

Germany

RISK & COMPLIANCE REPORT

DATE: March 2018

Executive Summary - Germany

Sanctions:	None
FAFT list of AML Deficient Countries	No
Medium Risk Areas:	US Dept of State Money Laundering assessment Non - Compliance with FATF 40 + 9 Recommendations Weakness in Government Legislation to combat Money Laundering
Major Investment Areas: Agriculture - 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 Exports - commodities: motor vehicles, machinery, chemicals, computer and electronic products, electrical equipment, pharmaceuticals, metals, transport equipment, foodstuffs, textiles, rubber and plastic products Exports - partners: France 10.2%, UK 7%, Netherlands 6.9%, US 6.3%, Austria 5.6%, Italy 5.4%, China 5.1%, Switzerland 4.7%, Belgium 4.3%, Poland 4.1% (2012) Imports - commodities: machinery, data processing equipment, vehicles, chemicals, oil and gas, metals, electric equipment, pharmaceuticals, foodstuffs, agricultural products Imports - partners: Netherlands 14%, France 7.5%, China 6.7%, Belgium 6.4%, Italy 5.5%, UK 4.9%, Austria 4.4%, Russia 4.4%, Czech Republic 4.1% (2012)	
Investment Restrictions:	

The German government and industry actively encourage foreign investment

A national security screening mechanism was introduced in 2004, which requires that investors from countries other than the member states of the European Union (EU) and the European Free Trade Association (EFTA, i.e., Liechtenstein, Iceland, Norway and Switzerland) notify the acquisition of any business engaged in manufacturing or developing war weapons or armaments, or producing cryptographic equipment, in cases where the investor directly or indirectly owns 25 percent or more equity.

Contents

Section 1 - Background	4
Section 2 - Anti – Money Laundering / Terrorist Financing	5
FATF status	5
Compliance with FATF Recommendations	5
Key Findings from latest Mutual Evaluation Report (2010):	6
US Department of State Money Laundering assessment (INCSR)	6
US State Dept Narcotics Report	10
US State Dept Trafficking in Persons Report:	11
US State Dept Terrorism Report.....	11
Current Weaknesses in Government Legislation (2014 INCRS Comparative Tables):.....	9
EU White list of Equivalent Jurisdictions.....	9
International Sanctions	14
Bribery & Corruption.....	15
Section 3 - Economy	19
Banking.....	20
Stock Exchange	20
Section 4 - Investment Climate.....	22
Section 5 - Government.....	44
Section 6 - Tax.....	45
Methodology and Sources	49

Section 1 - Background

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.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Germany is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

At its June 2014 meeting, the FATF Plenary recognised that Germany had made sufficient progress in addressing the deficiencies identified in its 2010 mutual evaluation report, and could be removed from the regular follow-up process.

In February 2010, Germany was placed in the regular follow-up process as a result of a partially compliant rating for certain key and core Recommendations in its mutual evaluation report. Since then, Germany has reported back to the FATF Plenary about the progress it has made in correcting these deficiencies.

The June 2014 follow-up report contains a detailed description and analysis of the actions taken by Germany in respect of all of the Recommendations rated partially compliant and non-compliant.

Significant measures taken in respect of the key and core Recommendations are :

- Amendments of the Criminal Code by including insider trading and market manipulation as well as counterfeiting and piracy of products as predicate offences to money laundering.
- Amendments of the AML Law to ensure that verification of beneficial ownership is required in all cases and that in cases of low risk, a minimum level of due diligence is still carried out. Germany has also adopted a much broader definition regarding the beneficial owner in the context of a trust arrangement.
- Amendments to a number of other laws to strengthen the overall AML/CFT framework.
- Enhanced cooperation between relevant ministries, regulatory and supervisory authorities as well as other bodies involved in combating money laundering and terrorist financing.

Some shortcomings in the implementation of the technical requirements of the key and core Recommendations concerning the freezing of terrorist assets still remain. Overall, the level of progress achieved by Germany was considered sufficient to be removed from the regular follow-up process.

Key Findings from latest Mutual Evaluation Report (2010):

Germany has introduced a number of measures in recent years to strengthen its anti-money laundering and combating the financing of terrorism regime. Germany has generated a relatively large number of prosecutions for money laundering and of orders to confiscate assets. These achievements occurred despite the shortcomings that were identified in this assessment.

Many indicators suggest that Germany is susceptible to money laundering and terrorist financing, including because of its large economy and financial centre, as well as its strategic location in Europe and its strong international linkages. Substantial proceeds of crime are generated in Germany, estimated to be EUR 40 to EUR 60 billion (approximately USD 60–80 billion), inclusive of tax evasion, annually. Terrorists have carried out terrorist acts in Germany and in other nations after being based in Germany. Germany is also estimated to have a large informal sector (> EUR 400 billion or > EUR 560 billion) and the use of cash is reportedly high. Germany's currency is the Euro (€), which is used widely across Europe, thus making it attractive to organized criminals and tax evaders.

Key factors that may reduce Germany's risk profile for money laundering include its strong legal tradition, the rule of law, its political environment, and having an effective single financial regulator.

The core elements of Germany's anti-money laundering and counter-terrorist financing regime are established in the German Criminal Code, which contains the money laundering and terrorist financing offenses; the Money Laundering Act; and the sector-specific laws such as the Banking Act. The Money Laundering Act established Germany's financial intelligence unit (FIU) within the Federal Criminal Police Office (BKA), imposes customer due diligence (CDD) obligations on a wide range of financial institutions, and requires these financial institutions to submit suspicious transaction reports to the competent authorities. The Act was most recently amended in August 2008, when Germany transposed the third European Union Money Laundering Directive, and its Implementing Directive, into national law.

The anti-money laundering and counter-terrorist financing framework is not fully in line with the FATF Recommendations. There are weaknesses in the legal framework and in sanctioning for non-compliance with anti-money laundering and counter-terrorist financing requirements. The FATF report contains Recommendations to address these issues.

US Department of State Money Laundering assessment (INCSR)

No longer categorized a Jurisdiction of Primary Concern however the 2017 Report has not yet been published and, therefore, below is the 2016 report.

Germany was deemed a Jurisdiction of Primary Concern by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

While not an offshore financial center, Germany is one of the largest financial centers in Europe. Germany is a member of the Eurozone, thus making it attractive to organized criminals and tax evaders. Many indicators suggest Germany is susceptible to money laundering and terrorist financing because of its large economy, advanced financial institutions, and strong international linkages. Although not a major drug producing country, Germany continues to be a consumer and a major transit hub for narcotics. Germany allows the use of shell companies, trusts, holdings, and foundations that can help obscure the source of assets and cash.

Terrorists have carried out terrorist acts in Germany and in other nations after being based in Germany. Germany is estimated to have a large informal financial sector. Informal value transfer systems, such as hawala, are reportedly used by immigrant populations accustomed to such systems in their home countries and among refugees paying for their travel to Europe/Germany. There is little official data on the scale of this activity.

Trends in money laundering include a decrease in cases involving financial agents, i.e., persons who are solicited to make their private accounts available for money laundering transactions. Digital and cybercrime continue to challenge law enforcement. There are increasing cases of tax evasion, transnational collusive agreements and manipulations, and corruption and money laundering involving global financial institutions and corporations. Bulk cash smuggling by organized crime elements is prevalent in Germany, especially illicit drug proceeds arriving in Germany from the Netherlands. The use of cash transactions is high. Free zones exist in Bremerhaven, Cuxhaven, and Hamburg. Unfenced inland ports are located in Deggendorf and Duisburg.

Do financial institutions engage in currency transactions related to international narcotics trafficking that include significant amounts of US currency; currency derived from illegal sales in the U.S.; or illegal drug sales that otherwise significantly affect the U.S.: NO

Criminalization of money laundering:

"All serious crimes" approach or "list" approach to predicate crimes: Combination

Are legal persons covered: criminally: NO ***civilly:*** YES

Know-your-customer (KYC) rules:

Enhanced due diligence procedures for PEPs: Foreign: YES ***Domestic:*** NO

KYC covered entities: Banks, financial services, payment, and e-money institutions and their agents; financial enterprises; insurance companies and intermediaries; investment companies; lawyers, legal advisers, auditors, chartered accountants, tax advisers, and tax agents; trust and company service providers; real estate agents; casinos; and persons trading in goods

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 24,054 in 2014

Number of CTRs received and time frame: Not applicable

STR covered entities: Banks, financial services, payment, and e-money institutions and their agents; financial enterprises; insurance companies and intermediaries; investment companies; lawyers, legal advisers, auditors, chartered accountants, tax advisers, and tax agents; trust and company service providers; real estate agents; casinos; and persons trading in goods

money laundering criminal Prosecutions/convictions:

Prosecutions: 992 in 2013

Convictions: 882 in 2013

Records exchange mechanism:

With U.S.: MLAT: YES **Other mechanism:** YES

With other governments/jurisdictions: YES

Germany is a member of the FATF.

Enforcement and implementation issues and comments:

On June 20, 2015, amendments to the German Criminal Code entered into force to implement UNSCR 2178. The changes supplement prior legislation from 2009 outlawing certain "preparatory terrorist actions" such as attending training camps abroad, categorizing travel and attempted travel as such preparatory actions. They specifically criminalize all forms of terrorism finance, including financing of terrorist travel.

Tipping off is a criminal offense only if it is committed with the intent to support money laundering or obstruct justice, and applies only to previously-filed suspicious transaction reports (STRs). Otherwise, it is an administrative offense that carries a fine of up to €100,000 (approximately \$109,500) under the AML Act. Legal persons are only covered by the Administrative Offenses Act and are not criminally liable under the criminal code. While Germany has no automatic currency transaction report (CTR) requirement, large currency transactions frequently trigger STRs.

Germany has no federal statistics on the amount of assets forfeited in criminal money laundering cases. Assets can be forfeited as part of a criminal trial or through administrative procedures such as claiming back taxes. In practice, asset forfeiture is limited in utility as the state holds the burden of proof to prove a tie to a specific and credible illegal act. Germany has time restrictions on how long it can restrain forfeitable assets for foreign proceedings. Such assets generally may be held for one year, but extensions are possible.

In 2015, German bank Commerzbank agreed to pay a \$1.45 billion fine for failing to comply with U.S. sanctions laws and AML regulations. According to the investigation, between April 2006 - January 2010 Commerzbank employees purposely tried to mislead regulators about the identity of Iranian and Sudanese entities related to more than \$253 billion in dollar clearing transactions. In addition, bank employees sought to alter the bank's transaction monitoring system so it would create fewer 'red flag' alerts about potential misconduct.

The government should consider strengthening the provisions on tipping off and the regulations on domestic politically exposed persons (PEPs).

Current Weaknesses in Government Legislation (2014 INCRS Comparative Tables):

According to the US State Department, Germany does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

EU White list of Equivalent Jurisdictions

Germany is on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Germany is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2015

Germany is a destination and transit country for narcotics, but is not a significant drug cultivation or production country. German and Turkish organized crime groups continue to dominate the drug trade, with cannabis, cocaine and heroin making up the bulk of drugs smuggled into and through Germany. Outlaw motorcycle gangs are the most significant German organized crime groups and are heavily involved in drug trafficking.

The German government actively combats drug-related crimes and continues to implement its 2012 National Strategy on Drug and Addiction Policy, which emphasizes prevention programs and assistance to victims of drug abuse. Cannabis remains the most commonly consumed illicit drug in Germany. Germany is a major manufacturer of legal pharmaceuticals, and consequently a potential source of precursor chemicals used in the production of illicit narcotics. Germany, however, strictly and effectively controls precursor chemicals.

Led by the National Drug Commissioner, the Federal Ministry of Health has the leading role in developing, coordinating, and implementing Germany's drug policies. Other active Ministries include the Federal Ministry for Economic Cooperation and Development, the Federal Ministry of the Interior, the Federal Foreign Office and the Federal Ministry of Finance. The Federal Ministry of Health, in close cooperation with other ministries and federal states, funds numerous research and prevention-through-education programs. Addiction therapy programs focus on drug-free treatment, psychological counseling, and substitution therapy. Since the mid-1980s, Germany considers substitution therapy an important pillar in the treatment of opiate abuse. In 2014, around 77,300 patients were undergoing substitution therapy in Germany.

Combating sales of new psychoactive substances (NPS), particularly via the internet, remains a challenge for German law enforcement authorities. The Controlled Substances Act was amended in 2013 to include 26 NPS. In 2014 judgment by the Court of Justice of the European Union ruled that NPS are not medicinal, preventing enforcement under the German Medicines Act and creating ambiguity over which German laws can be applied to control NPS. The number of drug-related deaths in Germany increased in 2013 (the most recent year for which statistics are available). A total of 1,002 people died as a result of consuming illegal drugs—mainly opiate-related deaths— up from 944 in 2012. Over nineteen-thousand users of "hard drugs" (classified as non-cannabis substances) were newly recorded in 2013, a two percent decrease from 2012. However, the number of "first time users" of crystal methamphetamine reached an all-time high, increasing by seven percent in 2013. The vast majority of seized crystal methamphetamine originated from the Czech Republic, with which the German government cooperates closely.

Extradition and mutual legal assistance treaties are in force between the United States and Germany, as well as a customs mutual assistance agreement. Germany participates actively in bilateral cooperative arrangements and European and international counternarcotics fora. German law enforcement agencies work effectively with their U.S. law enforcement counterparts on narcotics-related cases, though more restrictive application of German privacy legislation and the inability of agents and cooperators to operate in Germany in an

undercover capacity pose investigative challenges. The United States and Germany are in close consultation on these issues.

US State Dept Trafficking in Persons Report 2016 (introduction):

Germany is classified a Tier 1 country - is a country whose government fully complies with the Trafficking Victims Protection Act's (TVPA) minimum standards.

Germany is a source, transit, and destination country for women, children, and men subjected to sex and labor trafficking. Most sex trafficking victims in Germany are European, primarily Bulgarians, Romanians, and Germans. Citizens of Nigeria, other parts of Africa, Asia, and the Western Hemisphere are also subjected to sex trafficking in Germany. Most sex trafficking victims are exploited in bars, brothels, and apartments. Labor trafficking victims are predominantly European, including Bulgarians, Poles, and Romanians, as well as Afghans, Pakistanis, and Vietnamese. Victims of forced labor are exploited on construction sites and in agriculture, hotels, meat processing plants, seasonal industries, restaurants, and diplomatic households. Roma and foreign unaccompanied minors are particularly vulnerable to trafficking, including forced begging and coerced criminal behavior. In 2015, approximately 1.1 million refugees and asylum-seekers arrived in Germany, including approximately 67,000 unaccompanied minors; these individuals remain vulnerable to sex and labor trafficking. Several foreign governments reported German citizens engaged in sex tourism abroad. The Government of Germany fully meets the minimum standards for the elimination of trafficking. The influx of migrants to the country during the reporting period placed a significant strain on government resources, including among agencies responsible for combating trafficking. Despite this challenge, the government maintained strong efforts to prosecute and convict sex traffickers, continued to identify and provide protections to sex trafficking victims, and funded various public awareness campaigns; however, weak sentences for trafficking convictions continued to undercut efforts to hold traffickers accountable, and government efforts to identify and assist labor trafficking victims and prosecute and convict labor traffickers remained inadequate given the scope of the problem.

US State Dept Terrorism Report 2016

Overview: German law enforcement routinely investigated, arrested, and prosecuted numerous terrorist suspects in 2016. Residents of Germany becoming foreign terrorist fighters abroad remained a significant trend and officials estimated at least 880 residents of Germany have departed for Syria and Iraq since 2012 to participate in those conflicts. The majority are believed to have joined violent Islamist extremist groups. Officials believe that 140 of them died in Syria and Iraq, while roughly one-third returned to Germany. German officials actively investigated returnees for any terrorist threat resulting from their experience abroad and possible desire to continue to support violent extremist causes. Bilateral counterterrorism cooperation with the United States remained excellent.

Germany is a member of the Global Coalition to Defeat ISIS, and although it does not conduct airstrikes, it provided arms, material support, and training to Iraqi Kurdish security forces; AWACs crews, reconnaissance aircraft, and refueling aircraft to support Coalition air operations over Syria and Iraq; and a frigate to defend a French aircraft carrier from which

Coalition air operations are launched. Germany implemented UN Security Council resolutions 2178 and 2199, and upheld obligations under the UN Security Council (UNSC) ISIL (Da'esh) and al-Qa'ida sanctions regime. Through legislation that criminalizes terrorist finance as well as foreign terrorist fighter travel, Germany sharpened its previous antiterrorism laws. Germany is a founding member of the Global Counterterrorism Forum (GCTF) and supported the GCTF good practices on foreign terrorist fighters. Domestically, the German government has increased its enforcement efforts to prevent, interdict, and counter foreign terrorist fighter travel and voiced support for strengthening European Union (EU) and Schengen measures. In May, Germany and the United States signed an arrangement to exchange information on known or suspected terrorists. In November, the Bundestag (parliament) approved the 2016 budget with increased spending on law enforcement and domestic counterterrorism intelligence efforts.

Legislation, Law Enforcement, and Border Security: The German government continued to apply its comprehensive counterterrorism legislation, which criminalizes membership in, or support for, domestic and foreign terrorist organizations. The Criminal Code prohibits a range of terrorism-related preparatory actions, including actual or attempted departure from Germany to participate in terrorist training, acquiring weapons or explosives with the intent to commit attacks, and terrorist finance.

On July 29, Germany adopted additional counterterrorism legislation ("Improving Information Exchange to Combat International Terrorism"), which authorizes the Federal Police to operate undercover agents for both law enforcement purposes and the protection of public safety; expands data exchanges with foreign intelligence services; authorizes the domestic intelligence service (BfV) to establish and operate joint databases with foreign partners; increases control and monitoring of communications using prepaid mobile phones; and lowers the of age of suspects which the BfV is allowed to track and collect data on from 16 years to 14 years.

Germany does not record all entries to or exits from the country; however, it systematically checks all non-EU citizens arriving at airports and is working to institute systematic Schengen border checks of EU citizens. Biometric data is not screened at entry, although Germany participates in the EU Smart Border pilot. Germany only collects fingerprints from Schengen visa holders, which are screened against the EU's Visa Information System. All arriving and departing passengers' passports are manually checked against the INTERPOL Stolen and Lost Travel Document Data Base.

Data on suspected terrorists is shared between federal and state law enforcement agencies. German passports and other identity documents incorporate strong security features, but data privacy concerns contribute to German reticence to expand travel analysis systems. Collection and retention of Advance Passenger Information for traveler screening is limited to high threat routes. Germany does not currently use Passenger Name Record (PNR) analysis, but following approval of a new EU-wide PNR Directive is drafting PNR legislation and developing a PNR system.

Numerous arrests, prosecutions, and trials in 2016 focused on terrorism, and the Federal Ministry of Justice estimated there were approximately 500 ongoing terrorist cases as of late September with the Federal Prosecutor's Office. Prominent and legally significant cases (that were ongoing at the end of 2016, unless otherwise indicated) included:

- On July 5, the Federal Public Prosecutor General (GBA) [*Generalbundesanwalt*] attained an arrest warrant against a 20-year-old Algerian national and suspected ISIS member, suspected of supplying information to Abdelhamid Abaaoud, who planned the November 2015 Paris attacks. He was allegedly trained by ISIS in late 2014, and tasked by Abaaoud in June 2015 to provide information regarding border controls, waiting times, and entry and exit points along the Balkan route during the migrant crisis. In June to August 2015, he allegedly traveled to Syria via Austria, Greece, Hungary, Serbia, and Turkey, where he informed Abaaoud about those borders before entering Germany. The suspect is also believed to have been in contact with Ayoub el Khazzani, who shot at passengers on a train between Amsterdam and Paris in August 2015.
- On September 13, more than 200 federal and state police (on behalf of the GBA) arrested and searched the homes of three Syrian nationals who allegedly entered Germany in November 2015 (via Greece and Turkey) with the intention of carrying out a previously determined order from ISIS. One is believed to have received training from ISIS in Raqqa, Syria. Prosecutors assert that ISIS provided passports, cash in U.S. dollars “in a high four-figure sum,” and mobile phones pre-loaded with a communications program.
- On October 10 in Leipzig, federal police arrested a Syrian asylum grantee for possession of a large amount of explosives, similar to those used in the 2015 Brussels and Paris attacks. Police alleged that he planned to attack a Berlin airport. Police arrested, as an accessory, another Syrian who had ordered bomb-making items online.
- In November, the Federal Ministry of Interior (MOI) banned the organization “*The True Religion*” and its Quran distribution activities as an extremist, anti-constitutional organization seeking to incite violence. In March, police and security services in several states carried out concurrent raids and investigations, and charged at least 140 activists who had traveled abroad to join terrorist groups.
- On December 7, Germany initiated a trial in Essen, North Rhine-Westphalia against three suspects allegedly responsible for a bomb attack on the Essen Sikh Temple in April. The main perpetrator and his accomplices, all minors, are charged with attempted murder, grievous bodily harm, and detonating an explosive.

Countering the Financing of Terrorism: Germany is a member of the Financial Action Task Force (FATF), and is an observer to numerous FATF-style regional bodies. Germany’s financial intelligence unit, the Financial Intelligence Service, is a member of the Egmont Group of Financial Intelligence Units. German institutions filed 29,108 (compared to 25,054 in 2014) suspicious transaction reports in 2015 (the latest figures available), 615 thereof for suspected terrorist financing, up sharply from 2014 (323). The German government has submitted draft legislation to the Bundestag that would move the FIU from the Federal Police to the Ministry of Finance and expand its mandate to allow for better communication with the private sector and in-depth analytical work on terrorist finance risks.

International Sanctions

None applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	81
World Governance Indicator – Control of Corruption	94

Corruption is not an obstacle for businesses in Germany, and companies are unlikely to encounter bribery or other corrupt practices. Fraud and corruption risks are most prevalent in the construction and health sectors, as well as in public procurement. The German Criminal Code applies to individuals – not companies – and makes it illegal to offer, pay or accept a bribe. Companies can be held civilly liable under the Administrative Offences Act, with fines up to EUR 10 million and confiscation of all economic advantages obtained through bribery. Facilitation payments are prohibited, and small-value gifts and hospitality may be considered illegal depending on the intent, benefit and value. Germany has strong institutional and legal frameworks. Enforcement of foreign bribery has increased significantly in recent years, and a large number of prominent German companies and individuals from businesses have been successfully prosecuted. **Information provided by GAN Integrity.**

US State Department

Germany is a country with an overall good to very good system for preventing corruption. Among industrialized countries, Germany ranks in the middle, according to Transparency International's corruption indices. The auto industry, the construction sector and public contracting, in conjunction with questionable political party influence and party donations, represent areas of continued concern. Nevertheless, U.S. firms have not identified corruption as an impediment to investment in Germany. Germany is a signatory of the OECD Anti-Bribery Convention and a participating member of the OECD Working Group on Bribery.

Over the last two decades Germany has increased penalties for the bribery of German officials, for corrupt practices between companies, and for price-fixing by companies competing for public contracts. It has also strengthened anti-corruption provisions on financial support extended by the official export credit agency and has tightened the rules for public tenders. Government officials are forbidden from accepting gifts linked to their jobs. Most state governments and local authorities have contact points for whistle-blowing and provisions for rotating personnel in areas prone to corruption. There are serious penalties for bribing officials and price fixing by companies competing for public contracts.

Parliamentarians are subject to financial disclosure laws that require them to publish earnings from outside employment. Members of parliament must disclose categories of outside employment and earnings greater than 1,000 euros (\$1,400) in a month or 10,000 euros (\$14,000) in a year. No special institution has responsibility for monitoring and verifying disclosures. Additional revenues of parliamentarians through business connections have been a matter of public debate. Disclosures are available to the public via the Bundestag

website (next to the parliamentarians' biographies) and in the Official Handbook of the Bundestag. Sanctions for noncompliance can range from an administrative fine to as much as half of a parliamentarian's annual salary.

In February 2014, the German parliament amended the criminal law clarifying corruption offenses by parliamentarians and increasing penalties. In May 2013 it was revealed that several members of the Bavarian parliament had employed family members on the basis of their parliamentarian allowance. The Bavarian parliament promptly adopted a law prohibiting the employment of family members to the fourth level of kinship. The Highest Bavarian Court published a report that reimbursements paid after July 2004 to family members of first degree of kinship must be paid back.

Donations to political parties are permitted. However, if they exceed 50,000 euros, they must be reported to the President of the Bundestag. Donations of 10,000 euros or more must be included in the party's annual accountability report to the President of the Bundestag. Transparency International would like political parties to commit more strongly to the fight against corruption and to make their financing and recruitment of political personal more transparent.

State prosecutors generally are responsible for investigating corruption cases, but not all state governments have prosecutors specialized in corruption. Germany has successfully prosecuted hundreds of domestic corruption cases over the years including large scale ones against major companies. An OECD monitoring report released in 2010 noted that the country's enforcement efforts have increased steadily and resulted in a significant number of prosecutions and sanctions imposed in foreign bribery-related cases against individuals. However, the report highlighted that sentences for corruption were generally within the lower range of available penalties and that most prison sentences were suspended, raising concerns that punishment was not always fully effective, proportionate, or dissuasive. Transparency International criticized the number of plea bargains and the statutory limitation periods.

Media reports about bribery investigations against Siemens, Daimler, Deutsche Telekom or Ferrostaal increased awareness of the problem of corruption. As a result, an increasing number of major listed companies and multinationals expanded their compliance departments, tightened internal codes of conduct, established points of conducts where to report and offered more ethics training to employees in the last five years. A recent survey by the Center for Business Compliance and Integrity at the Konstanz University of Applied Sciences among 60 companies with 500-plus employees found that 83% had compliance codices and 50% internal controls in place. Similar studies found prevalence of compliance codices in 63% to 84% of sampled companies. Increasingly medium-sized companies have beefed up their compliance programs starting with cartels and corruption but using guidelines and international conventions to go further. Medium-sized companies with business relations with the United States or top legal or tax advisors tend to be more advanced.

The Federation of Germany Industry (BDI), the German Chamber of Commerce (DIHK) and the International Chamber of Commerce (CCI) provide guidelines in paper and electronic format on how to prevent corruption trying to convince all including small and medium sized companies to catch up. In addition, BDI provides model texts if companies with two different sets compliance codes want to do business.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Germany signed the UN Anti-Corruption Convention in 2003, but has not yet ratified it. In February 2014, the German parliament amended the criminal law clarifying corruption offenses by parliamentarians and increasing penalties. This law removes the main obstacle to the ratification of the UN Anti-Corruption Convention.

Germany ratified the 1998 OECD Anti-Bribery Convention in 1999, thereby criminalizing bribery of foreign public officials by German citizens and firms. The necessary tax reform legislation ending the tax write-off for bribes in Germany and abroad became law in 1999. Germany actively enforces the convention and is increasingly dealing better with the risk of transnational corruption.

The country participates in the relevant EU anti-corruption measures and signed two EU conventions against corruption. However, Germany has not ratified the Council of Europe Criminal Law Convention on Corruption and the Civil Law Convention on Corruption.

Corruption and Government Transparency - Report by Global Security

Among industrialized countries, Germany ranks in the middle, according to Transparency International's corruption indices. The construction and health sectors and public contracting, in conjunction with questionable political party influence and party donations, represent areas of continued concern. Nevertheless, U.S. firms have not identified corruption as an impediment to investment in Germany.

Germany ratified the 1998 OECD Anti-Bribery Convention in February 1999, thereby criminalizing bribery of foreign public officials by German citizens and firms. The necessary tax reform legislation ending the tax write-off for bribes in Germany and abroad became law in March 1999. Germany has signed the UN Anti-Corruption Convention but has not yet ratified it. The country participates in the relevant EU anti-corruption measures. Germany has increased penalties for bribery of German officials, for corrupt practices between companies, and for price-fixing by companies competing for public contracts. It has also strengthened anti-corruption provisions on financial support extended by the official export credit agency and has tightened the rules for public tenders. Most state governments and local authorities have contact points for whistle-blowing and provisions for rotating personnel in areas prone to corruption. However, not all state governments have prosecutors specialized in corruption. Government officials are forbidden from accepting gifts linked to their jobs. Parliamentarians are subject to financial disclosure laws that require them to publish earnings from outside employment. State prosecutors generally are responsible for investigating corruption cases. However, additional revenues of parliamentarians through business connections have been a matter of public debate and were perceived as being a potential reason for non-ratification of the UN convention. The Bundestag is currently considering a revision of its financial disclosure rules.

Transparency Deutschland, the German Chapter of Transparency International, considers its main goals in Germany to be a national corruption register and an advocate for speedy ratification of the UN Anti-Corruption Convention, which places bribery of parliamentarians on the same level as bribery of other public officials. Draft legislation to create a national corruption register failed to win the approval of the federal states in 2005, but some individual

states maintain their own registers. Federal freedom of information legislation entered into force in 2006, but many regard the government's handling as restrictive. Several states have their own freedom of information laws. FRG has successfully prosecuted hundreds of domestic corruption cases over the years.

Few charges were filed for bribery of foreign government officials in the first years after the OECD Anti-Bribery Convention came into force in 1999. However, the U.S. Securities and Exchange Commission (SEC) investigations into Siemens, Daimler and more recently Deutsche Telekom focused public attention on foreign bribery from 2007 onwards. On March 18, 2011, prosecutors indicted two executives from Ferrostaal AG, accusing them of bribing foreign officials with €62 million (USD 87 M) in conjunction with the sale of submarines to Greece and Portugal. An OECD monitoring report released in October 2010 noted that the country's enforcement efforts have increased steadily and resulted in a significant number of prosecutions and sanctions imposed in foreign bribery-related cases against individuals. However, the report highlighted that sentences for corruption were generally within the lower range of available penalties and that most prison sentences were suspended, raising concerns that punishment was not always fully effective, proportionate, or dissuasive.

Section 3 - Economy

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 labour force. Like its Western European neighbours, Germany faces significant demographic challenges to sustained long-term growth. Low fertility rates and a large increase in net immigration are increasing pressure on the country's social welfare system and necessitate structural reforms.

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 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. The new German Government introduced a minimum wage of about \$11.60 (8.50 euros) per hour that took effect in 2015.

Stimulus and stabilization efforts initiated in 2008 and 2009 and tax cuts introduced in Chancellor Angela MERKEL's second term increased Germany's total budget deficit - including federal, state, and municipal - to 4.1% in 2010, but slower spending and higher tax revenues reduced the deficit to 0.8% in 2011 and in 2015 Germany reached a budget surplus of 0.9%. A constitutional amendment approved in 2009 limits the federal government to structural deficits of no more than 0.35% of GDP per annum as of 2016, though the target was already reached in 2012.

The German economy suffers from low levels of investment, and a government plan to invest 15 billion euros during 2016-18, largely in infrastructure, is intended to spur needed private investment. Following the March 2011 Fukushima nuclear disaster, Chancellor Angela MERKEL announced in May 2011 that eight of the country's 17 nuclear reactors would be shut down immediately and the remaining plants would close by 2022. Germany plans to replace nuclear power largely with renewable energy, which accounted for 27.8% of gross electricity consumption in 2014, up from 9% in 2000. Before the shutdown of the eight reactors, Germany relied on nuclear power for 23% of its electricity generating capacity and 46% of its base-load electricity production. Domestic consumption, bolstered by low energy prices and a weak euro, are likely to drive German GDP growth again in 2016.

Agriculture - products:

potatoes, wheat, barley, sugar beets, fruit, cabbages; milk products; 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, automobiles, food and beverages, shipbuilding, textiles

Exports - commodities:

motor vehicles, machinery, chemicals, computer and electronic products, electrical equipment, pharmaceuticals, metals, transport equipment, foodstuffs, textiles, rubber and plastic products

Exports - partners:

US 9.6%, France 8.6%, UK 7.5%, Netherlands 6.6%, China 6%, Italy 4.9%, Austria 4.8%, Poland 4.4%, Switzerland 4.2% (2015)

Imports - commodities:

machinery, data processing equipment, vehicles, chemicals, oil and gas, metals, electric equipment, pharmaceuticals, foodstuffs, agricultural products

Imports - partners:

Netherlands 13.7%, France 7.6%, China 7.3%, Belgium 6%, Italy 5.2%, Poland 5%, US 4.7%, Czech Republic 4.5%, UK 4.2%, Austria 4.2%, Switzerland 4.2% (2015)

Banking

Germany has a non-discriminatory, well developed financial services infrastructure. Germany's universal banking system allows the country's more than 39,000 bank offices not only to take deposits and make loans to customers but also to trade in securities. The traditional German system of cross-shareholding among banks and industry, as well as a high rate of bank borrowing relative to equity financing, allowed German banks to exert substantial influence on industry in the past.

Private banks control roughly 30% of the market, while publicly owned savings banks partially linked to state and local governments account for 50% of banking transactions, and cooperative banks make up the balance. All three types of banks offer a full range of services to their customers. A state-owned bank, KfW, provides special credit services, including the financing of homeowner mortgages, guarantees to small and medium-sized businesses, financing for projects in disadvantaged regions in Germany and export financing for projects in developing countries.

Regional state-owned banks ("Landesbanken") were among the hardest hit by the economic crisis and their future is uncertain. The financial crisis also triggered a major consolidation of the German banking sector with Commerzbank buying up Dresdner Bank, Deutsche Bank taking over Postbank and UniCredit Bank buying up Hypovereinsbank. This has effectively reduced the number of top German banks to just two (Deutsche Bank and Commerzbank).

Stock Exchange

The Frankfurt Stock Exchange is one of the world's largest trading centers for securities. The most stock trading is conducted via the Frankfurt Stock Exchange and Xetra (as of March 2008, they accounted for 98% of trading in German shares and 84 percent in foreign shares). Deutsche Börse AG operates the Frankfurt Stock Exchange, an entity under public law. The Frankfurt Stock Exchange facilitates advanced electronic trading, settlement and

information systems. Today, the Frankfurt Stock Exchange is an international trading centre. This is also reflected in the structure of its participants. Some 160 of around 330 market participants come from abroad. There are six other regional stock exchanges based in: Stuttgart, Munich, Hamburg, Düsseldorf, Hannover, and Berlin. In addition, the derivatives exchange Eurex is based in Frankfurt, the European Energy Exchange in Leipzig, and the Risk Management Exchange in Hanover.

Section 4 - Investment Climate

Executive Summary

As the largest market in Europe, Germany is a major destination for foreign direct investment; consequently, a vast FDI stock has accumulated over time. The United States is the leading source of non-EU inward investment to Germany. Germany is consistently ranked as one of the most attractive destinations for FDI, thanks to reliable infrastructure, a highly skilled workforce, a positive social climate, a stable legal environment, and world-class research and development.

In the last ten years, FDI stocks in Germany doubled. While this FDI mainly originated from other European countries, the United States, and Japan, FDI from emerging economies, and in particular China, has grown substantially since 2005, even if from a low level.

The German legal, regulatory and accounting systems can be complex, but are transparent and consistent with international norms. Businesses enjoy considerable freedom within a well regulated environment. Foreign and domestic investors are treated equally when it comes to investment incentives, and the establishment and protection of real and intellectual property. Foreign investors can fully rely on the legal system, which is efficient and sophisticated. At the same time, this system requires investors to pay attention to their legal obligations. First-time investors will need to ensure that they have the necessary legal expertise, either in-house or outside consul, to meet all requirements.

Germany has effective capital markets and relies heavily on its modern banking system. State-owned-enterprises are generally limited to public utilities: municipal water, energy, and national rail transportation. The primary objectives of government policy are to create jobs and foster economic growth. Labor unions play a constructive role in collective bargaining agreements, as well as on companies' work councils.

Germany continues efforts to fight money laundering and corruption. Medium-sized companies are increasingly aware of the due-diligence approach to responsible business conduct. Despite the fact that Germany has 129 investment protection agreements in force, the ongoing negotiations of the Transatlantic Trade and Investment Partnership (T-TIP) have triggered an intense public debate on certain issues, including investor-State dispute settlement (ISDS) mechanisms.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	10 of 167	transparency.org/cpi2015#results-table
World Bank's Doing Business Report "Ease of Doing Business"	2016	15 of 189	doingbusiness.org/rankings

Global Innovation Index	2015	12 of 141	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country (\$M USD, stock positions)	2014	\$115,533 million	bea.gov
World Bank GNI per capita	2014	\$47,460	data.worldbank.org/indicator/NY.GNP.PCAP.PP.CD

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Germany has an open and welcoming attitude towards foreign direct investment (FDI). The 1956 U.S.-FRG Treaty of Friendship, Commerce and Navigation affords U.S. investors national treatment and provides for the free movement of capital between the United States and Germany. As an OECD member, Germany adheres to the OECD National Treatment Instrument and the OECD Codes of Liberalization of Capital Movements and of Invisible Operations. In 2013, the Capital Investment Code replaced the German Foreign Investment Act, and the Foreign Trade and Payments Act and the Foreign Trade and Payments Ordinance were amended. For many decades, Germany has experienced significant inbound investment. It is widely recognized that foreign investment has been a considerable contributor to Germany's growth and prosperity. The German government and industry actively encourage foreign investment. U.S. investment has been strong and continues to account for a significant share of foreign investment. The investment-related problems foreign companies face are generally the same as for domestic firms, for example, high marginal income tax rates and labor laws that impede hiring and dismissals.

Other Investment Policy Reviews

The World Bank Group's "Doing Business 2016" and Economist Intelligence Unit both provide additional information on Germany investment climate.

Laws/Regulations on Foreign Direct Investment

Companies and entrepreneurs can count on a reliable legal system. The legal framework is solid, and enforcement is effective. The judiciary is independent, and judges are highly professional. German courts have a good record in upholding the sanctity of contracts.

Business Registration

Before engaging in commercial activities, companies and business operators have to register in public directories, the two most significant of which are the commercial register (Handelsregister) and the trade office register (Gewerberegister).

Applications for registration at the commercial register, which is publically available under www.handelsregister.de, are electronically filed in publicly certified form through a notary. The commercial register provides information about all relevant relationships between merchants and commercial companies, including names of partners and managing

directors, capital stock, liability limitations and insolvency proceedings. Registration costs vary depending on the size of the company.

Germany Trade and Invest (GTAI), the country's economic development agency, can assist in the registration processes (<https://www.gtai.de/GTAI/Navigation/EN/Invest/Investment-guide/Establishing-a-company/business-registration.html>) and advise investors, including micro, small and medium-sized enterprises (MSMEs), on how to obtain incentives.

In the EU, MSMEs are defined as follows:

Micro enterprises: less than 10 employees and less than €2 million annual turnover or less than €2 million in balance sheet total.

Small enterprises: less than 50 employees and less than €10 million annual turnover or less than €10 million in balance sheet total.

Medium-sized enterprises: less than 250 employees and less than €50 million annual turnover or less than €43 million in balance sheet total.

Industrial Promotion

The German government does not have a deliberate policy to attract investment in specific industry sectors, but has more generous incentives available for investments into research and development (see section 5).

However, the economic development agency "Germany Trade & Invest" promotes Germany as a business and technology location to attract foreign investors, and supports companies based in Germany with global market information. Germany Trade & Invest's information and consulting services include:

- Market and industry reports
- Business and tax law information
- Customs and tariff conditions
- International project notifications, calls for tender and business contacts
- Practical business information

More information is available on <http://www.gtai.de/GTAI/Navigation/EN/welcome#invest>

Limits on Foreign Control and Right to Private Ownership and Establishment

While Germany's Foreign Economic Law contains a provision permitting restrictions on private direct investment flows in either direction for reasons of foreign policy, foreign exchange, or national security, in practice, restrictions have only been imposed in the sectors of air transport, maritime transport, inland waterways, and rail transport. Additionally Germany limits the foreign provision of employee placement services, such as providing temporary office support, domestic help, or executive search services.

German law affords foreign investors national treatment: under German law, a foreign-owned company registered in the Federal Republic of Germany (FRG) as a GmbH (limited

liability company) or an AG (joint stock company) is treated the same as a German-owned company. There are no special nationality requirements for directors or shareholders.

Privatization Program

There is no privatization program ongoing. As a matter of principle, Germany treats foreigners equally in privatizations.

Screening of FDI

Until 2004, Germany had no special legislation impacting foreign direct investment beyond general restrictions. A national security screening mechanism was introduced in 2004, which requires that investors from countries other than the member states of the European Union (EU) and the European Free Trade Association (EFTA, i.e., Liechtenstein, Iceland, Norway and Switzerland) notify the government of the acquisition of any business engaged in manufacturing or developing war weapons or armaments, or producing cryptographic equipment, in cases where the foreign investor directly or indirectly owns 25 percent or more equity. In such cases, investors must notify the Federal Ministry of Economics and Energy, which then has one month to raise objections. If none are raised within that time, the transaction is regarded as approved. Germany expanded the scope of the law in 2005 to include tank and tracked-vehicle engines.

In the wake of broader discussions on the need for restrictions to foreign investment by sovereign wealth funds, the German Foreign Investment Act was amended in 2009 to apply to a German company of any size or sector in cases where a threat to national security or public order is perceived. The more generic character of this amendment has raised some uncertainty over which transactions should trigger the notification requirement. To date, the government has not made use of the legislation to impose any restrictions. In 2013, the Capital Investment Code replaced the German Foreign Investment Act. This change brought no substantive changes to these notification requirements.

Competition Law

German government ensures competition on a level playing field on the basis of two main legal codes:

The Law against Limiting Competition (reformed in 2013) is the legal basis for the fight against cartels, merger control and monitoring abuse. State and Federal cartel authorities are in charge of enforcing anti-trust law. In exceptional cases the Minister for Economics and Energy can provide a permit under specific conditions; the last case was a merger of two retailers (Kaisers/Tengelmann and Edeka) to which a ministerial permit was granted in March 2016.

The Law against Unfair Competition (amended last in 2015) can be invoked by regional courts.

2. Conversion and Transfer Policies

Foreign Exchange

As a member of the Eurozone, Germany uses the euro as its currency, along with 18 other European Union countries. The Eurozone has no restrictions on the transfer or conversion of its currency, and the exchange rate is freely determined in the foreign exchange market.

Germany does not engage in currency manipulation. In a February 2016 report, the European Commission (EC) concluded Germany's persistently high current account surplus widened further in 2015 and is projected to remain above 8% of GDP in 2016. Though the recent oil price fall explains a significant part of the current account surplus increase in 2015, the EC report added that the surplus results from low domestic demand, including low levels of investment, as well as strong competitiveness. In May 2016, the U.S. Treasury's Semiannual Report on International Economic and Exchange Rate Policies included Germany in a new monitoring list of countries due to its significant bilateral trade surplus and a material current account surplus. The report noted Germany has the second largest current account surplus globally, representing substantial excess savings that could, at least in part, be used to support German domestic demand, while reducing the current account surplus and contributing markedly to euro-area and global rebalancing. German policymakers have rejected Treasury's inclusion of Germany in the report, arguing that the country's large current account surplus is the result of market forces rather than active government policies, particularly since Germany, as a Eurozone member, does not control its monetary policy or its exchange rate. Private sector German economists argue that the current account surplus is mainly due to a lack of domestic investment in Germany, as German firms prefer to invest abroad.

Germany is a member of the OECD-based Financial Action Task Force (FATF) and is committed to further strengthening its national system for the prevention, detection and suppression of money laundering and terrorist financing. During the June 2014 FATF Plenary meeting, the group recognized that Germany had made sufficient progress in addressing the deficiencies identified in its 2010 mutual evaluation report to be removed from the regular follow-up process. The Plenary noted that Germany has introduced a number of measures to strengthen its regime for anti-money laundering and combating terrorist financing, including 1) Amendment of the Criminal Code to include insider trading and market manipulation as well as counterfeiting and piracy of products as predicate offences to money laundering; 2) Amendment of the AML Law to ensure that verification of beneficial ownership is required in all cases and that in cases of low risk, a minimum level of due diligence is still carried out; and 3) Enhanced cooperation between relevant ministries, regulatory and supervisory authorities as well as other bodies involved in combating money laundering and terrorist financing.

According to the International Narcotics Control Strategy Report (INCSR II), Germany is attractive to organized criminals and tax evaders, because it is one of the largest financial centers in Europe, and it uses a widely available currency. Many indicators suggest Germany is susceptible to money laundering and terrorist financing because of its large economy, advanced financial institutions, and strong international linkages. In 2014, there were 992 cases money-laundering prosecutions and 882 convictions.

There is no difficulty in obtaining foreign exchange.

Remittance Policies

There are no restrictions or delays on investment remittances or the inflow or outflow of profits.

3. Expropriation and Compensation

German law provides that private property can be expropriated for public purposes only in a non-discriminatory manner and in accordance with established principles of constitutional and international law. There is due process and transparency of purpose, and investors and lenders to expropriated entities receive prompt, adequate, and effective compensation.

There have not been expropriatory actions in the last five years and none are expected for the near future. Remaining expropriation cases date back to the Nazi and communist regimes. During the financial crisis, the parliament adopted a law allowing an emergency expropriation if the bankruptcy of a bank had endangered the entire financial system, but the measure expired without having been used.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

German law is both predictable and reliable. Companies can effectively enforce property and contractual rights under German law. Germany's well-established enforcement laws and official enforcement services ensure companies/investors to consistently assert their rights. German courts are fully available to foreign investors in the event of an investment dispute.

The judicial system is independent, and the federal government does not interfere in the court system. The legislature sets the systemic and structural parameters, while lawyers and civil law notaries use the law to shape and organize specific situations. Judges are highly competent. International studies and empirical data have attested that Germany offers an efficient court system committed to due process and the rule of law.

In Germany, all important legal issues and matters are governed by comprehensive legislation in the form of statutes, codes and regulations. The most important legislation in the area of business law includes:

- the Civil Code (Bürgerliches Gesetzbuch, abbreviated as BGB), which contains general rules on the formation, performance and enforcement of contracts and on the basic types of contractual agreements for legal transactions between private entities;
- the Commercial Code (Handelsgesetzbuch, abbreviated as HGB), which contains special rules concerning transactions among businesses and commercial partnerships;
- the Private Limited Companies Act (GmbH-Gesetz) and the Public Limited Companies Act (Aktiengesetz), covering the two most common corporate structures in Germany – the 'GmbH' and the 'Aktiengesellschaft'; and
- the Act on Unfair Competition (Gesetz gegen den unlauteren Wettbewerb, abbreviated as UWG), which prohibits misleading advertising and unfair business practices.

Germany has specialized courts for administrative law, labor law, social law, finance and tax law. The Federal Patent Court hears cases on patents, trademarks, and utility rights which are related to decisions by the German Patent and Trademarks Office. Both the German Patent

Office (Deutsches Patentamt) and the European Patent Office are headquartered in Munich.

Bankruptcy

German insolvency law, as enshrined in the Insolvency Code, supports and promotes restructuring. If a business or the owner of a business becomes insolvent, or a business is over-indebted, insolvency proceedings can be initiated by filing for insolvency; legal persons are obliged to do so. Insolvency is not a crime, but prosecutors must check for certain types of deliberate behavior.

Under a regular insolvency procedure, the insolvent business is generally broken up in order to release as much money as possible through the sale of individual items or rights or parts of the company. Proceeds can then be paid out to the creditors in the insolvency proceedings. The distribution of the monies to the creditors follows the detailed instructions of the Insolvency Code.

Equal treatment of creditors is enshrined in the insolvency code. Some creditors have the right to claim property back. Post-adjudication preferred creditors are served out of the insolvency assets during the insolvency procedure. Ordinary creditors are served on the basis of quotas from the remaining insolvency assets. Secondary creditors, including shareholder loans, are only served if insolvency assets remain after all others have been served. Germany ranks 3 in the category "resolving insolvency" of the World Bank's Doing Business Report with a recovery rate of 83.7.

Investment Disputes

Investment disputes involving U.S. or other foreign investors in Germany are extremely rare. According to the UNCTAD database of treaty-based investor dispute settlement cases, Germany has been challenged a handful of times: a ICSID arbitration request filed by a European energy company under the Energy Charter Treaty in 2012 challenging Germany's decision to phase out nuclear energy remains pending, while the same company also took Germany to arbitration in 2009 over its difficulties in using water from the river Elbe for a coal-fired plant. That case was settled the same year.

International Arbitration

Germany has a domestic arbitration body called the German Institution for Dispute Settlement. Book 10 of the German Code of Civil Procedure addresses arbitration proceedings. The International Chamber of Commerce has an office in Berlin. In addition, chambers of commerce and industry offer arbitration services.

ICSID Convention and New York Convention

Germany is a member of both the International Center for the Settlement of Investment Disputes (ICSID) and New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, meaning local courts must enforce international arbitration awards under certain conditions.

Duration of Dispute Resolution – Local Courts

The average duration of proceedings in courts of first instance is 4.8 months and in regional courts 9.1 months.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Germany has not notified the WTO of any measures that are not in conformity with its Trade-related Investment Measures (TRIMs) obligations.

Investment Incentives

A broad range of incentive programs are available for investors in Germany. A comprehensive package of federal and state investment incentives, including investment grants, labor-related and R&D incentives; public promotional loans, and public guarantees is available to domestic and foreign investors alike. Different incentives instruments can be combined.

Foreign investors are generally subject to the same eligibility conditions as German investors for incentive programs.

Investment grants under the Joint Task for the Improvement of Regional Economic Structures, a program administered by the Ministry of Economics and Energy, are one instrument available for improving the economic activities in assisted regions in Germany.

The grants can usually be calculated either on eligible investment costs or on eligible wage costs. Grant levels vary according to the regional aid intensity approved by the EU Commission, with up to 20% of eligible costs channeled to large enterprises, 30% to medium-sized enterprises, and 40% to small enterprises.

Public promotional loan programs offer attractive interest rates from the KfW Banking Group or state development banks, especially for small and medium-sized enterprises (SMEs).

Public guarantees of up to 80% of the loan amount are available from state governments or in the case of eastern Germany from state and the federal government for companies that do not have sufficient collateral that private-sector banks ordinarily require.

Labor-related incentives are offered by over 700 local offices of the Federal Employment Agency for programs that focus on recruitment support, pre-employment training up to 100% for up to three months, wage subsidies for unemployed candidates for up to 12 months, and on-the-job training up to 50%.

Germany Trade & Invest, the economic development agency of the Federal Republic of Germany, provides English language incentives information and consulting online at www.gtai.com/incentives-programs.

Research and Development

R&D incentives are provided by the European Union, the German Government and the German state governments in the form of R&D grants, public promotional loans, and special partnership programs. Grants for R&D projects under the EU program Horizon 2020 require transnational cooperation.

Performance Requirements

There are no requirements for local sourcing, export percentage, or local or national ownership. In some cases, there may be performance requirements tied to the incentive, such as creation of jobs or maintaining a certain level of employment for a prescribed length of time.

U.S. companies can generally obtain the resident visas and work permits required to do business in Germany. Different conditions have to be met depending on the activity to be carried out (self-employment or employment), but the relevant laws are quite broad, and considerable administrative discretion is exercised in their application. Citizens from the United States may apply for work and residential permits from within Germany. Germany Trade & Invest offers detailed information online at www.gtai.com/coming-to-germany.

A number of U.S. states have not yet concluded reciprocal agreements with Germany to mutually recognize driver's licenses. As a result, licenses from those states are not legal in Germany beyond six months, whereas licenses from states that have signed agreements can be converted to German licenses after six months.

Data Storage

There are no localization requirements for data storage in Germany. However, in recent years German and European cloud providers appear to be trying to market the domestic location of their servers as a competitive advantage.

6. Protection of Property Rights

Real Property

The German Government adheres to a policy of national treatment, which considers property owned by foreigners as fully protected under German law. In Germany, mortgages are given based on recognized and reliable collateral. Secured interests in property, both chattel and real, are recognized and enforced. According to the World Bank's Doing Business Report it takes 39 days to register property in Germany.

The German Land Register Act dates back to 1897 and was last amended in 2015. The land register mirrors private real property rights and provides information on the legal relationship of the estate. It documents the owner, rights of third persons, liabilities and restrictions and how these rights relate to each other. Any change in property of real estate must be registered in the land registry to make the contract effective. Land titles are now maintained in an electronic database and can be consulted by persons with a legitimate interest.

Intellectual Property Rights

Germany boasts a robust regime to protect intellectual property rights. Legal structures are strong and enforcement is good. Nonetheless, internet piracy and counterfeit goods remain an issue. Germany has been a member of the World Intellectual Property Organization (WIPO) since 1970.

Germany is also a party to the major international intellectual property protection agreements: the Bern Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, the Universal Copyright Convention, the Geneva Phonograms Convention, the Patent Cooperation Treaty, the Brussels Satellite Convention, and the Treaty of Rome on Neighboring Rights. Many of the latest

developments in German IP law derived from European legislation with the objective to make applications less burdensome and to allow for European IP protection.

The following types of protection are available:

Copyrights: National treatment is also granted to foreign copyright holders, including remuneration for private recordings. Under the TRIPS agreement, Germany also grants legal protection for U.S. performing artists against the commercial distribution of unauthorized live recordings in Germany. Germany has signed the WIPO Internet treaties and ratified them in 2003. Foreign and German rights holders, however, remain critical of provisions in the German Copyright Act that allow exceptions for private copies of copyrighted works. Most rights holder organizations regard German authorities' enforcement of intellectual property protections as effective. In 2008, Germany implemented the EU enforcement directive with a national bill, thereby strengthening the privileges of rights holders and allowing for improved enforcement action.

Trademarks: Foreigners may register trademarks subject to exactly the same terms as German nationals at the German Patent and Trade Mark Office. Protection is valid for a period of ten years and can be extended in ten-year periods.

Patents: Foreigners may register patents subject to exactly the same terms as German nationals at the German Patent and Trade Mark Office. Patents are granted for technical inventions which are new, involve an inventive step, and are industrially applicable. However, applicants having neither a domicile nor an establishment in Germany must appoint a patent attorney in Germany as a representative filing the patent application. The documents must be submitted in German or with a translation into German. The duration of a patent is 20 years, beginning on the day following the invention patent application. Patent applicants can request accelerated examination when filing the application provided that the patent application was previously filed at the U.S. patent authority and that at least one claim had been determined to be allowable. There are a number of differences in patent law which a qualified patent attorney can explain to U.S. patent applicants.

U.S. grants of IP rights are valid in the United States only. It is possible to register in EU countries, such as Germany, individually or, for EU-wide trademark and design protection, apply for the Community Trademark and/or Registered Community Design. These provide protection for industrial design or trademark in the entire 28-nation EU mega market of more than 500 million people. Both national trademarks and the CTM can be applied for from the U.S. Patent and Trademark Office as part of an international trademark registration system (<http://www.uspto.gov>), or the applicant may apply directly for those trademarks from the Office for Harmonization in the Internal Market (<http://oami.europa.eu>). U.S. IPR owners should also note that the EU operates on a "first to file" principle and not on the "first-to-invent" principle, used in the United States.

For patents, the situation is slightly different but protection can still be gained via the U.S. Patent Office. Although there is not yet a single EU-wide patent system, the European Patent Office (EPO) does grant individual European patents for the contracting states to the European Patent Convention (EPC), which entered into force in 1977. The 31 contracting states include almost the entire EU membership and several more European countries. As an alternative to filing patents for European protection with the U.S. Patent Office, the EPO, located in Munich, provides a convenient single point to file a patent in as many of these countries as an applicant would like: <https://www.epo.org/index.html>.

Trade Secrets: Trade secrets, both technical and commercial, are protected in Germany by the Law Against Unfair Competition. Currently, the EU institutions are discussing a directive to harmonize protection of trade secrets across EU member states.

In addition, German law offers the possibility to register designs and utility models.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Contact at Mission

- TITLE: Minister Counselor for Commercial Affairs
- TELEPHONE NUMBER: +49-(0)30-8305-1900
- EMAIL ADDRESS: office.berlin@trade.gov

Country resources:

For additional information about how to protect intellectual property in Germany, please see Germany Trade & Invest website at <http://www.gtai.de/GTAI/Navigation/EN/Invest/Investment-guide/The-legal-framework/patents-licensing-trade-marks.html>.

Investors can identify IP lawyers in AmCham's Online Services Directory: <http://www.amcham.de/members/online-services-directory/> (go to "legal references" and select "intellectual property".)

Businesses can as well join the Anti-counterfeiting Association (APM)

http://www.markenpiraterie-apm.de/index.php?article_id=1&clang=1 or the Association for enforcing copyrights (GVU) <http://www.gvu.de>.

7. Transparency of the Regulatory System

Germany has transparent and effective laws and policies to promote competition, including antitrust laws. The legal, regulatory and accounting systems can be complex but are transparent and consistent with international norms.

Formally, the public consultation by the federal government is regulated by the Joint Rules of Procedure, which specify that ministries must consult early and extensively with a range of stakeholders on all new legislative proposals. In practice, laws and regulations in Germany are routinely published in draft, and public comments are solicited. According to the Joint Procedural Rules, ministries should consult the concerned industries' associations (rather than single companies), consumer organizations, environmental and other NGOs. Consultation takes between two to eight weeks.

The German Institute for Standardization (DIN) is open to foreign members.

8. Efficient Capital Markets and Portfolio Investment

As an EU member state with a well-developed financial sector, Germany welcomes foreign portfolio investment and has an effective regulatory system. Germany has a very open economy, routinely ranking among the top countries in the world for exports and inward and outward foreign direct investment. As a member of the Eurozone, Germany does not have sole national authority over international payments, which are a shared task of the Eurosystem (and the European Central Bank) and the German Central Bank (Bundesbank). There are no restrictions on capital movements into or out of Germany, based on European law. However, as the case of Cyprus showed, EU national parliaments can, with the permission of the EU and the ECB, impose temporary restrictions in exceptional cases. Global investors see Germany as a safe place to invest, as the real economy continues to outperform other EU countries and German sovereign bonds retain their "safe haven" status.

Listed companies and market participants in Germany must comply with the Securities Trading Act, which bans insider trading and market manipulation. Compliance is monitored by the Federal Financial Supervisory Authority (BaFin) while oversight of stock exchanges is the responsibility of the state governments in Germany (with BaFin taking on any international responsibility). Investment fund management in Germany is regulated by the Capital Investment Code (KAGB), which entered into force on July 22, 2013. The KAGB represents the implementation of additional financial market regulatory reforms, committed to in the aftermath of the global financial crisis. The law went beyond the minimum requirements of the relevant EU directives and represents a comprehensive overhaul of all existing investment-related regulations in Germany with the aim of creating a system of rules to protect investors while also maintaining systemic financial stability.

Money and Banking System, Hostile Takeovers

Although corporate financing via capital markets is on the rise, Germany's financial system remains mostly bank-based. Bank loans are still the predominant form of funding for firms, particularly the small and medium sized enterprises of Germany's famed *Mittelstand*. Credit is available at market-determined rates to both domestic and foreign investors, and a variety of credit instruments are available. Legal, regulatory and accounting systems are generally transparent and consistent with international banking norms. Germany has a universal banking system regulated by federal authorities, and there have been no reports of a shortage of credit in the German economy. Since 2010, Germany has banned some forms of speculative trading, most importantly "naked short selling." In 2013, Germany passed a law requiring banks to separate riskier activities such as proprietary trading into a legally separate, fully capitalized unit that has no guarantee or access to financing from the deposit-taking part of the bank.

Germany supports a worldwide financial transaction tax and is pursuing the introduction of such a tax along with several other Eurozone countries.

Germany has a modern banking sector, but is often considered "over-banked," as evidenced by ongoing consolidation and low profit margins. The country's so-called "three-pillar" banking system is made up of private commercial banks, cooperative banks, and the public banks (savings banks, or Sparkassen, and the regional state-owned banks, or Landesbanken). The private bank sector is dominated by Deutsche Bank and Commerzbank, with a balance sheet total of €1.709 billion and €558 billion respectively (2015 figures). In efforts to raise capital ratios in advance of new international guidelines (the Basel III agreement), both banks continue to shrink the size of their balance sheets. Commerzbank received €18 billion in financial assistance from the federal government in 2009, which gave

the government a 25% stake in the bank (now reduced to 15.6%). Germany's regional state-owned banks were among the hardest hit by the global financial crisis and continue to face major challenges to their business models. The federal government is currently in the process of winding down several so-called "bad banks" composed of toxic assets of failed banks WestLB (now Portigon AG) and Hypo Real Estate.

Foreigners can open bank accounts in Germany with the proper identification, although most banks also require proof of a German address and/or registration with the local Residents' Registration Office (also required of locals). American citizens living in Germany have complained that certain German banks have closed their investment accounts due to additional administrative burdens and legal complications caused by the U.S. legislation known as the Foreign Accounts Tax Compliance Act (FATCA), which requires German banks to report information on accounts of American citizens to the IRS. Reports of such closures have decreased since the United States and Germany signed a bilateral agreement in 2013 to reduce some of the legal issues related to FATCA, mainly by allowing German banks to report the required information to the German government, which will then share it with the appropriate U.S. government agencies.

Takeovers of publicly listed companies in Germany are regulated by the German Securities Acquisition and Takeover Act, introduced in 2002 and updated several times. Uncommon before 2000, takeovers have increased since then with 344 attempts on German targets occurring between 2002 and the beginning of 2012. Compliance with the Takeover Act is supervised by BaFin, and the main principles include the equal treatment of shareholders, the provision of sufficient information and time for shareholders to reach informed decisions, and the avoidance of market disruptions. The German government has not actively intervened to protect German companies from foreign takeovers, instead professing support for the free functioning of a market economy.

9. Competition from State-Owned Enterprises

The formal term for state-owned enterprises (SOEs) in Germany translates as "public funds, institutions, or companies," and refers to entities whose budget and administration are separate from those of the government, but in which the government has more than 50% of the capital shares or voting rights. Appropriations for SOEs are included in public budgets, and SOEs can take two forms, either public or private law entities. Public law entities are recognized as legal personalities whose goal, tasks and organization are established and defined via specific acts of legislation, with the best-known example being the publicly-owned promotional bank KfW (Kreditanstalt für Wiederaufbau). The government can also resort to ownership or participation in an entity governed by private law if the following conditions are met: doing so fulfills an important state interest, there is no better or more economical alternative, the financial responsibility of the federal government is limited, the government has appropriate supervisory influence, yearly reports are published, and such control is approved by the federal Finance Ministry and the ministry responsible for the subject matter.

Government oversight of existing SOEs is decentralized and handled by the ministry with the appropriate technical area of expertise. The primary goal of such involvement is the furtherance of the public interest rather than the generation of profits. The government is required to end its ownership stake in a private entity if tasks change or technological progress provides more effective alternatives, though certain areas, particularly science and culture, remain permanent core government obligations. German SOEs are subject to the

same taxes and the same value added tax rebate policies as their private sector competitors. There are no laws or rules that seek to ensure a primary or leading role for SOEs in certain sectors/industries. Private enterprises have the same access to financing as SOEs, including access to state-owned banks such as KfW. Under the law, SOEs are subject to hard budget constraints which are generally enforced.

The Federal Statistics Office maintains a database of SOEs from all three levels of government (federal, state, and municipal) listing a total of 15,314 entities for 2013, or 0.4% of the total 3.6 million companies in Germany. SOEs in 2013 had €529 billion in revenue and €514 billion in expenditures. 35% of SOE revenue was generated by energy suppliers, 10.5% by health and social services, and 5.6% by ground transportation-related entities. Measured by number of companies rather than size, 88% of SOEs are owned by municipalities, 10% are owned by Germany's 16 states, and 2% by the federal government.

The Federal Finance Ministry is required to publish a detailed annual report on public funds, institutions, and companies in which the federal government has direct participation (including a minority share), or an indirect participation greater than 25% and with a nominal capital share worth more than €50,000. The federal government held a direct participation in 107 companies and an indirect participation in 566 companies at the end of 2014, most prominently Deutsche Post (21%), Deutsche Telekom (31.7%) and Deutsche Bahn (100%). Federal government ownership is concentrated in the areas of administration/increasing efficiency, science, infrastructure, defense, development policy, economic development and culture. As the result of federal financial assistance packages from the federally-controlled Financial Market Stability Fund during the global financial crisis of 2008-9, the federal government still has a partial stake in several private banks, including a 15.6% share in Commerzbank, Germany's second largest private bank.

Publicly-owned banks also constitute one of the three pillars of Germany's banking system (cooperative and commercial banks are the other two). Germany's savings banks are mainly owned by the municipalities, while the so-called Landesbanken are typically owned by regional savings bank associations and the state governments. There are also many state-owned promotional/development banks which have taken on larger governmental roles in financing infrastructure. This increased role removes expenditures from public budgets, particularly helpful in light of Germany's balanced budget rules, which go into effect for the states in 2020.

One case of a German partially state-owned enterprise is automotive manufacturer Volkswagen, in which the German state of Lower Saxony owns a 12.7% stake (the fourth largest), but controls 20% of the voting rights. The so-called Volkswagen Law, passed in 1960, limited individual shareholder's voting rights in Volkswagen to a maximum of 20% despite the actual number of shares owned, so that Lower Saxony could veto any takeover attempts. In 2005, the European Commission successfully sued Germany at the European Court of Justice (ECJ), claiming the law impeded the free flow of capital. The law was subsequently amended to remove the cap on voting rights, but Lower Saxony's 20% share of voting rights was maintained, preserving its blocking minority against hostile takeovers. In 2013, the ECJ judged that the amended law complied with the required modifications of the earlier ruling.

Deutsche Bahn, the 100%-federally controlled railroad company, has been investigated for potential abuse of a dominant market position. In 2012, the European Commission (EC) opened an investigation into whether the subsidiary Deutsche Bahn Energy operated an anticompetitive pricing system for electricity supplied to the railway's network, including

whether discounts applied by Deutsche Bahn to its subsidiaries led to higher prices for its competitors in the rail freight and passenger markets. The EC closed the investigation in 2013 after Deutsche Bahn implemented a new pricing system without rebates or discounts from July 2014 onwards and paid a one-time retroactive refund of 4% for 2013. The Federal Cartel Office announced in January 2014 its intention to investigate whether Deutsche Bahn has taken advantage of its market position by restraining competitors from selling tickets at Deutsche Bahn's stations. The investigations are ongoing and the Cartel Office confirmed in March 2016 that it is still looking into charges against Deutsche Bahn for allegedly abusing its powerful market position.

In November 2013, the EC initiated legal proceedings against Deutsche Post at the European Court of Justice over a long-running case in which Deutsche Post was ordered to repay public pension subsidies. The original complaint was raised by U.S. parcel delivery firm UPS. Deutsche Post allegedly used public money to cover losses resulting from below-cost pricing in its parcel delivery services, thereby undercutting rivals. The subsidies were intended to go towards Deutsche Post's public service functions including letter delivery in Germany. At the time, the EC competition commissioner told reporters, "[b]eneficiaries of state support for public interest services must not use this support to finance sectors open to competition." The subsidies under question were provided since 2003 to cover the pension liabilities of civil servants taken on by Deutsche Post from the previous government-owned postal administration during the company's partial privatization in the mid-1990s. The EC said Deutsche Post was "overcompensated" for these legacy pension costs since it was getting both a subsidy from the government as well as an increase in regulated letter prices, which was specifically intended to cover pension costs. In a September 2015 ruling, the European Court of Justice declared the EC proceedings against Deutsche Post as unlawful and closed the case.

OECD Guidelines on Corporate Governance of SOEs

The government codified the corporate governance considerations for SOEs in 2009 in the Public Corporate Governance Codex. The codex obligates the federal government to consider environmental sustainability and social responsibility, avoid conflict of interests, support transparency through mandatory public reports, improve oversight and quality of leadership, and increase efficiency. SOEs are required to make a formal annual declaration of their compliance with the codex. According to the OECD, the codex strengthened the reporting requirements of previous arrangements, and, in this sense, Germany has moved toward a central coordination of SOE-related practices and, arguably, taken a step from a sectoral toward a dual ownership model for SOEs.

Sovereign Wealth Funds

The German government does not currently have a sovereign wealth fund or an asset management bureau. Following German reunification, the federal government set up a public agency to manage the privatization of assets held by the former East Germany. In 2000, the agency, known as TLG Immobilien, underwent a strategic reorientation from a privatization-focused agency to a profit-focused active portfolio manager of commercial and residential property. In 2012, the federal government sold TLG Immobilien to private investors.

10. Responsible Business Conduct

In November 2014, the Federal Ministry of Foreign Affairs commenced work to draw up a National Action Plan for Business and Human Rights (NAP). The action plan aims to apply the UN Guiding Principles for Business and Human Rights for the activities of German companies nationally as well as globally in their value and supply chains. The broad public consultations were concluded in December 2015. The German NAP is expected to be approved by the Federal Cabinet in 2016. This NAP builds on the prior 2010 NAP, led by the Ministry of Labor and Social Affairs, approved by the Federal Cabinet, and in concert with the UN Working Group on Business and Human Rights, that aimed at anchoring CSR more firmly in enterprises and public bodies, including small and medium-sized enterprises. The 2010 NAP was based on recommendations of the National CSR Forum, which consists of 44 experts from business, unions, non-governmental organizations and academia and which convenes once or twice a year for plenary consultations.

Germany adheres to the OECD Guidelines for Multinational Enterprises, and established an OECD National Contact Point (NCP) in 2000 which is housed in the Federal Ministry of Economics. It is supported by an advisory board composed of several ministries, as well as business organizations, trade unions and NGOs. The working group usually meets once a year to discuss all Guidelines-related issues. Germany's NCP for the MNE Guidelines can be contacted through this website: ---- <https://mneguidelines.oecd.org/ncps/germany.htm> ----

The government promotes the MNE Guidelines to foreign investors on the main website for foreign trade and investment, iXPOS. Companies applying for investment guarantees are explicitly encouraged to respect the Guidelines. The German NCP promotes the Guidelines at the invitation of business associations and is working on a handbook targeting SMEs.

There is general awareness of environmental, social and governance issues among both producers and consumers, and various surveys suggest that consumers increasingly care about the ecological and social impacts of the products they purchase. In order to encourage businesses to factor environmental, social and governance issues into their decision-making, the government provides information online and in hard copy. The government awards several CSR related prizes, promotes CSR at business fairs, produces regular reports and newsletters, and has created a website on CSR in Germany (<http://www.csr-in-deutschland.de/en/home.html> in English). The German government maintains and enforces domestic laws with respect to labor and employment rights, consumer protections and environmental protections. The German government does not waive labor and environmental laws to attract investment.

On the business side, the American Chamber of Commerce in Germany (AmCham Germany) is active in promoting standards of social responsibility within their members' corporate activities. AmCham Germany issues regular publications on selected member companies' approaches to CSR. Its CSR Committee serves as a platform to exchange best practices, identify trends and discuss regulatory initiatives. Other business initiatives, platforms and networks on sustainable corporate conduct and CSR exist. In addition, Germany's four leading business organizations have provided information on a common CSR internet portal: www.csrgermany.de.

Social reporting is voluntary, but publicly listed companies frequently do so by including information on their CSR policies in their annual reports and on their websites.

The following civil society groups work on CSR: 3p Consortium for Sustainable Management, amnesty international Germany, Bund für Umwelt und Naturschutz Deutschland e. V. (BUND),

CorA Corporate Accountability – Netzwerk Unternehmensverantwortung, Forest Stewardship Council (FSC), Germanwatch, Greenpeace Germany, Naturschutzbund Deutschland (NABU), Sneep (Studentisches Netzwerk zu Wirtschafts- und Unternehmensethik), Stiftung Warentest, Südwind - Institut für Ökonomie und Ökumene, TransFair - Verein zur Förderung des Fairen Handels mit der "Dritten Welt" e. V., Transparency International, Verbraucherzentrale Bundesverband e.V., Bundesverband Die Verbraucher Initiative e.V., World Wide Fund for Nature (WWF).

11. Political Violence

Political acts of violence against either foreign or domestic business enterprises are extremely rare. A recent example of a violent incident occurred at the opening of the new European Central Bank building in Frankfurt in March 2015, where protesters set several cars on fire and threw rocks at police. Isolated cases of violence directed at certain minorities and asylum seekers have not affected U.S. investments or investors.

12. Corruption

Germany is a country with an overall good to very good system for preventing corruption. Among industrialized countries, Germany ranks in the middle, according to Transparency International's corruption indices. The auto industry, the construction sector, and public contracting, in conjunction with questionable political party influence and party donations, represent areas of continued concern. Nevertheless, U.S. firms have not identified corruption as an impediment to investment in Germany. Germany is a signatory of the OECD Anti-Bribery Convention and a participating member of the OECD Working Group on Bribery.

Over the last two decades, Germany has increased penalties for the bribery of German officials, for corrupt practices between companies, and for price-fixing by companies competing for public contracts. It has also strengthened anti-corruption provisions on financial support extended by the official export credit agency and has tightened the rules for public tenders. Government officials are forbidden from accepting gifts linked to their jobs. Most state governments and local authorities have contact points for whistle-blowing and provisions for rotating personnel in areas prone to corruption. There are serious penalties for bribing officials and price fixing by companies competing for public contracts.

According to the Federal Criminal Office, in 2014, 64 % of all corruption cases were directed towards the public administration, 26% towards the business sector, 10% to law enforcement and judicial authorities, and only 1% to politics.

A prominent corruption case is related to the BER Berlin Airport building site. Proceedings were opened in October 2015 against a manager of the airport operating company, and three leading employees of a technical company working on electricity, heating and sanitary equipment are facing trial in the Cottbus regional court for corruption.

Parliamentarians are subject to financial disclosure laws that require them to publish earnings from outside employment. Members of parliament must disclose categories of outside employment and earnings greater than EUR 1,000 (USD 1,400) in a month or EUR 10,000 (USD 14,000) in a year. No special institution has responsibility for monitoring and verifying disclosures. Additional revenues of parliamentarians through business connections have been a matter of public debate. Disclosures are available to the public via the Bundestag website (next to the parliamentarians' biographies) and in the Official Handbook of the

Bundestag. Sanctions for noncompliance can range from an administrative fine to as much as half of a parliamentarian's annual salary.

In February 2014, the German parliament amended the criminal law clarifying corruption offenses by parliamentarians and increasing penalties for violations. In May 2013, it was revealed that several members of the Bavarian parliament had employed family members with their parliamentary allowance. The Bavarian parliament promptly adopted a law prohibiting the employment of family members. The Highest Bavarian Court published a report that reimbursements paid after July 2004 to certain family members must be paid back.

Donations to political parties are permitted. However, if they exceed EUR 50,000, they must be reported to the President of the Bundestag. Donations of EUR 10,000 or more must be included in the party's annual accountability report to the President of the Bundestag. Transparency International would like political parties to commit more strongly to the fight against corruption and to make their financing and recruitment of political personnel more transparent. In November 2015, as another measure of transparency, the German Bundestag, under pressure from the media, published a list of more than 400 organizations, companies and NGOs that were provided with unrestricted access to the Bundestag as lobbyists by the parliamentary groups.

State prosecutors generally are responsible for investigating corruption cases, but not all state governments have prosecutors specialized in corruption. Germany has successfully prosecuted hundreds of domestic corruption cases over the years, including large scale cases against major companies. An OECD monitoring report released in 2010 noted that the country's enforcement efforts have increased steadily and resulted in a significant number of prosecutions and sanctions imposed in foreign bribery-related cases against individuals. However, the report highlighted that sentences for corruption were generally within the lower range of available penalties and that most prison sentences were suspended, raising concerns that punishment was not always fully effective, proportionate, or dissuasive. Transparency International criticized the number of plea bargains and the statutory limitation periods.

Media reports about bribery investigations against Siemens, Daimler, Deutsche Telekom and Ferrostaal increased awareness of the problem of corruption. As a result, an increasing number of listed companies and multinationals have expanded their compliance departments, tightened internal codes of conduct, established points of conduct, and offered more ethics training to employees in the last five years. A recent survey by the Center for Business Compliance and Integrity at the Konstanz University of Applied Sciences among 60 companies with 500-plus employees found that 83% had compliance codices and 50% internal controls in place. Similar studies found prevalence of compliance codices in 63% to 84% of sampled companies. Increasingly, medium-sized companies have beefed up their compliance programs. Medium-sized companies with business relations with the United States or top legal or tax advisors tend to be more advanced.

The Federation of Germany Industry (BDI), the German Chamber of Commerce (DIHK) and the International Chamber of Commerce (ICC) provide guidelines in paper and electronic format on how to prevent corruption in an effort to convince all including small and medium sized companies to catch up. In addition, BDI provides model texts if companies with two different sets of compliance codes want to do business with each other.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Germany signed the UN Anti-Corruption Convention in 2003, but did not immediately ratify it. In February 2014, the German parliament amended the criminal law clarifying corruption offenses by parliamentarians and increasing penalties. This law removed the main obstacle to the ratification of the UN Anti-Corruption Convention. The Bundestag ratified the Convention in November 2014.

Germany adheres to the OECD Anti-Bribery Convention which criminalizes bribery of foreign public officials by German citizens and firms. The necessary tax reform legislation ending the tax write-off for bribes in Germany and abroad became law in 1999. Germany actively enforces the convention and is increasingly dealing better with the risk of transnational corruption.

The country participates in the relevant EU anti-corruption measures and signed two EU conventions against corruption. However, Germany has not ratified the Council of Europe Criminal Law Convention on Corruption and the Civil Law Convention on Corruption.

Resources to Report Corruption

There is no central government anti-corruption agency in Germany.

Contact at "watchdog" organization

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The Federal Criminal Office publishes an annual report: "Lagebild Korruption" - the latest one covers 2014.

http://www.bka.de/nn_205932/DE/Publikationen/JahresberichteUndLagebilder/Korruption/korruption_node.html?nnn=true

13. Bilateral Investment Agreements

Germany does not have a bilateral investment treaty (BIT) with the United States. However, a Friendship, Commerce and Navigation (FCN) treaty dating from 1956 contains many BIT provisions: national treatment, most-favored nation, free capital flows and full protection and security. The United States and EU are currently negotiating the Transatlantic Trade and Investment Partnership which is to include an investment chapter.

Germany has investment treaties in force with 129 countries and territories. Treaties with former sovereign entities (including Czechoslovakia, the Soviet Union, Sudan and Yugoslavia) continue to apply in an additional seven cases. These are indicated with an asterisk (*) and have not been taken into account in regard to the total number of treaties. Treaties are in force with the following states, territories or former entities:

Afghanistan; Albania; Algeria; Angola; Antigua and Barbuda; Argentina; Armenia; Azerbaijan; Bahrain; Bangladesh; Barbados; Belarus; Benin; Bosnia and Herzegovina; Botswana; Burkina Faso; Brunei; Bulgaria; Burundi; Cambodia; Cameroon; Cape Verde;

Central African Republic; Chad; Chile; China (People's Republic); Congo (Republic); Congo (Democratic Republic); Costa Rica; Croatia; Cuba; Czechoslovakia; Czech Republic*; Dominica; Ecuador; Egypt; El Salvador; Estonia; Ethiopia; Gabon; Georgia; Ghana; Greece; Guatemala; Guinea; Guyana; Haiti; Honduras; Hong Kong; Hungary; India; Indonesia; Iran; Ivory Coast; Jamaica; Jordan; Kazakhstan; Kenya; Republic of Korea; Kosovo*; Kuwait; Kyrgyzstan; Laos; Latvia; Lebanon; Lesotho; Liberia; Libya; Lithuania; Macedonia; Madagascar; Malaysia; Mali; Malta; Mauritania; Mauritius; Mexico; Moldova; Mongolia; Montenegro*; Morocco; Mozambique; Namibia; Nepal; Nicaragua; Niger; Nigeria; Oman; Pakistan; Palestinian Territories; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Poland; Portugal; Qatar; Romania; Russia*; Rwanda; Saudi Arabia; Senegal; Serbia*; Sierra Leone; Singapore; Slovak Republic*; Slovenia; Somalia; ; South Sudan*; Soviet Union; Sri Lanka; St. Lucia; St. Vincent and the Grenadines; Sudan; Swaziland; Syria; Tajikistan; Tanzania; Thailand; Togo; Trinidad & Tobago; Tunisia; Turkey; Turkmenistan; Uganda; Ukraine; United Arab Emirates; Uruguay; Uzbekistan; Venezuela; Vietnam; Yemen; Yugoslavia; Zambia; and Zimbabwe.

A BIT with Bolivia ended in May 2014 and a BIT with South Africa ended in October 2014; neither were renewed.

Germany has ratified treaties with the following countries and territories that have not yet entered into force:

Country	Signed	Temporarily Applicable
Brazil	09/21/1995	No
Congo (Republic)	11/22/2010	*
Guinea	11/08/2006	*
Iraq	12/04/2010	No
Israel	06/24/1976	Yes
Pakistan	12/01/2009	*
Timor-Leste	08/10/2005	No
Panama*	01/25/2011	*
(*) Previous treaties apply		

Bilateral Taxation Treaties

Taxation of U.S. firms within Germany is governed by the "Convention for the Avoidance of Double Taxation with Respect to Taxes on Income." It has been in effect since 1989 and was extended in 1991, to the territory of the former German Democratic Republic. With respect to income taxes, both countries agreed to grant credit for their respective federal income taxes on taxes paid on profits by enterprises located in each other's territory. A Protocol of 2006 updates the existing tax treaty and includes several changes, including a zero-rate provision for subsidiary-parent dividends, a more restrictive limitation on benefits provision, and a

mandatory binding arbitration provision. In 2013, Germany and the United States signed an agreement on legal and administrative cooperation and information exchange.

As of January 2016, Germany has bilateral treaties with respect to taxes on income and assets with a total of 96 countries and, with respect to inheritance taxes, 6 countries. It has special bilateral treaties with respect to income and assets by shipping and aerospace companies with 10 countries and has treaties relating to the exchange of information and administrative assistance with 27 countries. Germany has initiated and/or is renegotiating new income and wealth tax treaties with 53 countries, special bilateral treaties with respect to income and assets by shipping and aerospace companies with 4 countries, and information exchange and administrative assistance treaties with 9 countries.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

There are four free-trade zones in Germany established and operated under EU law: Bremerhaven, Cuxhaven, Deggendorf, and Duisburg. The duty-free zones within ports also permit value-added processing and manufacturing for EU-external markets, albeit with certain requirements. All of them are open to both domestic and foreign entities. In recent years, falling tariffs and the progressive enlargement of the EU have gradually eroded much of the utility and attractiveness of duty-free zones. Kiel and Emden lost free-trade zone status in 2010. Hamburg lost free-trade zone status in 2013.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2015 2014	€3,025,900 million €2,915,650 million	2014	\$3,868,000	www.destatis.de (Federal Statistical Office, 2015 data published in February 2016, only available in €) www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2014	€52,851 million	2014	\$115,533	http://www.bundesbank.de (German Central Bank, 2014 data published in April 2016, only available in €) http://bea.gov/international/direct investment

					multinational_companies_comprehensive_data.htm
Host country's FDI in the United States (\$M USD, stock positions)	2014	€181,176 million	2014	\$224,114	http://www.bundesbank.de (German Central Bank, 2014 data published in April 2016, only available in €) http://bea.gov/international/direct_investment multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	2014	1.8%	2014	3.0%	N/A

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	830,662	100%	Total Outward	1,415,863	100%
Luxembourg	163,186	19.6%	United States	216,889	15.3%
Netherlands	148,556	17.9%	United Kingdom	175,471	12.4%
United States	93,919	11.3%	Luxembourg	134,851	9.5%
United Kingdom	66,998	8.0%	Netherlands	118,412	8.4%
Switzerland	55,378	6.7%	France	82,564	5.8%
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	3,075,741	100%	All Countries	939,768	100%	All Countries	2,135,973	100%

Luxembourg	530,854	17.3%	Luxembourg	435,478	46.3%	France	326,645	15.3%
France	398,415	13.0%	United States	115,917	12.3%	Netherlands	234,102	11.0%
United States	292,955	9.5%	France	71,770	7.6%	Italy	211,996	9.9%
Netherlands	260,465	8.5%	Ireland	61,826	6.6%	United States	177,038	8.3%
Italy	224,521	7.3%	United Kingdom	51,004	5.4%	United Kingdom	164,378	7.7%

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

Civil law system

International organization participation:

ADB (nonregional member), AfDB (nonregional member), Arctic Council (observer), Australia Group, BIS, BSEC (observer), CBSS, CD, CDB, CE, CERN, EAPC, EBRD, ECB, EIB, EITI (implementing country), EMU, ESA, EU, FAO, FATF, G-20, G-5, G-7, G-8, G-10, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRCs, IGAD (partners), IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, NATO, NEA, NSG, OAS (observer), OECD, OPCW, OSCE, Paris Club, PCA, Schengen Convention, SELEC (observer), SICA (observer), UN, UNAMID, UNCTAD, UNESCO, UNHCR, UNIDO, UNIFIL, UNMIL, UNMISS, UNRWA, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO, ZC

Section 6 - Tax

Exchange control

There are no exchange control requirements.

Treaty and non-treaty withholding tax rates

Germany has signed **119 agreements (97 DTC and 22 TIEA agreements)** providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Albania	DTC	6 Apr 2010	23 Dec 2011	Unreviewed	Yes	
Algeria	DTC	12 Nov 2007	23 Dec 2008	Unreviewed	Yes	
Andorra	TIEA	25 Nov 2010	20 Jan 2012	Yes	Yes	
Anguilla	TIEA	19 Mar 2010	11 Apr 2011	Yes	Yes	
Antigua and Barbuda	TIEA	19 Oct 2010	30 May 2012	Yes	Yes	
Argentina	DTC	13 Jul 1978	25 Nov 1979	No	No	
Armenia	DTC	24 Nov 1981	15 Jun 1983	Unreviewed	No	
Australia	DTC	24 Nov 1972	15 Feb 1975	Yes	No	
Austria	DTC	24 Aug 2000	18 Aug 2002	Yes	Yes	
Azerbaijan	DTC	25 Aug 2004	28 Dec 2005	Unreviewed	No	
Bahamas, The	TIEA	9 Apr 2010	12 Dec 2011	Yes	Yes	
Bangladesh	DTC	29 May 1990	21 Feb 1993	Unreviewed	No	
Belarus	DTC	30 Sep 2005	31 Dec 2006	Unreviewed	No	
Belgium	DTC	11 Apr 1967	30 Jul 1969	Yes	No	
Belgium	DTC Protocol	21 Jan 2010	not yet in force	Yes	Yes	
Bermuda	TIEA	3 Sep 2009	6 Jun 2012	Yes	Yes	
Bolivia	DTC	30 Sep 1992	12 Jul 1995	Unreviewed	No	
Bosnia and Herzegovina	DTC	26 Mar 1987	25 Dec 1988	Unreviewed	No	
Bulgaria	DTC	25 Jan 2010	21 Dec 2010	Unreviewed	Yes	
Canada	DTC	19 Apr 2001	28 May 2002	Yes	No	
Cayman Islands	TIEA	27 May 2010	20 Aug 2011	Yes	Yes	
China	DTC	10 Jun 1985	14 May 1986	Yes	No	
Chinese Taipei	DTC	28 Dec 2011	7 Nov 2012	Unreviewed	Yes	
Cook Islands	TIEA	3 Apr 2012	not yet in force	Yes	Yes	
Croatia	DTC	6 Feb 2006	20 Dec 2007	Unreviewed	No	
Cyprus	DTC	18 Feb 2011	16 Dec 2011	Yes	Yes	
Czech Republic	DTC	19 Dec 1980	17 Nov 1983	Yes	No	
Côte d'Ivoire	DTC	3 Jul 1979	8 Jul 1982	Unreviewed	No	
Denmark	DTC	22 Nov 1995	25 Dec 1996	Yes	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Dominica	TIEA	21 Sep 2010	not yet in force	No	Yes	
Ecuador	DTC	7 Dec 1982	25 Jun 1986	Unreviewed	No	
Egypt	DTC	8 Dec 1987	22 Sep 1991	Unreviewed	No	
Estonia	DTC	29 Nov 1996	29 Dec 1998	Yes	No	
Finland	DTC	5 Jul 1979	4 Jun 1982	Yes	No	
Former Yugoslav Republic of Macedonia	DTC	13 Jul 2006	29 Nov 2010	Yes	No	
France	DTC	21 Jul 1959	4 Oct 1961	Yes	No	
Georgia	DTC	1 Jun 2006	21 Dec 2007	Unreviewed	No	
Ghana	DTC	12 Aug 2004	14 Dec 2007	Yes	No	
Gibraltar	TIEA	13 Aug 2009	4 Nov 2010	Yes	Yes	
Greece	DTC	18 Apr 1966	8 Dec 1967	Yes	No	
Grenada	TIEA	11 Feb 2011	not yet in force	Yes	Yes	
Guernsey	TIEA	26 Mar 2009	22 Dec 2010	Yes	Yes	
Hungary	DTC	28 Feb 2011	30 Dec 2011	Yes	Yes	
Iceland	DTC	18 Mar 1971	2 Nov 1973	Yes	No	
India	DTC	19 Jun 1995	26 Oct 1996	No	No	
Indonesia	DTC	30 Oct 1990	28 Dec 1991	No	No	
Iran	DTC	20 Dec 1968	30 Dec 1969	Unreviewed	No	
Ireland	DTC	30 May 2011	28 Nov 2012	Yes	Yes	
Isle of Man	TIEA	2 Mar 2009	5 Nov 2010	Yes	Yes	
Israel	DTC	9 Jul 1962	21 Aug 1966	No	No	
Italy	DTC	18 Oct 1989	26 Dec 1992	Yes	No	
Jamaica	DTC	8 Oct 1974	13 Sep 1976	No	No	
Japan	DTC	22 Apr 1966	9 Jun 1967	No	No	
Jersey	TIEA	4 Jul 2008	28 Aug 2009	Yes	Yes	
Kazakhstan	DTC	26 Nov 1997	21 Dec 1998	Unreviewed	No	
Kenya	DTC	17 May 1977	17 Jul 1980	No	No	
Korea, Republic of	DTC	10 Mar 2000	31 Oct 2002	Yes	No	
Kuwait	DTC	18 May 1999	2 Aug 2002	Unreviewed	No	
Kyrgyzstan	DTC	1 Dec 2005	22 Dec 2006	Unreviewed	No	
Latvia	DTC	21 Feb 1997	26 Sep 1998	Unreviewed	No	
Liberia	DTC	25 Nov 1970	25 Apr 1974	No	No	
Liechtenstein	DTC	18 Nov 2011	19 Dec 2012	Yes	Yes	
Liechtenstein	TIEA	2 Sep 2009	28 Oct 2010	Yes	Yes	
Lithuania	DTC	22 Jul 1997	11 Nov 1998	Yes	No	
Luxembourg	DTC	23 Aug 1958	6 Jun 1960	Yes	Yes	
Luxembourg	DTC	23 Apr 2012	30 Sep 2013	Yes	Yes	
Malaysia	DTC	23 Feb 2010	21 Dec 2010	Yes	Yes	
Malta	DTC	8 Mar 2001	27 Dec 2001	Yes	Yes	
Mauritius	DTC	7 Oct 2011	7 Dec 2012	Yes	Yes	
Mexico	DTC	9 Jul 2008	15 Oct 2009	Yes	Yes	
Moldova, Republic of	DTC	24 Nov 1981	15 Jun 1983	Unreviewed	No	
Monaco	TIEA	27 Jul 2010	9 Dec 2011	Yes	Yes	
Mongolia	DTC	22 Aug 1994	23 Jun 1996	Unreviewed	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Montserrat	TIEA	28 Oct 2011	not yet in force	Yes	Yes	
Morocco	DTC	7 Jun 1972	8 Oct 1974	Unreviewed	No	
Namibia	DTC	2 Dec 1993	26 Jul 1995	Unreviewed	No	
Netherlands	DTC	12 Apr 2012	not yet in force	Yes	Yes	
Netherlands	DTC	16 Jun 1959	18 Sep 1960	Yes	No	
New Zealand	DTC	20 Oct 1978	21 Dec 1980	Yes	No	
Norway	DTC	4 Oct 1991	7 Oct 1993	Yes	No	
Oman	DTC	15 Aug 2012	not yet in force	Unreviewed	Yes	
Pakistan	DTC	14 Jul 1994	30 Dec 1995	Unreviewed	No	
Philippines	DTC	22 Jul 1983	14 Dec 1984	No	No	
Poland	DTC	14 May 2003	19 Dec 2004	Yes	No	
Portugal	DTC	15 Jul 1980	8 Oct 1982	Yes	No	
Romania	DTC	4 Jul 2001	17 Dec 2003	Unreviewed	No	
Russian Federation	DTC	29 May 1996	30 Dec 1996	Yes	Yes	
Saint Kitts and Nevis	TIEA	13 Oct 2010	not yet in force	Yes	Yes	
Saint Lucia	TIEA	7 Jun 2010	28 Feb 2013	Yes	Yes	
Saint Vincent and the Grenadines	TIEA	29 Mar 2010	7 Jun 2011	Yes	Yes	
San Marino	TIEA	21 Jun 2010	21 Dec 2011	Yes	Yes	
Serbia	DTC	26 Mar 1987	25 Dec 1988	Unreviewed	No	
Singapore	DTC	28 Jun 2004	12 Dec 2006	No	No	
Slovakia	DTC	19 Dec 1980	17 Dec 1983	Yes	No	
Slovenia	DTC	3 May 2006	19 Dec 2006	Yes	Yes	
South Africa	DTC	9 Sep 2008	not yet in force	Yes	No	
South Africa	DTC	25 Jan 1973	28 Feb 1975	No	No	
Spain	DTC	3 Feb 2011	18 Oct 2012	Yes	Yes	
Sri Lanka	DTC	13 Sep 1979	20 Feb 1982	Unreviewed	No	
Sweden	DTC	14 Jul 1992	13 Oct 1994	Yes	No	
Switzerland	DTC	11 Aug 1971	29 Dec 1972	Yes	Yes	
Syrian Arab Republic	DTC	17 Feb 2010	30 Dec 2010	Unreviewed	Yes	
Tajikistan	DTC	27 Mar 2003	21 Sep 2004	Unreviewed	No	
Thailand	DTC	10 Jul 1967	4 Dec 1968	Unreviewed	No	
Trinidad and Tobago	DTC	4 Apr 1973	28 Jan 1977	No	No	
Tunisia	DTC	23 Dec 1975	19 Nov 1976	Unreviewed	No	
Turkey	DTC	22 Sep 2011	1 Aug 2012	Yes	Yes	
Turkmenistan	DTC	24 Nov 1981	15 Jun 1983	Unreviewed	No	
Turks and Caicos Islands	TIEA	4 Jun 2010	25 Nov 2011	Yes	Yes	
Ukraine	DTC	3 Jul 1995	3 Oct 1996	Unreviewed	No	
United Arab Emirates	DTC	1 Jul 2010	1 Feb 2011	Yes	Yes	
United Kingdom	DTC	30 May 2010	1 Jan 2011	Yes	Yes	
United States	DTC	29 Aug 1989	1 Jan 1991	Yes	Yes	
Uruguay	DTC	9 Mar 2010	1 Jan 2011	Yes	Yes	
Uzbekistan	DTC	7 Sep 1999	14 Dec 2001	Unreviewed	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Venezuela	DTC	8 Feb 1995	19 Aug 1997	Unreviewed	No	
Viet nam	DTC	16 Nov 1995	27 Dec 1996	Unreviewed	No	
Virgin Islands, British	TIEA	5 Oct 2010	4 Dec 2011	Yes	Yes	
Zambia	DTC	30 May 1973	8 Nov 1975	Unreviewed	No	
Zimbabwe	DTC	22 Apr 1988	22 Apr 1990	Unreviewed	No	

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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