



Market profile

Germany is a member of the European Union (EU) and is subject to EU trade regulatory requirements. Germany is considered as one of the most international economies globally and therefore a popular destination for foreign investment. Around 50% of the annual GDP are being exported to other countries making Germany one of the top 3 trading nations worldwide.

Germany is a democratic, federal parliamentary republic, where federal legislative power is vested in the Bundestag (the parliament of Germany) and the Bundesrat (the representative body of the Länder, Germany's 16 regional states). Geographically Germany shares borders with nine countries, more than any other state in Europe.

FACTS

- Capital: Berlin
- Official language: German
- Area: 357 588 km²
- Population: 84.1 million

Economy and business structure

Germany is the largest and most populous economy in the EU – as a result, it plays a leading role in the continent's economic and political affairs. Germany is the 4th largest economy in the world by nominal GDP and Finland's top trading partner (13.8% of Finland's exports in 2020).

Germany ranks 22th in the ease of doing business and its sizeable market, central location and highly developed infrastructure makes Germany a desirable location for business.

Key industries and their trends

Germany has a decentralized economy and several of its cities are known for being hubs in various industries. Frankfurt is the country's financial heart and is considered to be the most important financial hub in continental Europe. Furthermore, Frankfurt's financial hub has experienced a boost from Brexit and by mid-2020 it has seen around 3,000 new jobs created as a result.

The automotive industry is the largest sector in Germany - Munich and Stuttgart have long history within the industry and they serve as a location for many key players such as Daimler, Porsche or BMW. Despite the recent semiconductor shortage affecting motor vehicles output, Germany remains Europe's number one automotive market, accounting for roughly 25% of all passenger cars manufactured.

Berlin is globally a desirable location for startups due to its incubator and accelerator programs. In 2021, Berlin was named the best city to start a company in Europe by Startup Heatmap Europe, overtaking London.

The state of North Rhine-Westphalia, commonly shortened to NRW, is the most populous state of Germany with more than 17.9 million inhabitants. It is Germany's powerhouse with the largest economy among the German states by GDP figures and attracts companies from both Germany and abroad, with 26 of the 50 largest German companies based in Germany's most westerly federal state.

Important things to consider when doing business in Germany

Germans are known to be demanding customers and business is taken seriously. Business relations are often very formal, and they reflect the German values of order, privacy, punctuality, reliability and professionalism. When communicating with Germans, you can expect a great deal of written business communication, both to back up decisions and to maintain a record of decisions and discussions. Also bear in mind that titles are important to Germans. Therefore, it is important to address people by their full, correct title. If speaking German to your counterparts, you should use the formal version of you ("Sie"), unless someone specifically invites you to use the informal "Du" form.

Market data sources and other useful links

- [German Federal Statistical Office](#)
- [Germany Trade & Invest: Industries in Germany](#)
- [BDI – The Federation of German Industries](#)
- [Federal Foreign Office](#)
- [Germany at a Glance](#)
- [German Business Culture](#)