

HOW TO EXPORT TO GERMANY

Market Opportunities and Strategies for American Exporters

Based on the U.S. Commercial Service's 2022 Germany Country Commercial Guide

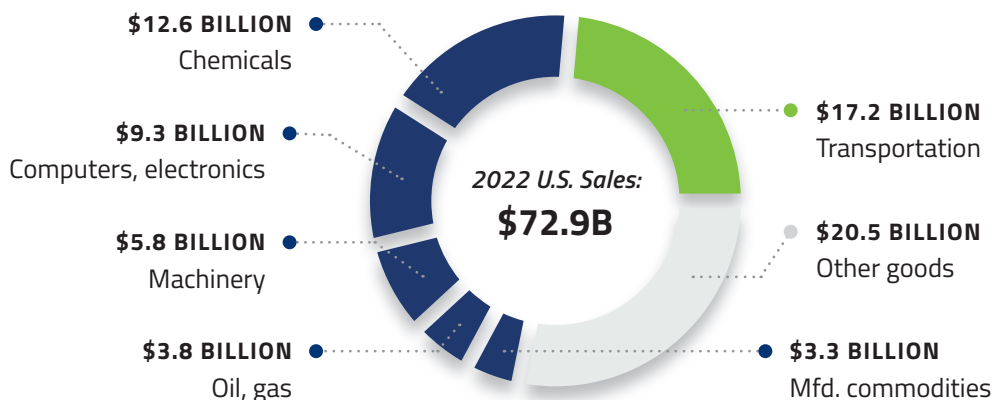


EXIM
EXPORT-IMPORT BANK
OF THE UNITED STATES

WHY EXPORT TO GERMANY?

The German economy is the fourth largest in the world and accounted for 24.7 percent of the European Union’s (EU) GDP in 2021. Germany is also the United States’ largest European trading partner and the sixth-largest market for U.S. export sales.

The German market—the largest in the EU—continues to be attractive in numerous sectors and remains an important element of any comprehensive export strategy to Europe.



Current Trade Climate

While U.S. investors must contend with a relatively higher cost of doing business in Germany, they can count on high levels of productivity, a highly skilled labor force, quality engineering, good infrastructure, and a location in the center of Europe.

The EU and U.S. do not have a trade agreement in place, but German policy poses relatively few formal barriers to U.S. trade or investment, apart from barriers associated with EU law and regulations.

Germany has pressed the EU Commission to reduce regulatory burdens and promote innovation to increase EU Member States’ competitiveness.



Quick Facts About Germany

COUNTRY SIZE:
138,065 square miles

POPULATION:
83.2 million people

LANGUAGE(S):
German

CAPITAL CITY:
Berlin

LARGEST CITY:
Berlin

NOMINAL GDP:
\$4.259 trillion
4th highest worldwide

TOTAL IMPORTS:
Goods: \$1.7 trillion
Services: \$371.3 billion
USA only: \$72.9 billion

CURRENCY:
Euro (EUR)

All quick fact statistics are 2022 approximations. Monetary figures throughout this guide reflect USD.

INDUSTRY OPPORTUNITIES

The volume of trade, number of consumers, and Germany's geographic location at the center of the European Union make it a cornerstone around which many U.S. firms seek to build their European and worldwide expansion strategies. Opportunities include:



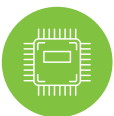
Aerospace

The Federal Ministry of Economic Affairs & Climate Action lists aerospace as a key industry with high growth rates and a strong industrial core in Germany. Best prospects exist in the following segments: commercial aircraft, business jets, turboprops, helicopters, UAVs, structures, propulsion systems, subsystems for aerospace vehicles; spacecraft, launch systems, communications systems, and more.



Agriculture

In 2021, Germany was the third largest importer of consumer oriented agricultural products worldwide. The retail market's key characteristics are consolidation, market saturation, strong competition and low prices due to high competition between discounters and the grocery retail sales segment. Leading subsectors include tree nuts, fish and seafood products, wine, and pet foods.



Advanced Manufacturing

By 2025, 84 percent of German manufacturers plan to invest \$10.52 billion annually into smart manufacturing technologies. Leading sub-sectors include machine tools or general industrial equipment, robotics, information and communication technology, process control instruments, electronics industry production equipment, additive manufacturing, advanced materials, and industrial IT.



Medical Devices

Germany claims the third-largest medical technology market in the world, accounting for roughly \$35.8 billion annually, or 25.6 percent of the European market total. U.S. medical device exporters continue to hold a 30 percent share. The German government's health informatics funding initiative and the states' initiatives on healthcare digitization offer further opportunities for U.S. firms to engage.

INDUSTRY OPPORTUNITIES (cont'd)



Energy

Germany is Europe's largest electricity market with an annual power generation of around 625 TWh and a capacity of around 200 GW. Major investments in the expansion of the transmission and distribution networks are planned as a result of renewable energy integration and the growing consolidation of Europe's energy markets. New technologies in the energy grid sector—for example, superconductors, high-temperature lines and local transformers—are being tested in pilot projects, while some \$117.5 billion are needed to expand and upgrade Germany's electricity network by 2050.



ICT *(Information & Communication Tech)*

Since 2007, total revenue in the IT sector has increased from \$76.4 billion to an estimated \$114.3 billion in 2021. Germany hosts several key ICT trade shows, making it a premier marketplace for U.S. companies to reach global partners and buyers. Key segments and topics of interest include cybersecurity, Internet of Things (IoT), big data, health IT, cloud computing, business IT: ERP, data centers, smart social business platforms, integrated systems, virtual and augmented reality, and digital factories.



Smart Cities

"Smart cities" refers to the development and use of information and communication tech (ICT) in almost all areas of local life in order to link municipal infrastructures on the basis of integrated development concepts. Enabled by the Internet of Things (IoT), sensors, networks, and mobile-based technologies are the basis of any smart city concept. In total, Germany is investing \$1.358 billion to advance the development and implementation of urban technologies.

SALES STRATEGIES

The German market is decentralized and diverse, with interests and tastes differing from one German region to another. Successful market strategies consider regional differences as part of a strong national market presence.

01

Pricing & Service

German customers are often very price sensitive. Price is thus an important factor, but quality, timely delivery and service remain equally important, especially in B2B relations. Some entrepreneurs are skeptical about long-term commitment and after-sales support; U.S. firms should be ready to address any lingering doubts.

02

Trade Fairs

Few countries in the world can match Germany when it comes to leading international trade fairs. Germany hosts a major world-class trade event in virtually every industry sector, attracting buyers from around the world. Trade fairs thrive in Germany because they are true business events where contracts are negotiated, and deals are consummated. U.S. exhibitors at German fairs should be prepared to take full advantage of the business opportunities presented there.

03

E-Commerce

Germany has one of the largest e-commerce markets in Europe. In 2021, total sales amounted to \$127.5 billion, 24 percent growth compared to 2020. The online population in Germany will likely increase from \$62.4 million in 2020 up to \$68.4 million in 2025. E-commerce in 2021 reached 77 percent in the German market.

04

Advertising

Regulation of advertising in Germany is a mix between basic rules and voluntary guidelines developed by the industry associations. Many advertising practices that are common in the United States, such as offering premiums, are not allowed in Germany. Any planned campaigns should be discussed with a partner in Germany.



Networking

Associations

German organizations that can help your business in Germany include:

1. Federation of German Industries
2. Federation of German Chambers of Industry and Commerce
3. Federation of German Wholesale, Foreign Trade and Services
4. German Association of Machinery and Plant Manufacturers
5. National Association of German Commercial Agencies and Distributors

Business service providers active in Germany can be viewed on the Commercial Service's business providers directory website.

IMPORTANT MARKET DIFFERENCES

Germany's regulations and bureaucratic procedures can be a difficult hurdle for companies wishing to enter the market and require close attention by U.S. exporters. U.S. suppliers are well advised to do their homework thoroughly and make sure they obtain timely testing and certification.

In general, businesses exporting to Germany must be aware of several differences, including:

Tariff Rates & Types

When products enter the European Union, they need to be declared to customs authorities according to their classification in the Combined Nomenclature. All products entering the European Union are classified under a tariff code that carries information on duty rates and other levies on exports, any applicable protective measures (e.g., anti-dumping), external trade statistics, import and export formalities, and other non-tariff requirements. U.S. exporters should consult the Integrated Tariff¹, which is updated daily, to identify various rules that apply to specific products being imported into the EU.

Intellectual Property

Your U.S. trademark registrations, design or utility patent titles will not protect you in the European Union without further administrative procedures in the corresponding member state or at a regional level. Obtaining a utility patent, as well as most trademark and design rights, in the European Union is based on a first-to-file system. Therefore, you should consider how to obtain this *before* introducing your products.

Data Protection

The General Data Protection Regulation (GDPR), which governs how personal data of individuals in the European Union may be processed, went into effect on May 25, 2018. Personal data as defined by the GDPR is any information that relates to an identified or identifiable living individual (a "data subject") such as a name, e-mail address, tax ID number, or online identifier. Companies should consult a lawyer before raising, storing, or processing any sort of data in Germany, or the EU in general.



¹ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp

LEARN MORE

The information presented in this brochure is sourced from the U.S. Commercial Service's Country Commercial Guides (CCGs), which includes in-depth reports on market conditions, opportunities, regulations and business customs for more than 140 countries. Prepared by U.S. Embassy staff worldwide and updated annually, the CCGs are the premier trusted source of market intelligence.



Get Trade Assistance

Ready to get started? Contact an international trade specialist at the U.S. Commercial Service. They can provide general export assistance or help determine if Germany is the right market for you.



Learn the Basics of Exporting

Whether you're new to exporting or just want to see new ideas and techniques, the Basic Guide eBook will give you all the information you need about creating a plan, financing, handling orders, shipping, legal concerns, and more.



Download the Guide

As an exporter, you face challenges most businesses never consider. Download the Trade Finance Guide to learn about accessing capital, types of sales terms, and more.



Request a Free Consultation

Learn how EXIM can help you protect your business.



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