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DRIVING THE BUSINESS OF TRADE AND INVESTMENT

# Country Targeting Strategy 2011/12

## Country Intelligence

### Germany



December 2011

The data and analysis in this report are meant for information only, and do not constitute the views of Knowledge Management or those of TIKZN

## Country background and economic overview

As Europe's largest economy and second most populous nation (after Russia), Germany is a key member of the continent's economic, political, and defense organizations. European power struggles immersed Germany in two devastating World Wars in the first half of the 20th century and left the country occupied by the victorious Allied powers of the US, UK, France, and the Soviet Union in 1945. With the advent of the Cold War, two German states were formed in 1949: the western Federal Republic of Germany (FRG) and the eastern German Democratic Republic (GDR). The democratic FRG embedded itself in key Western economic and security organizations, the EC, which became the EU, and NATO, while the Communist GDR was on the front line of the Soviet-led Warsaw Pact. The decline of the USSR and the end of the Cold War allowed for German unification in 1990. Since then, Germany has expended considerable funds to bring Eastern productivity and wages up to Western standards. In January 1999, Germany and 10 other EU countries introduced a common European exchange currency, the euro. In January 2011, Germany assumed a non-permanent seat on the UN Security Council for the 2011-12 term.

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. 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, which in 2008 reached a new post-reunification low of 7.8%. These advances, as well as a government subsidized, reduced working hour scheme, have helped to explain the relatively modest increase in unemployment during Germany's 2008-09 recession - the deepest since World War II. GDP grew just over 1% in 2008 and contracted roughly 5% in 2009. Germany crept out of recession in the second and third quarters of 2009, thanks largely to rebounding manufacturing orders and exports - primarily outside the Euro Zone - and relatively steady consumer demand. The German economy probably will recover to about 1.5% growth for the year 2010. However, a relatively strong euro, tighter credit markets, and an anticipated bump in unemployment could cloud Germany's medium-term recovery prospects. Stimulus and stabilization efforts initiated in 2008 and 2009 and newly introduced tax cuts are expected to increase Germany's record budget deficit, which is expected to exceed 5% of GDP in 2010. The EU has given Germany until 2013 to get its consolidated budget deficit below 3% of GDP. A new constitutional amendment likewise limits the federal government to structural deficits of no more than 0.35% of GDP per annum as of 2016.

## Country statistics

Indicator	Measure	Rank
<b>Geography</b>		
Area	357,022 sq km	63
	land: 348,672 sq km	
	water: 8,350 sq km	
Coastline	2,389 km	
Natural resources	coal, lignite, natural gas, iron ore, copper, nickel, uranium, potash, salt, construction materials, timber, arable land	
Land use	arable land: 33.13%	
	permanent crops: 0.6%	
	other: 66.27% (2005)	
Irrigated land	4,850 sq km (2008)	
<b>Demographics and population development</b>		
Population size	81,471,834 (July 2011 est.)	16
Population structure	0-14 years: 13.3%	
	15-64 years: 66.1%	
	65 years and over: 20.6% (2011 est.)	
Popn growth rate	-0.208% (2010 est.)	211
Net migration rate	0.54 immigrant(s)/1,000 people (2011 est.)	62
Urbanization	74% of total population (2010)	
	growth: 0% (2010-15 est.)	
Sex ratio	0.97 male(s)/female (2011 est.)	
Life expectancy at birth	80.07 years (2011 est.)	27
Total fertility rate	1.42 children born/woman (2010 est.)	197
HIV prevalence rate	0.1% (2009 est.)	127
Literacy rate	99% (2003 est.)	
School life expectancy	16 years (2006)	
<b>The economy</b>		
Currency	Euro: 0.755/US\$ (2010 est.); 0.720 (2009 est.)	
GDP (PPP)	total: \$2.94 trillion (2010 est.)	6
	growth: 3.5% (2010 est.); -4.7% (2009 est.)	110
	per capita: \$35,700 (2010 est.)	33
	agriculture: 0.9%	

Indicator	Measure	Rank
GDP composition	industry: 27.8%	
	services: 71.3% (2010 est.)	
Labour force	43.49 million (2009 est.)	14
	unemp rate: 7.1% (2010 est.), 7.3% (2009 est.)	71
Labour force by occupation	agriculture: 2.4%	
	industry: 29.7%	
	services: 67.8% (2005 est.)	
Poverty rate	15.5% (2010 est.)	
Gross investment (% of GDP)	18.19% of GDP (2010 est.)	143
Public debt	83.4% of GDP (2010 est.)	16
Inflation rate	1.1% (2010 est.); 0.3% (2009 est.)	29
Commercial bank prime rate	3.77% (Dec 2010)	163
Agricultural products	potatoes, wheat, barley, sugar beets, fruit, cabbages; cattle, pigs, poultry	
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	
Electricity	production: 556.4 billion kWh (2009 est.)	8
	consumption: 544.5 billion kWh (2008 est.)	8
Oil	production: 147,200 bbl/day (2010 est.)	46
	consumption: 2.495 million bbl/day (2010 est.)	9
	exports: 470,200 bbl/day (2009 est.)	31
	imports: 2.671 million bbl/day (2009 est.)	7
	reserves: 276 million bbl (1 Jan 2011 est.)	57
Natural gas	production: 12.65 billion cu m (2009 est.)	35
	consumption: 99.5 billion cu m (2010 est.)	7
Current account balance	\$188.6 billion (2010 est.)	2
Trade	exports: \$1.303 trillion (2010 est.)	3
	imports: \$1.099 billion (2010 est.)	4
Export commodities	machinery, vehicles, chemicals, metals and manufactures, foodstuffs, textiles	
Import commodities	machinery, vehicles, chemicals, foodstuffs, textiles, metals	

Indicator	Measure	Rank
Export 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)	
Import partners	Netherlands 13%, France 8.2%, Belgium 7.2%, China 6.8%, Italy 5.6%, UK 4.7%, Austria 4.5%, US 4.2%, Switzerland 4.1% (2009)	
Reserves of forex & AU	\$216.5 billion (31 Dec 2010 est.)	12
FDI stock	at home: \$956.6 billion (31 Dec 2010 est.)	5
	abroad: \$1.427 trillion (31 Dec 2010 est.)	4
<b>Communications</b>		
Telephone	main lines: 45.6 million (2010)	3
	cellular mobile: 105 million (2010)	9
Internet	country code: .de	
	hosts: 21.729 million (2010)	4
	users: 65.125 million (2010)	5
<b>Transportation</b>		
Airports	549 (2010)	13
	with paved runways: 330	
	with unpaved runways: 219	
Pipelines	gas 24,688 km; oil 3,687 km; refined products 4,875 km (2010)	
Railways	41,981 km	6
Roadways	644,480 km	11
Ports and terminals	Bremen, Bremerhaven, Duisburg, Hamburg, Karlsruhe, Lubeck, Rostock, Wilhemshaven <b>oil terminals:</b> Brunsbüttel Canal terminal	

**Data sources**

Central Intelligence Agency [CIA]; *the World Factbook*. [www.cia.org](http://www.cia.org). Accessed: December 2, 2011