt/Main, Germany
 Telephone: [49][69] 6603-0
 Telefax: [49][69] 6603-1511

Centralvereinigung Deutscher Handelsvertreter- und Handelsmakler-Verbaende (CDH)
 (General Association of Commercial Agents and Brokers)
 Geleniusstrasse 1
 50931 Koeln, Germany
 Telephone: [49][221] 5140-43 or -44
 Telefax: [49][221] 525767

C. COUNTRY MARKET RESEARCH FIRMS

It would exceed the scope of this guide to list even only the major market research or consultant companies. Most of these firms belong to one or both of the following associations and can be contacted through these.

Bundesverband Deutscher Unternehmensberater e.V. (BDU)
 (Federal Association of German Consultants)
 Mr. Christoph Weyrather, CEO
 Friedrich-Wilhelm-Strasse 2
 53113 Bonn, Germany
 Telephone: [49][228] 9161-0
 Telefax: [49][228] 9161-26
 Email: bdu-online@t-online.de
 Homepage: <http://www.bdu.de>

Arbeitskreis Deutscher Markt- und Sozialforschungsinstitute e.V. (ADM)
 (Federation of German Market and Social Research Institutes)
 Dr. Klaus L. Wuebbenhorst, Member of the Board

Langer Weg 18
 60489 Frankfurt/Main, Germany
 Telephone: [49][69] 97843136
 Telefax: [49][69] 97843137

D. COUNTRY COMMERCIAL BANKS

There are numerous domestic and foreign banks represented in Germany; among the largest German and American institutions are:

Deutsche Bank AG
 Taunusanlage 12
 60325 Frankfurt am Main, Germany
 Telephone: [49] [69] 91 000
 Telefax: [49] [69] 910-36600
 Homepage: www.deutsche.bank.de

Dresdner Bank AG
 Juergen-Ponto-Platz 1
 60301 Frankfurt am Main, Germany
 Telephone: [49] [69] 263-0
 Telefax: [49] [69] 263-4004
 Homepage: www.dresdner-bank.com

Westdeutsche Landesbank
 Herzogstrasse 15
 40217 Dusseldorf, Germany
 Telephone: [49] [211] 826-01
 Telefax: [49] [211] 826-6119

Commerzbank AG
 Neue Mainzer Strasse 32-36
 60311 Frankfurt am Main, Germany
 Telephone: [49] [69] 1362-0
 Telefax: [49] [69] 285389

Citicorp
 Gutleutstr. 80
 60329 Frankfurt am Main, Germany
 Telephone: [49] [69] 2603-0

Salomon Brothers AG
 Kaiserstrasse 29
 60311 Frankfurt am Main, Germany
 Telephone: [49] [69] 2607-0
 Telefax: [49] [69] 232570

JP Morgan GmbH
 Boersenstr. 2-4
 60313 Frankfurt am Main, Germany
 Telephone: [49] [69] 7124-0
 Telefax: [49] [69] 7124-1306

Goldman-Sachs & CO OHG

Messeturm

Friedrich-Ebert-Anlage 49

60327 Frankfurt am Main, Germany

Telephone: [49] [69] 7532-0

Telefax: [49] [69] 7532-1809

Homepage: www.gs.com

Chase Manhattan Bank

Grueneburgweg 2

60322 Frankfurt am Main, Germany

Telephone: [49] [69] 7158-0

Telefax: [49] [69] 7158-2209

Homepage: www.chase.com

Merrill Lynch Bank AG

Neue Mainzer Strasse 52

60311 Frankfurt am Main, Germany

Telephone: [49] [69] 5899-0

Telefax: [49] [69] 5899-4000

E. U.S. EMBASSY TRADE PERSONNEL

UNITED STATES EMBASSY, BERLIN, GERMANY

Mailing Address: U.S. Embassy Berlin
PSC 120, Box 1000
APO AE 09265

Street Address: U.S. Embassy Berlin
Neustaedtische Kirchstrasse 4-5
10117 Berlin
Telephone: [49] [30] 238-5174 (Switchboard)
Telefax: [49] [30] 2045-4466

Ambassador

Mr. John C. Kornblum

Deputy Chief of Mission

Mr. Terry Snell

Minister Counselor for Commercial Affairs

Ms. Kay R. Kuhlman

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Telefax: [49][30] 2045 4466

Minister Counselor for Economic Affairs

Mr. Joseph Saloom

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Telefax: [49][30] 209 4457

Minister Counselor for Agricultural Affairs

Mr. Peter Kurz
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Mr . Ashby McCown
U.S. Consulate General Frankfurt
Siesmayerstrasse 21
60323 Frankfurt
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Telefax: [49][69] 7535 2238

U.S. CONSULATES
Dusseldorf
U.S. & Foreign Commercial Service
Mr. Edward Fantasia, Commercial Representative
Willi-Becker-Allee 10
40227 Dusseldorf, Germany
Telephone: [49][211] 737-767-0
Telefax: [49][211] 737-767-67

Frankfurt/Main
U.S. & Foreign Commercial Service
Mr. Peter Alois, Commercial Officer
Siesmayerstrasse 21
60323 Frankfurt/Main, Germany
Telephone: [49][69] 956204-0
Telefax: [49][69] 561114

Hamburg
U.S. & Foreign Commercial Service
Mr. James Finlay, Commercial Representative
Alsterufer 27/28
20354 Hamburg, Germany
Telephone: [49][40] 4117 1304
Telefax: [49][40] 4106 598

Leipzig
U.S. & Foreign Commercial Service
Dr. Birgit Lehne, Commercial Specialist
Wilhelm-Seyfferth-Strasse 4
04107 Leipzig, Germany
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Telefax: [49][341] 2138 841

Munich
U.S. & Foreign Commercial Service
Mr. John McCaslin, Commercial Officer
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20354 Hamburg, Germany

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Telefax: [49][40] 41460720

WASHINGTON-BASED USG COUNTRY CONTACTS

U.S. Department of Commerce

International Trade Administration

Lisa Tomlinson

Germany Desk Officer

Room 3045

Washington, DC 20230

Telephone: (202) 482-2434

Telefax: (202) 482-2897

U.S. Department of State

Mr. David Birdsey

Germany Desk Officer

EUR/AGS/Room 4227

Washington, DC 20520

Telephone: (202) 647-2485

Telefax: (202) 647-5117

U.S. Department of the Treasury

Mr. John McDowell

Germany Desk Officer

Room 5050

15th and Pennsylvania Avenues, N.W.

Washington D.C. 20220

Telephone: (202) 622-0145

Telefax: (202) 622-0134

Office of the U.S. Trade Representative

Office of Europe and the Mediterranean

Executive Office of the President

600 17Street NW

Washington, DC 20508

Telephone: (202) 395-3320

Telefax: (202) 395-3320

U.S.-BASED MULTIPLIERS

Embassy of the Federal Republic of Germany

4645 Reservoir Road, N.W.

Washington, D.C. 20007-1198

Telephone: (202) 298-4000 (switchboard)

Telefax: (202) 298-4249

CMA - German Agricultural Marketing Board

North American Office

Post Office Box 3239

Alexandria, Virginia 22302

Telephone: (703) 931-2300

Telefax: (703) 931-5580

E-mail: cmanorthamerica@erols.com

German American Chamber of Commerce Inc. (Headquarters)

40 West 57th Street, 31st Floor

New York, NY 10019-4092

Telephone: (212) 974-8830

Telefax: (212) 974-8867

E-mail: gacny@compuserve.com

German Representative for Industry and Trade

Mr. Jakob Esser

1627 I Street, NW

Suite 550

Washington DC 20006

Telephone: (212) 659-4777

Telefax: (212) 659-4779

XII. MARKET RESEARCH AND TRADE EVENTS

F. MARKET RESEARCH

The following reports were submitted to the NTDB in FY 2000. For further available research, please contact CS Germany.

SECTOR	TITLE
FRA	Educational Products and Services
POL	Hazardous Waste Management and Disposal Equipment
MTL	Precision Machine Tools
CSF	Internet Software
SPT	Sporting Goods and Recreational Equipment
ELC	Power Semiconductors
TES	Value-added Telecommunication Services
AUT	Motor Vehicle Industry Overview
TRV	Travel and Tourism
TXF	Textiles
BTC	Green Biotechnology
FOT	Footwear
PCI	Process Control Instrumentation
MED	Home Health Care Services and Products
CPT	Personal Computers
MUS	Musical Instruments
ELP	The German Energy Market
GVT	Public Procurement
DRG	Drugs and Pharmaceuticals

In 2001, CS Germany plans to report on the following non-agricultural industry sub-sectors:

SECTOR	TITLE
ADV	Advertising Services
APP	Children's Wear
APS	Automotive OEM Equipment
APS	Automotive Workshop Equipment
BTC	Funding Biotechnology
CPT	The German Market for Servers
CSF	Software for E-Commerce
EIP	Semiconductor Production Equipment
FRA	Franchising
JWL	Jewelry
MED	Medical Devices
PLB	Pleasure Boats
PMR	Plastics
POL	Water Treatment Equipment and Services
REQ	Wind Energy Utilization
SPT	Fitness Equipment
TES	Internet Security
TLS	Tools/DIY
TRA	The German Market for Travel and Tourism
TXF	Technical Textiles

IMI reporting on all industry sectors will continue during the year.

AGRICULTURAL ECONOMIC AND ADMINISTRATIVE REPORTING:

DATE	REPORT
October 1	Seafood Annual
October 20	Dairy Annual
December 10	Wine Marketing Annual
December 15	Citrus Annual
December 15	Forest Products Annual
January 1	Fresh Deciduous Fruit Semi-Annual
February 1	Livestock Semi-Annual
March 1	Grain & Feed Annual
June 1	Oilseeds and Products Annual
June 1	Tobacco Annual
June 1	Cotton Annual
June 15	Asparagus Annual
August 1	Livestock Annual
August 15	Poultry Annual
August 25	Honey Annual
September 10	Fresh Deciduous Fruit Annual
As Needed	Grain Voluntary Updates
As Needed	Oilseeds Voluntary Updates
Monthly	ATO Agricultural Export Opportunities

MARKETING BRIEFS

Oct 99	German Food & Veterinary Agencies
Oct 99	German Customs Offices, Tariff Classification
Mar 99	Wine Market
Sep 98	Beef Market
Sep 98	Snapshot of the Walnut Market
Sep 98	Fruit Juice Market
Aug 98	Snapshot of the Retail Food Market
Aug 98	Snapshot of the Almond Market
Apr 98	Beer Market
Apr 98	Food, Beverage and Agricultural Trade Fairs
Apr 98	Floriculture Products
Apr 98	Food and Beverage Trade Publications
Apr 98	Organic Market
Dec 97	Food Law, Labeling, Packaging & Certification
Dec 97	Trade Publications

VOLUNTARY REPORTS

Oct 98	Canned Sweet Corn Report
Aug 98	Market Information Report for Germany
	Prior, monthly copies of this report (Agricultural Export Opportunities Report) may be obtained from the FAS homepage (see last section)
Jul 98	Food and Agricultural Import Regulations
May 98	Almond Market
Feb 98	Pet Supplies Market
Apr 98	Retail Food Market

AMERICAN FOOD DIRECTORY

The U.S. Agricultural Trade Office in Hamburg (ATO) produced a food directory entitled "American Foods in Europe 1998/99, Guide to European Importers of U.S. Food and Beverage Products." The directory contains listings of about 300 European companies, from 15 European countries, handling about 600 branded and a wide assortment of generic U.S. food and beverage products available in Europe. The directory is a useful resource for retailers, hotels, caterers, restaurants and others seeking a European source for a specific U.S. food or beverage product. In addition to a hard copy, an Internet version of the 1998/99 Directory is available at <www.american-foods.org>

For Further Information: FAS Homepage and the FAS AgExport Services Division

The FAS homepage may be visited on line at: <http://www.fas.usda.gov>. The AgExport Services Division of the Foreign Agricultural Service in Washington, DC serves as a first-stop for basic export information and assistance on exporting U.S. agricultural products: Tel: (202) 690-1182 Fax: (202) 690-4374

G. TRADE EVENT SCHEDULE

	EVENT	CITY	POST	SUPPORT
2000				
09/28-10/01	Expopharm	Cologne	Dusseldorf	TFO
10/05-10/08	IFMA 2000 (Bicycle Fair)	Cologne	Munich	SR/EE/EC
10/10-10/13	Security 2000	Essen	Hamburg	BIO
10/13-10/13	Biotechnology	Hamburg	Hamburg	SEM

10/18-10/23	Frankfurt Book Fair	Frankfurt	Hamburg	BIO
10/19-10/27	High Point (Furniture)	High Point	Duesseldorf	BFP
10/31-11/02	European Banking Technology	Frankfurt	Frankfurt	PLC
11/22-11/25	Medica 2000	Dusseldorf	Dusseldorf	TFO
11/22-11/26	Leipziger Messe Touristik & Cravaning	Leipzig	Frankfurt	SR/EE/EC
12/01-12/3	Reisemarkt Cologne(Tourism)	Cologne	Frankfurt	SR/EE/EC

2001

01/01-01/31	Heimtextil	Frankfurt	Frankfurt	TFW
02/04-02/07	Ispo Winter 2001	Munich	Munich	BIO
03/03-03/07	ITB Berlin	Berlin	Frankfurt	BIO
03/09-03/09	IWA 2001	Nuremberg	Munich	CTF
03/09-03/14	Internorga	Hamburg	Hamburg	PLC
03/22-03/29	CeBIT	Hannover	Berlin	PLC/CEO
03/27-03/31	International Dental Show(IDS)	Cologne	Dusseldorf	TFO
04/12-04/16	Pro Light & Sound	Frankfurt	Frankfurt	PLC
04/23-04/28	Hannover Fair	Hannover	Berlin	BIO
04/26-04/29	AERO 2001	Friedrichshafen	Berlin	BIO
04/26-04/29	FIBO 2001	Essen	Munich	BIO
05/01-05/31	Techtextil	Frankfurt	Frankfurt	TFW
05/14-05/19	Envitec	Dusseldorf	Hamburg	BIO
08/01-08/31	Kind und Jugend	Cologne	Dusseldorf	TFW
08/05-08/08	Ispo Summer 2001	Munich	Munich	BIO
08/17-08/19	Popkom	Cologne	Hamburg	CEO
08/25-09/02	World of Consumer Electronics	Berlin	Hamburg	BIO
09/01-09/01	Interairport Europe 2001	Munich	Berlin	CEO
09/01-09/01	Direct Marketing Trade Fair DIMA	Dusseldorf	Frankfurt	TM
09/13-09/23	IAA Passenger Vehicle Show	Frankfurt	Frankfurt	PLC
09/24-09/26	Golf Europe Munich	Munich	Munich	PLC

KEY: BIO—Business Information Office; CEO—Corporate Executive; CTF—Certified Trade Fair; PLC—Product Literature Center; TFW—Trade Fair (Washington Organized)

For further information, please consult the National Trade Data Bank or contact the Commercial Section (for contact information, please see chapter XI).

AGRICULTURAL TRADE SHOWS IN GERMANY

The following are some of the major trade shows being held in Germany that are dedicated to agricultural sectors and products (an * indicates that there is a USA Pavilion organized at the event).

	EVENT	CITY
2001		
01/18-01/20	Fruit Logistica(Produce, Dried Fruit & Nuts)*	Berlin
01/19-01/28	International Green Week	Berlin
01/28-01/03	ISM (Snacks and Confectionery)*	Cologne
02/01-02/04	IPM (Plants)*	Essen
02/15-02/18	Bio Fach (Organic Products)*	Nuremberg
03/04-03/06	ProWein (Wine & Alcoholic Beverages)*	Dusseldorf
03/09-03/14	Internorga (Food Service, Baking, Confection)	Hamburg
05/18-05/22	Interzum	Cologne
10/13-05/17	ANUGA (Food and Beverages) *	Cologne

2002

January	Fruit Logistica (Produce, Dried Fruit & Nuts)*	Berlin
January	International Green Week	Berlin
January	ISM (Snacks and Confectionery)*	Cologne
February	IPM (Plants)*	Essen
February	Bio Fach (Organic Products)*	Nuremberg
March	ProWein (Wine & Alcoholic Beverages)*	Dusseldorf
March	Internorga (Food Service, Baking, Confection)	Hamburg
May	Interzum	Cologne
May	Interzoo (Petfood)*	Nuremberg
September	InterCool (Frozen Food)	Dusseldorf
October	ANUGA (Food and Beverages) *	Cologne

Further information on these shows is available from the ATO-Hamburg or on the ATO-Hamburg homepage <www.usembassy.de/atohamburg>
