

Legends Consulting Country Fact Sheet



GERMANY

CURRENCY: EURO

Introduction

Modern Germany is a technologically highly developed economic leader of Europe and has been ever since the rebuilding of post-war Germany in the 1950s; a period deemed the “Wirtschaftswunder” or “Economic Wonder”, a time of booming prosperity in Germany. After becoming the “sick man” of Europe in the late 90’s and early 2000’s Germany reformed its labor markets and has emerged as largest and strongest economy in the European Union. Germany is one of the EU’S staunchest supporters, financially, economically and politically. Germany is also the world’s second largest export country. Despite a harsh wartime past, Germany has also proven to be a reliable, though vociferous, ally of the U.S. and of the western allies of the NATO pact countries. Often accused of latent anti-Americanism, the differences of opinion are mostly reserved to the political realm. Having experienced the horrors of two world wars in and around their country the Germans are now outspoken proponents of diplomacy and peaceful means.



Germany’s relation with its neighbors has been frank, diplomatic, friendly and productive which is typical of their culture. Germans also consider themselves Europeans first, Bavarians, Hessians, Berliner, Hamburger, etc. second, and as Germans third. This historical change in the nationalistic feeling also makes Germans some of the staunchest supporters of the idea of an economically unified Europe. Germans are well known for their directness, critical perceptiveness, and their thrill for knowledge and skills. German reputation has always been one of “German Quality” in all its aspects: quality of life, products, and industry. This external respect for Germans has been documented, going clear back to Roman and Medieval times. Order is the name of the game in Germany. Commerce and capital markets are highly regulated. Deviation from the norm is frowned on except in the areas of art and culture. Laws, rules and regulations are part of German cultural society and are there to be followed, not broken. Their critical approach to most aspects of life gives them the reputation of being “negative” in their approach, but results in ongoing improvements in their environment, many times innovative, sometimes corrective, and often creative sometimes to the point of obsession resulting in “re-creating the wheel”. However, that wheel will be fully optimized at this point.

Business

Germans are a “last name first” culture! They address each other commonly by last name, first name familiarity being reserved generally to the “private” social realm. Addressing a German by first name is a privilege and frowned on in business settings. Germans are very industrial and very “business”, strictly separating their personal from their public lives. Business partners are always greeted with a firm handshake. “Business Casual” includes ties for men and a tailored business suit for women. Equality of the sexes is advanced in Germany although the system is still chauvinistic in nature. Germans take business formality as a point of necessity (societal order) and rarely deviate from it. U.S. casual dress and informal address is considered young and modern but also

unprofessional. Germans are also one of the most educated people in Europe, though the education approach is more theoretical in nature. Application of theory happens in their years of apprenticeship in all areas of business. University education is subventioned by the government and very affordable but due to an early educational system that separates strictly between vocational and higher education, access to the university level is limited to those who excel. The American way of “learning by doing” is viewed in Germany as inconsistent with proper training making this the largest difference in expectations in blue-collar and skilled labor.

Germans “live” their profession and are extremely knowledgeable about their subjects. Their traditional system of intense training and apprenticeship in their individual areas of specialization characterizes their work and business environment, as well as their expectations. Knowledge of subject matter is paramount to Germans. They are often disappointed with foreign businessmen who can be perceived as being under-trained and under-informed about the subject matters being discussed. This often times comes across to foreign business people as high-nosed arrogance. Germans regard themselves as deep and thorough, putting knowledge highest on their priority list. They enjoy in-depth discussions and are always ready to avail this to their conversation partners. In comparison they consider Americans to be shallow at times and do not approve of humorous insertions into a business meeting, which is considered out of place.

Travel

Germany is a relatively large country in Europe, but has roughly 81 million people in an area slightly smaller than Montana. Their transportation network is very developed, offering every form of public transportation imaginable. The main international airport in Germany is Frankfurt (FRA) in the middle of the country. Other larger international airports include Düsseldorf and Cologne in the west, Munich and Stuttgart in the south, Hamburg in the north and Berlin-Tegel and Berlin-Templehof in the east. The German train system (DB or Deutsche Bundesbahn) offers access to all parts of Germany. Their ICE train system is the fast rail system for passenger service and is just as efficient as flight services. The train schedule reliability is rated as one of the best in Europe. The ICE is more comfortable than most flights and pricing is competitive.

Germany's Autobahn is world renown for the purported lack of speed limits. On the other hand since the introduction of the EMU (Economic and Monetary Union in Europe) and the opening of eastern European markets Germany has become a major transit country for wares and services crossing the continent. Wear and tear on the Autobahn and other highways (Landstrassen) results in constant repair needs. The speeds on most major Autobahns have been reduced by traffic and maintenance works and tends to slow to a crawl at certain times around the major metropolitan areas. All middle sized and major cities offer street car and subway service at relative cheap rates (S-Bahn). This system is also interconnected with the very extensive bus service system, which in turn offers transportation even to the smallest villages. It is easily possible to get around Germany without a car. Cars remain the most efficient form of transportation but require some unique driving skills and fast reactions. German drivers are aggressive and drive very strategically. For those not accustomed to fast and furious driving, the public system combined with a taxi will be easier on ones health and well being.

Demographics

Germany is over 90% German in ethnicity but has large communities of Turkish, Italian, Russian and many other ethnic groups. Integration of the larger of these communities in the general society has largely been achieved but immigration to Germany is not “easy” per se. Germany has had a very open approach to immigration and has accepted the largest numbers of immigrants from around the world as compared to other EU countries and accepted the majority of displaced people resulting out of the wars in the ex-Yugoslavian areas. Repatriation of these refugees has been a point of contention and the numbers of people entering Germany was exceeded by the numbers leaving Germany in the mid-2000s at the height of the German recession.

Germany's major problem is age demography: Germany has an aging society with ever increasing numbers of retirees and fewer productive working members of their economy. Fertility rates have been in the minus column for many years and immigration has been the only feasible method of compensation. This weighs heavily on the fulfilment of their goal of creating an egalitarian society. Financing such a large portion of non-productive seniors has resulted in the government actively loosening immigration laws thus attracting more immigration specifically of well trained professionals in areas of the service industries, such as health care and senior

services. Though German society can not be described as child-friendly the government financial support for families with children is substantial.

Religion is divided between Protestants concentrated in the central, east and north and Catholics in the south and far west, though both are represented in all cities of Germany. The Muslim religion plays a substantial role in heavily Turkish areas such as in Berlin and Cologne. Berlin has the second largest Turkish population after Istanbul in Turkey itself. Religion is not pervasive in public society and is little discussed in conversation and is non-evangelical in nature.

Germans also have one of the highest numbers of holidays and work-free days in Europe; 42 on average with some state and regional variances. Taxes are at EU median value but incomes are generally above EU-norms. VAT (retail sales and services tax) in Germany is at 19%. Recent labor market reforms have allowed for lower beginning wages and part time work to counter the problems of high unemployment. Currently Germany has the one of lowest unemployment rate in the EU due to these reforms.

Views toward foreigners

Germans are proud of their "Gastfreundlichkeit" or "friendliness to foreigners" and put effort into accommodating visitors. Germans speak broken to fluent English, as well as a plethora of other languages. This makes basic communication fairly easy and Germans are very accommodating and helpful to anyone who inquires though they may not initiate the conversation. Their geographical location in the middle of Europe and thus their proximity to many surrounding states has made it the major transit country between east and west. East Germany, once a part of the Soviet block countries, had a different school system than in West Germany. This has acclimated Germans to constant interaction. Germans are very reliable and open businessmen/-women and welcome the multi-national multi-cultural contact. The country was officially reunified in on Oct. 3, 1991 (Tag der Deutschen Einheit - Germany Unity day) after the fall of the infamous "Wall" in 1989. The reunification combined large numbers of Germany trained in the differing school systems in the western and eastern parts of the country. Together with the large influx of economic refugees from Italy, Greece, Turkey and war refugees from the Balkan states has resulted a Germany full of many languages and cultural skills and culinary delights, a situation that they openly enjoy.

Economic Overview and selected data

(The information below is taken directly from the CIA World Factbook: www.cia.gov/library/publications/the-world-factbook/)

The German economy - the fifth largest economy in the world in PPP terms and Europe's largest - is a leading exporter of machinery, vehicles, chemicals, and household equipment and benefits from a highly skilled labor force. Like its western European neighbors, Germany faces significant demographic challenges to sustained long-term growth. Low fertility rates and declining net immigration are increasing pressure on the country's social welfare system and necessitate structural reforms. The modernization and integration of the eastern German economy - where unemployment can exceed 20% in some municipalities - continues to be a costly long-term process, with annual transfers from west to east amounting in 2008 alone to roughly \$12 billion. Reforms launched by the government of Chancellor Gerhard SCHROEDER (1998-2005), deemed necessary to address chronically high unemployment and low average growth, contributed to strong growth in 2006 and 2007 and falling unemployment. These advances, as well as a government subsidized, reduced working hour scheme, help explain the relatively modest increase in unemployment during the 2008-09 recession - the deepest since World War II - and its decrease to 7.4% in 2010. GDP contracted 4.7% in 2009 but grew by 3.6% in 2010. In its annual projection for 2011, the Federal Government expects the upswing to continue, with GDP forecast to grow this year at a real rate of 2.3%. The recovery was attributable primarily to rebounding manufacturing orders and exports - increasingly outside the Euro Zone. Domestic demand, however, is becoming more significant driver of Germany's economic expansion. Stimulus and stabilization efforts initiated in 2008 and 2009 and tax cuts introduced in Chancellor Angela MERKEL's second term increased Germany's budget deficit to 3.3% in 2010. The Bundesbank expects the deficit to drop to about 2.5% in 2011, below the EU's 3% limit. A constitutional amendment approved in 2009 likewise limits the federal government to structural deficits of no more than 0.35% of GDP per annum as of 2016.

Selected Statistical Data - Germany

GDP (purchasing power parity) - \$2.94 trillion (2010 est.) - Country comparison to the world: [6](#)

GDP (per capita) - \$35,700 (2010 est.) - Country comparison to the world: [32](#)

GDP – composition by sector – Agriculture: 0.9%, Industry: 27.8%, Services: 71.3% (2010 est.)

Labor Force – 43.49 million (2010 est.)

Unemployment Rate – 7.1% (2010 est.) – Comparison to the world: 71

Inflation Rate (consumer prices) - 1.1% (2010 est.) – Comparison to the world: 27

Industries – among the world’s largest and most technologically advanced producers of iron, steel, coal, cement, chemicals, machinery, vehicles, machine tools, electronics, food and beverages, shipbuilding, textiles

Exports: \$1.303 trillion (2010 est.) – Comparison to the world: 3

Exports – Commodities: machinery, vehicles, chemicals, metals and manufactures, foodstuffs, textiles

Exports – Partners: France 10.1%, US 6.7%, UK 6.6%, Netherlands 6.6%, Italy 6.3%, Austria 5.7%, Belgium 5.2%, China 4.7%, Switzerland 4.5% (2009)

Imports: \$1.099 trillion (2010 est.) – Comparison to the world: 4

Imports – machinery, vehicles, chemicals, foodstuffs, textiles, metals

Imports – Partners: Netherlands 13%, France 8.2%, Belgium 7.2%, China 6.8%, Italy 5.6%, UK 4.7%, Austria 4.4%, US 4.2%, Switzerland 4.1% (2009)

Chief of State- President Christian WULFF (since 30 June 2010)

Head of Government- Chancellor Angela MERKEL (since 22 November 2005);

Area - Comparative: slightly smaller than Montana

Coastline - 2389 km

Natural Resources - coal, lignite, natural gas, iron ore, copper, nickel, uranium, potash, salt, construction materials, timber, arable land

Population – 81,471,834 (July 2011 est.) country comparison to the world: [16](#)

Median Age – 44.9 years

Urbanization - urban population: 74% of total population (2010)

Major Cities – population – BERLIN (capital) 3.438 million; Hamburg 1.786 million, Munich 1.349 million; Cologne 1.001 million (2009)

Ethnic Groups – German 91.5%, Turkish 2.4%, other 6.1% (made up largely of Greek, Italian, Polish, Russian, Serbo-Croatian, Spanish)

Religions - Protestant 34%, Roman Catholic 34%, Muslim 3.7%, unaffiliated or other 28.3%

Literacy - definition: age 15 and over can read and write total population: 99%

Government Type – Federal Republic

This Country Fact Sheet is designed to provide a very general overview and a broad perspective on the country as a whole. This paper is purposed as a starting point for those interested in doing business in or with the county described. More in-depth information for specific commercial and business utilization is available to our clients and/or on request.

For more complete information or for specific questions please contact us at: inquiry@legendsconsulting.net.

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