7TH ASEAN OECD GOOD REGULATORY PRACTICES NETWORK MEETING

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A V-shape indicates resilience of the economy in Germany / Business climate growth 31%

Industry scope: manufacturing, services, construction, trade

Source: ifo Institute „Konjunkturumfrage“, März 2020 – Industry scope: manufacturing, services, construction, trade
Germany provides a level playing field for German companies and foreign investors

“The establishment of a company in Germany is a straightforward process. Foreign investors can choose freely between available legal company forms for their business projects. Foreign company establishments in Germany are not subject to reviews under German foreign trade regulations.”

Source: Germany Trade & Invest, Investor Consulting
The German government quickly and decisively acted to counter the crisis

On March 23, 2020 a protective shield was set up for citizens, jobs and the economy, featuring (among other measures)

- Short-Time Work (Kurzarbeit)
- Tax Policy Measures
- Financial Support for Businesses

Source: Germany Trade & Invest, Investor Consulting
Business Facilitation during the COVID19 Crisis

Federal Employment Agency pays a reduced-hours allowance as partial compensation

Relaxed rules apply:
Reduction of working hours for more than 10% of employees reduced by at least 10%, in one or more business divisions or the entire business, no requirement to build up negative working time balances.
Reduced Hours Work reduces costs and helps companies to continue employ their staff

**Implications for Employer**
- Pays reduced-hours allowance to employee
- Allowance is reimbursed by the FEA
- Full refund of social security payments
- Workforce is immediately available

**Implication for Employee**
- Partial pay of net pay loss – at least 60% (childless employee) or 67% (parents*)
- Increasing incrementally up to 80/87% from seventh month.
- Up to end December 2021

Financial burden of reduced hours allowance is covered by the Federal Employment Agency.

Source: Germany Trade & Invest, Investor Consulting. * Employees with at least one child living at home
Business Facilitation during the COVID19 Crisis

Tax related assistance and easing is granted to all businesses and also to employees

- Interest free tax payment deferrals
- Reduction of tax prepayments
- Waiver of enforcement measures
- No late payment penalties
- Tax free top-ups of short time allowance
- No foreclosures
Business Facilitation during the COVID19 Crisis

Governmental supported loan programs tailored to company age and size

Companies existing...

- Up to 5 years
  - SMEs
    - ERP Start-up Loans

- 5-years and older
  - Medium-sized and large companies
    - KfW Special Programme: Syndicated Financing

- Business prior to Feb 2019
  - SMEs
    - KfW Entrepreneur Loans
  - >10 employees
    - KfW Quick Loan Programme 2020

Source: Germany Trade & Invest, Investor Consulting, KfW = Kreditanstalt für Wiederaufbau, Loans: Application at regular high street bank
Business Facilitation during the COVID19 Crisis

Governmental bridging grant programs take the edge off crisis induced financial backlash

Non-repayable liquidity aid grants
- Covers fixed costs for businesses impacted
- Companies with revenue up to €750m can apply
- Program currently to September 2021
- Businesses can claim between 40% and 90% fixed costs.

Freelancers with few fixed costs also get aid to replace lost revenue

Source: Germany Trade & Invest, Investor Consulting

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German government released a financial package to reboot the German economy

**Stimulate Consumption**
- VAT cut from 19% to 16% and 7% to 5%*
- Capped social security contributions
- Family allowances

**Promote Investments**
- Increased tax incentives
- Extended tax credits for R&D expenditures
- Reduced electricity costs

**Enhance Structural Changes**
- "Future Package"
  - Digitalization
  - Healthcare
  - Climate technologies
  - E-Mobility...

"An ambitious program" declared Angela Merkel, as she presented a stimulus package worth 130 bn EUR in June, 2020 – since increased to 180 bn EUR plus 50 bn EUR “Future package”

Source: Germany Trade & Invest, Investor Consulting, * until end of 2020
Focus of IPA on stabilising industries with a high value creation

Investment promotion in the crisis with selected core industries

Hypothesis: The corona crisis is an extensive but one time event. The effects will take years to be compensated. Non critical economy will catch-up with pre-crisis value chains after the crisis.

Key questions as IPA: Which industries are particularly struck by the crisis AND which are relevant for a fast restart of the German economy AND where can we contribute with our competencies?


Industry segments are linked with objectives in sustainability, resilience and politics

<table>
<thead>
<tr>
<th>Industry Segment</th>
<th>Contributes to UNCTAD Sustainability Goals</th>
<th>Contributes to Resilience of the German economy</th>
<th>Contributes to Objectives of economic policy</th>
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<tr>
<td>Pharma-Medtech-E-Health</td>
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<td>Automation Technologies and Robotics</td>
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<td>Digital Infrastructure (Hard- and Software)</td>
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<td>Innovative, Climate saving Mobility- / Supply Chain Solutions</td>
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<td>Trade and Logistics</td>
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</tbody>
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Germany Trade & Invest assists all companies that want to enter the German market as foreign direct greenfield investments.

Supported by Germany Trade & Invest FDI are contributing directly to strengthening the economy in Germany in key development areas.

Source: Germany Trade & Invest, Investor Consulting
GTAI helps.

Germany Trade & Invest supports your move expanding to Germany – at all times

- Market Entry Strategy
- Market Information
- Site Selection Support
- R&D Matching/Partnering
- Tax/Legal/Finance Infos
- Fast Track to Institutions

Source: Germany Trade & Invest, Abteilung Investorenanwerbung

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