

# 2017 SBA Fact Sheet

Germany



## Key points

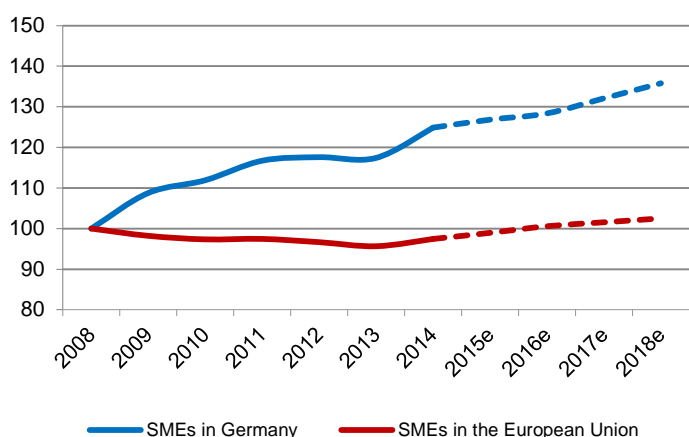
**Past & future SME performance<sup>1</sup>:** Germany's SME sector experienced strong growth between 2012 and 2016. Value added increased by 21.4 % and employment grew by 9.2 %. In contrast, large firms experienced more moderate growth, with value added rising by 15.8 % and employment by only 4.9 %. Unlike SMEs elsewhere in Europe, German SMEs in the majority of industry sectors continued to grow throughout the economic crisis and its aftermath. SME growth progressed strongly between 2015 and 2016, with value added and employment rising by 3.7 % and 1.2 % respectively. The outlook for SMEs in Germany is favourable. SME value added is forecast to rise by 11.8 % between 2016 and 2018, while the forecast for SME employment is an increase of 5.8 %. As a result, around 1 million additional jobs are expected to be created by SMEs in this period.

**Implementing the Small Business Act for Europe (SBA):** Germany's SBA profile is largely in line with the EU average. 'Second chance' and skills & innovation remain the two SBA areas where the country greatly exceeds the EU average. Conversely, it lags behind the average in entrepreneurship and 'responsive administration'. Since 2008, Germany's SBA performance on the single market and 'responsive administration' has improved, although at a slower rate than the respective EU averages.

**SME policy priorities:** Germany could do more to encourage entrepreneurship and innovation in SMEs. Except in certain metropolitan hubs, start-up activity is on a gradual decline. While the policy approach so far has been determined by 'quality over quantity', the share of high-growing firms is actually slightly below the EU average. Continued efforts to improve the access to capital for the scale-up phase of newly founded firms remain important. More attention has to be paid to the fact that indicators of innovation activity and of the IT capacities of German SMEs have gradually declined over recent years. Efforts to reduce the bureaucratic burden have had some effect but need to be strengthened, especially regarding start-up procedures.

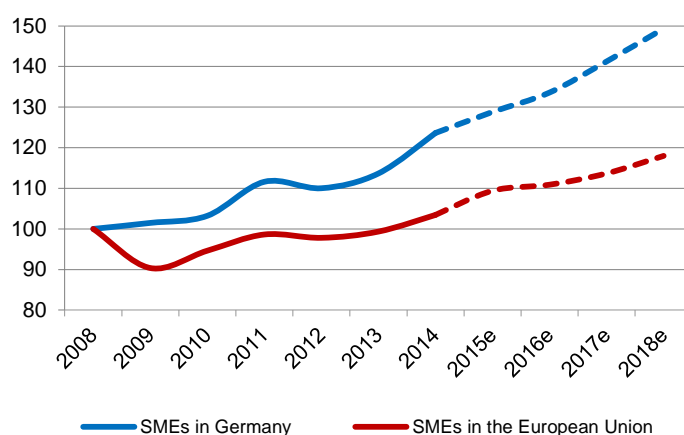
### Number of persons employed in SMEs

(Index: 2008=100, estimates as from 2015 onwards)



### Value added of SMEs

(Index: 2008=100, estimates as from 2015 onwards)



## About the SBA fact sheets

The Small Business Act for Europe (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 principles ranging from entrepreneurship and 'responsive administration' to internationalisation. To improve the governance of the SBA, the 2011 review of it called for better monitoring. The SBA fact sheets, published annually, aim to improve the understanding of recent trends and national policies affecting SMEs. Since 2011, each EU Member State has appointed a high-ranking government official as its national SME envoy. SME envoys spearhead the implementation of the SBA agenda in their countries.

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## 1. SMEs — basic figures

Class size	Number of enterprises			Number of persons employed			Value added		
	Germany		EU-28	Germany		EU-28	Germany		EU-28
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	2 135 354	83.7 %	93.0 %	5 739 787	20.2 %	29.8 %	267.7	16.3 %	20.9 %
Small	348 737	13.7 %	5.8 %	6 588 022	23.2 %	20.0 %	297.3	18.1 %	17.8 %
Medium-sized	56 777	2.2 %	0.9 %	5 661 220	20.0 %	16.7 %	324.1	19.7 %	18.2 %
<b>SMEs</b>	<b>2 540 868</b>	<b>99.6 %</b>	<b>99.8 %</b>	<b>17 989 029</b>	<b>63.4 %</b>	<b>66.6 %</b>	<b>889.1</b>	<b>54.1 %</b>	<b>56.8 %</b>
Large	11 022	0.4 %	0.2 %	10 374 615	36.6 %	33.4 %	754.8	45.9 %	43.2 %
Total	<b>2 551 890</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>28 363 644</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>1 643.9</b>	<b>100.0 %</b>	<b>100.0 %</b>

*These are estimates for 2016 produced by DIW Econ, based on 2008-2014 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'non-financial business economy', which includes industry, construction, trade, and services (NACE Rev. 2 sections B to J, L, M and N), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. The following size-class definitions are applied: micro firms (0-9 persons employed), small firms (10-49 persons employed), medium-sized firms (50-249 persons employed), and large firms (250+ persons employed). The advantage of using Eurostat data is that the statistics are harmonised and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.*

SMEs play a slightly less important role in the non-financial business economy in Germany than on average within the EU. The share of SME value added is 54.1 %, against the EU average of 56.8 %. The SME employment share is 63.4 %, while the EU average is two thirds. Micro firms are responsible for 20.2 % of employment, well below the EU average of 29.8 %. In contrast, small and medium-sized firms contribute to higher shares of employment than on average in the rest of the EU. As a result, the average of 7.1 people employed in German SMEs is much higher than the EU average of 3.9. SME productivity, calculated as value added per person employed, is around EUR 49 400, above the EU average of EUR 43 500.

In 2012-2016 SMEs experienced strong growth. Value added increased by 21.4 % and employment by 9.2 %<sup>2</sup>. In contrast, large firms grew more moderately, with value added increasing by 15.8 % and employment by only 4.9 %. German SMEs in the majority of industry sectors — unlike SMEs elsewhere in Europe — continued to grow throughout the economic crisis and its aftermath. In 2015-2016, SME growth progressed with value added and employment rising by 3.7 % and 1.2 % respectively.

The *information and communication* sector generated even stronger growth. In 2012-2016, SME value added rose by 31.2 % and SME employment by 21.6 %. *IT services* was a major driver of this strong performance. The market for IT consulting and

programming is steadily increasing in Germany. This is due to businesses in all sectors requiring support for new digital technologies such as cloud computing, and also because of growing business concerns over data security.<sup>3</sup> As a result, IT consulting turnover increased by 7.5 % in 2014-2015.<sup>4</sup> Berlin's IT start-up scene is one example of outstanding SME growth in this sector. In 2015, start-ups in Berlin — many of which are in the IT sector — raised more venture capital than start-ups in any other European city, although in 2016 Berlin had to relinquish this top position<sup>5,6</sup>

SME growth in 2012-2016 *wholesale and retail trade* was modest in employment terms (0.4 %) but strong in value added terms (14.9 %). The overall growth for the period was moderated by an initial drop of 3.4 % in value added in 2012-2013, along with a fall of 5.1 % in employment. The decline was driven by *wholesale and retail trade of automobiles* and *wholesale trade without automobiles*. These subsectors are export-intensive and therefore suffered when exports dropped in 2012-2013.<sup>7</sup> However, exports subsequently increased, mainly due to strong growth in exports to EU countries outside the euro area<sup>8</sup>. SMEs in the whole sector benefited from the resumption in growth, which was also driven by increased domestic demand as a result of rising household incomes, stable employment and low interest rates.<sup>9</sup>

The *manufacturing* sector also experienced growth in 2012-2016. SME value added increased by 10.6 %, while SME employment growth lagged behind at just 1.2 %. Recruitment difficulties as regards skilled workers in some regions and professions may have contributed to this.<sup>10</sup> As in *wholesale and retail trade*, SMEs in this sector reaped the benefit of strong domestic demand.<sup>11</sup> This was in part due to a considerable increase in public and private consumption arising from the influx of refugees.<sup>12</sup> For exports, the picture was more mixed.

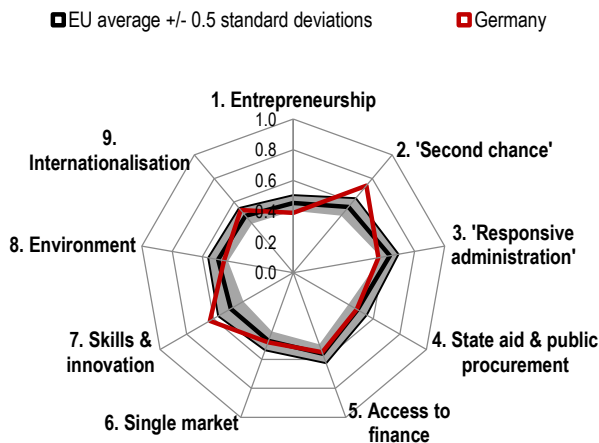
Demand in the euro area increased as a result of expansionary monetary policy,<sup>13</sup> but trade with Russia collapsed as a result of sanctions.<sup>14</sup>

In 2016, there were 282 355 business registrations<sup>15</sup> (excluding liberal professions), 5.4 % fewer than the previous year. During the same period, the number of de-registrations fell by 5.2 % to 310 863 in total. The result was a net loss of 28 508 registered firms. This is consistent with the annual downward trend in registered companies throughout 2012-2016. One explanation for this persistent decline is the favourable labour market in Germany, which makes self-employment a less attractive option to job-seekers. Another possible cause is the 2012 overhaul of a government start-up fund aimed at the unemployed, which halved its funding.<sup>16</sup> Applications to the scheme subsequently dropped by 80.6 % in 2011-2012 and have remained low ever since.<sup>17</sup> As a result the self-employment<sup>18</sup> rate fell from 10.5 % to 9.3 % in 2011-2016, substantially lower than the EU average of 14.0 %.<sup>19</sup>

In 2012-2016, the share of high-growth firms with 10 or more employees in the 'business economy'<sup>20</sup> was slightly lower than the EU average of 9.2 %. The two sectors with the highest share of high-growth firms with 10 or more employees were *information and communication* and *professional activities*. Their shares were 16.4 % and 11.1 %, respectively, slightly higher than the EU average for these two sectors.

The outlook for SMEs in Germany is favourable. SME value added is forecast to rise by 11.8 % in 2016-2018, while the forecast for SME employment is an increase of 5.8 %. As a result, it is estimated that just over 1 million additional jobs will be created by SMEs in this period. In comparison, only around 380 000 jobs will be created by large firms in the non-financial business economy.<sup>21</sup>

## 2. SBA profile<sup>22</sup>



Germany's SBA profile is largely in line with the EU average. 'Second chance' and skills & innovation remain the two SBA areas where the country greatly exceeds the EU average. Germany ranks among the top three EU countries in 'second chance'. By contrast, it lags behind the average in entrepreneurship and 'responsive administration'.

Germany's SBA profile is unchanged from last year. Since 2008, the rate of progress has been mixed. In the two SBA domains where it performs below the EU average, it actually managed to improve its performance, especially on 'responsive administration'. However, the rate of progress in both domains was below that of the EU as a whole, which explains why it has not yet managed to catch up in those areas. The most negative development since 2008 has been in skills & innovation. Here, its performance has deteriorated faster than that of the EU as a whole. While it still has a comfortable lead over most other EU countries on this, there is a risk of this advantage evaporating over time.

The German government has not adopted an explicit strategy for implementing the SBA. However, in practice the nature and scope of its SME policies focus on measures that are comparable to those of the SBA.

Overall, the progress over the several reference periods in implementing the SBA can be considered moderate, with significant changes in certain SBA areas. All areas have been tackled by adopting policy measures.

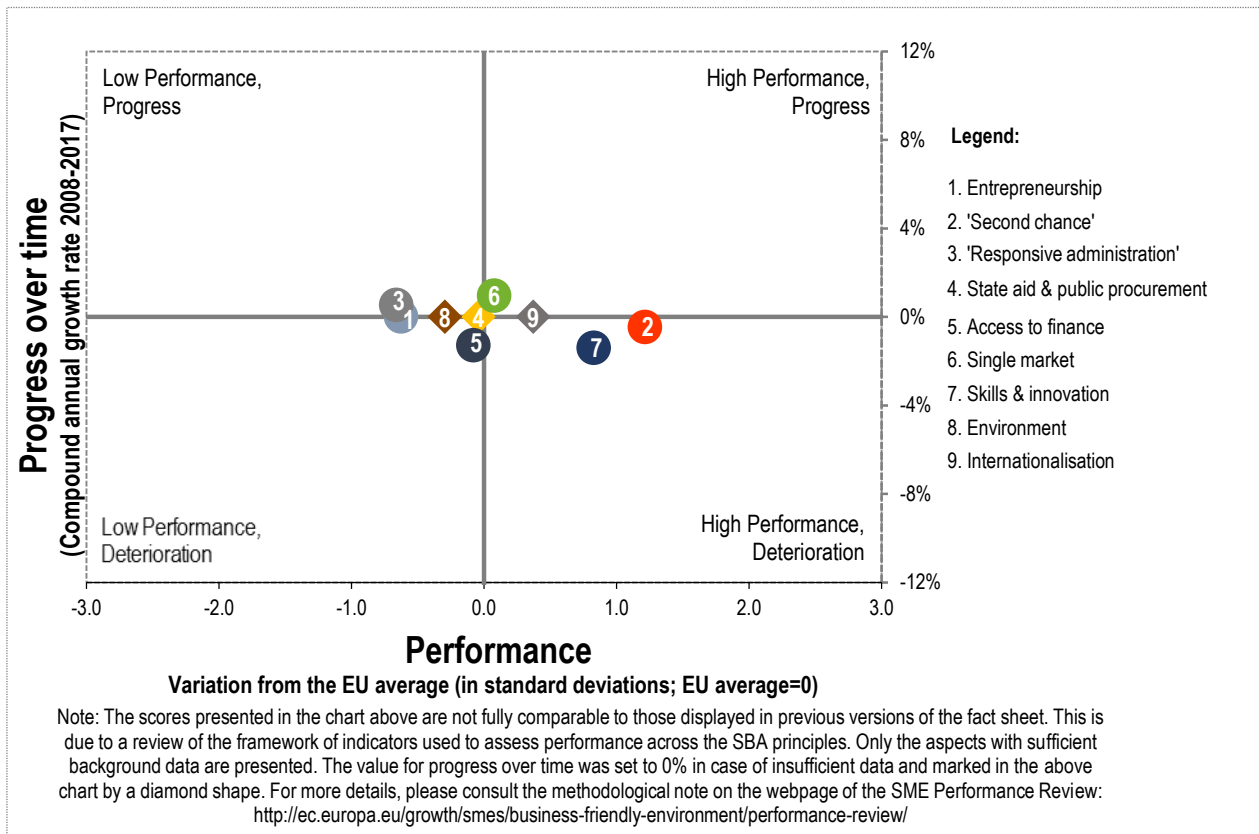
Most of the measures implemented belong to the SBA policy areas of 'responsive administration' and skills & innovation. This is in line with the government's strategy to create good framework conditions for innovative SMEs. In fact, substantial

progress has been made in these areas as well as in access to finance. On state aid & public procurement, 'second chance' and the single market, progress has been limited. Only a small number of new measures have been implemented in these areas as many of the requirements were met before 2008.

On its own, the number of policy measures implemented has only limited meaning but can be a rough indicator of the attention paid to SME policy in general. In this sense, Germany has recently shown a considerable level of policy activity. In 2016 and in the first quarter of 2017, it adopted a substantial number of policy measures that address 7 of the 10 policy areas under the SBA: entrepreneurship, 'Think Small First', 'responsive administration', state aid & public procurement, access to finance, skills & innovation, and internationalisation. Germany has made substantial progress in implementing the SBA in general. The two SBA areas that experienced the most progress in the reference period of 2016 and in the first quarter of 2017 are skills & innovation and access to finance. On skills & innovation, several key programmes supporting innovation and technology transfer have been improved for SMEs. On access to finance, the conditions for business angels have been improved and tax barriers for investors have been removed. Germany's SBA profile continues to be strong as the country boasts a considerable number of policy measures in almost all SBA areas. While a large number of measures is – as such – not desirable, it is, nonetheless, a good marker for Germany's continued commitment to improve SMEs' business environment. This helps ensure an environment that supports growth and is favourable to supporting SMEs' innovation potential.

Germany's SME policy in the reference period was dominated by improving existing measures, gaining experience with the recently adopted 'one in, one out' rule, and implementing some additional measures. The Federal Ministry for Economic Affairs and Energy updated its 'Future of the German Mittelstand' action programme (*Aktionsprogramm Zukunft Mittelstand*) in May 2016. It identifies the areas of major importance for SMEs. Key policy areas include entrepreneurship support, access to finance and growth for start-ups, skills & innovation, better regulation, cutting red tape, and digitisation. Meanwhile, most of the measures in the programme have already been adopted or implemented. The new 'Give way to SMEs' strategy (*Vorfahrt für den Mittelstand — Das Zehn-Punkte Programm des BMBF für mehr Innovation in KMU*) of the Federal Ministry of Education and Research targets highly innovative, research-driven SMEs as well as SMEs with little or no funding experience. New measures have been implemented that give SMEs better access to publicly funded R&D, strengthen R&D collaboration and improve access to R&D infrastructure. Few significant new measures have been announced due to the end of the legislative period ahead of Germany's general election in September 2017. The relevant strategies will be reviewed after the election.

## SBA performance of Germany: state of play and development from 2008 to 2017<sup>23</sup>



## 3. SBA principles<sup>24</sup>

### 3.0 'Think Small First'

The 'Think Small First' principle is meant to be a guiding principle for all policy- and law-making activities. It requires policymakers to take SME interests into account at the early stages of the policy-making process. The principle also calls for newly designed legislation, administrative rules and procedures to be made simple and easy to apply.

Most of the procedures implemented in this area were already in line with the requirements before 2008. As a result, not all of the SBA policy measures need to be implemented in Germany. Public consultations with SME stakeholders occur regularly in the legislative process (for primary and secondary legislation), and there is the opportunity to influence proposals. The results of the consultations are published mostly by the stakeholders. The SME envoy takes a proactive role, especially in exchanging experiences and mutual learning at European and national levels.

In general, all new laws and regulations are tested in advance for their budgetary implications, the availability of administrative capacity and their impact on businesses (including SMEs). However, due to a frequent lack of data regarding SMEs, the tests have been often carried out only in a rather superficial manner. However, it is too early to judge whether implementation of the new binding guidelines will be successful. An evaluation is planned. A common commencement date for all new legislation and amendments to existing legislation relevant to SMEs is not considered applicable in a federal state such as Germany.

Germany's progress on 'Think Small First' has generally been modest. SMEs would greatly benefit from deregulation and reductions in compliance costs. Their compliance costs account for a disproportionate share of their overall costs compared with large companies. The 'Future of the German Mittelstand' action programme therefore places more emphasis on better regulation and cutting red tape. However, the 'report only once' principle

has yet to be addressed by either the legislative or the executive branch, so businesses still have to report the same information multiple times to different government authorities. Tax simplification will remain an ongoing task, especially in terms of using the technical possibilities of modern data processing and digitisation.

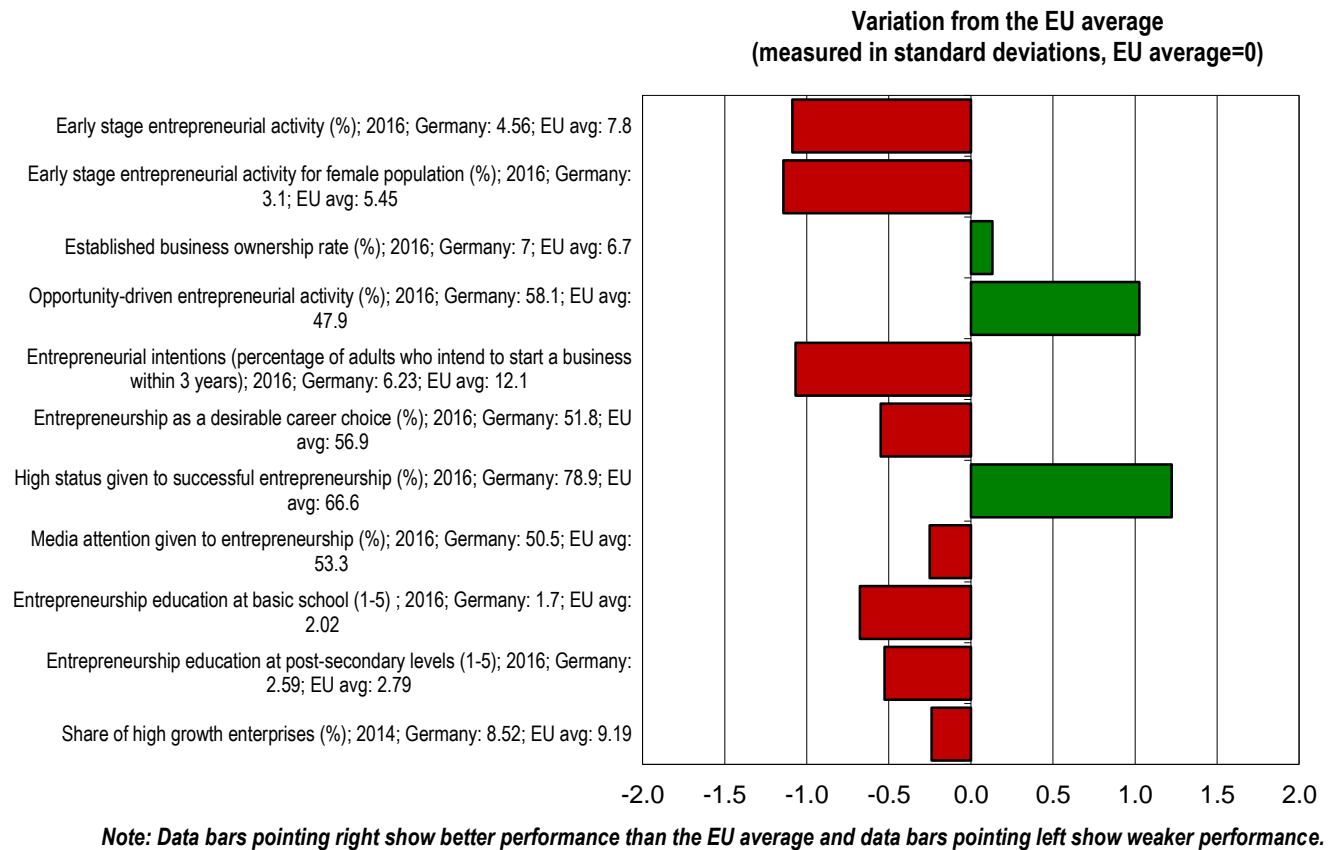
On measures implemented, Germany has continued its efforts to reduce red tape for SMEs and passed the Second Bureaucracy Relief Act (*Bürokratieentlastungsgesetz II*) focusing primarily on small firms. The Act focuses on three main areas:

- Social security contributions: opening up the simplified procedures to all companies;
- E-government: better coordination of federal law-making and local enforcement; electronic documentation in health care; digitalisation of crafts' associations;
- Numerous measures to simplify the tax code, e.g. higher thresholds.

New federal guidelines for SME tests became mandatory in 2016 and are helping to improve the qualitative assessment of regulatory alternatives and mitigating measures. A first evaluation of the implementation of the guidelines took place at the beginning of 2017 and concluded that no modifications of the guidelines are required at this stage. A more comprehensive evaluation will follow in due course. In addition, a new information platform provides advice to employers on social security contributions and obligations.

The situation has not changed regarding the activities of the SME envoy, stakeholder consultation and common commencement dates. Both the activities of the SME envoy and stakeholder consultation have a long tradition in Germany, so no new procedures have been put in place. An impact assessment of new legislation has been carried out, with the first *ex post* evaluation reports expected to be published in 2017.

### 3.1 Entrepreneurship



This is Germany's weakest SBA area, with its performance below the EU average. As with last year, this is due to a poor score in entrepreneurial activity indicators. Both entrepreneurial intentions and total early-stage entrepreneurial activity, especially for women, ranked among the bottom three in the EU. In addition, most of the entrepreneurial activity indicators have worsened since last year. The exception is the established business ownership rate, which improved from 4.8 % in 2014 to 7 % in 2016 and is now above the EU average. Although progress has been rather modest since 2008, there have been some improvements since last year in framework condition indicators, with entrepreneurship being increasingly seen as an attractive career choice. This is possibly linked to greater media attention and higher status afforded to successful entrepreneurs, with Germany scoring among the top three EU countries on the latter. Similarly, Germany's performance on including entrepreneurship education at both school and post-secondary levels has improved since last year, although it is still below the average.

Since 2008, the promotion of entrepreneurship has been tackled through a wide range of measures such as support schemes for unemployed people and female entrepreneurs as well as business plan competitions. Germany is not lacking any important policy initiatives in this area. However, it still needs to

make considerable progress to fully exploit its entrepreneurial potential, especially by improving entrepreneurship education in schools.

Overall, Germany offers a favourable enabling environment for start-ups and scale-ups. Germany offers many public funding opportunities to new entrepreneurs. As a result, there is sufficient public capital available in the early stages. However, even though a lot has been done in recent years, there is still a lack of venture capital for growth. In addition, the legal and tax conditions for venture capital funds are not competitive enough yet. Regulatory issues and red tape are obstacles to start-ups and their growth. In this regard, the First Bureaucracy Relief Act (*Bürokratieentlastungsgesetz I*) mentioned above should reduce the burden on SMEs significantly by around EUR 745 million a year, which should benefit start-ups and growth-phase companies.<sup>25</sup>

The reference period saw substantial progress in promoting entrepreneurship. Three measures by the Federal Ministry for Economic Affairs and Energy stand out in particular:

- A marketing campaign called 'Wake up the entrepreneur in you!' (*Wecke den Gründer in Dir!*) aims to strengthen Germany's entrepreneurial culture. With a budget of



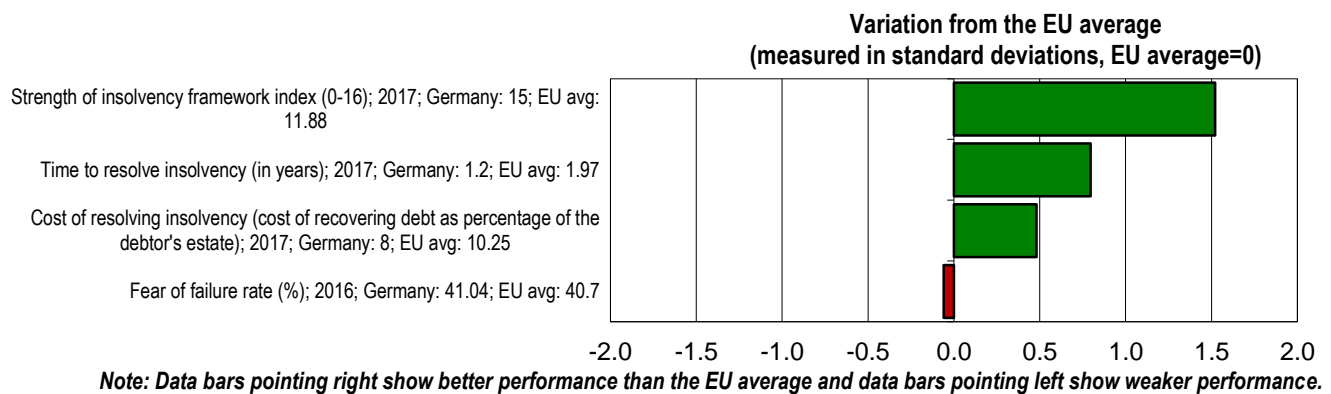
EUR 0.9 million, it focuses on start-ups and self-employment by providing specific information to migrants, women and young people.

- A new programme, 'Promoting know-how transfer in the crafts' (*Förderung des Know-How-Transfers im Handwerk*), brings together the information and consultancy activities of chambers of commerce in a coordinated network. It provides locally available, free and independent information

services and advice to SMEs in the crafts sector. It has an annual budget of EUR 16 million.

- A pilot project called 'Start up your Future' (*Gründerpatenschaften*) supports entrepreneurship among refugees. It has a budget of EUR 0.9 million up to 2018. It aims to help experienced entrepreneurs mentor refugees who wish to set up their own business.

## 3.2 'Second chance'



'Second chance' ensures that honest entrepreneurs who have gone bankrupt get a second chance quickly. Germany continues to be one of the EU's three top performers in this area. Its strong position stems from the efficiency of its insolvency framework, the strongest in the EU. The cost and time required to resolve insolvencies is below the EU average. However, its performance has deteriorated slightly since 2009, mainly due to an increase in the fear-of-failure rate from 37 % in 2009 to 41 % in 2016.

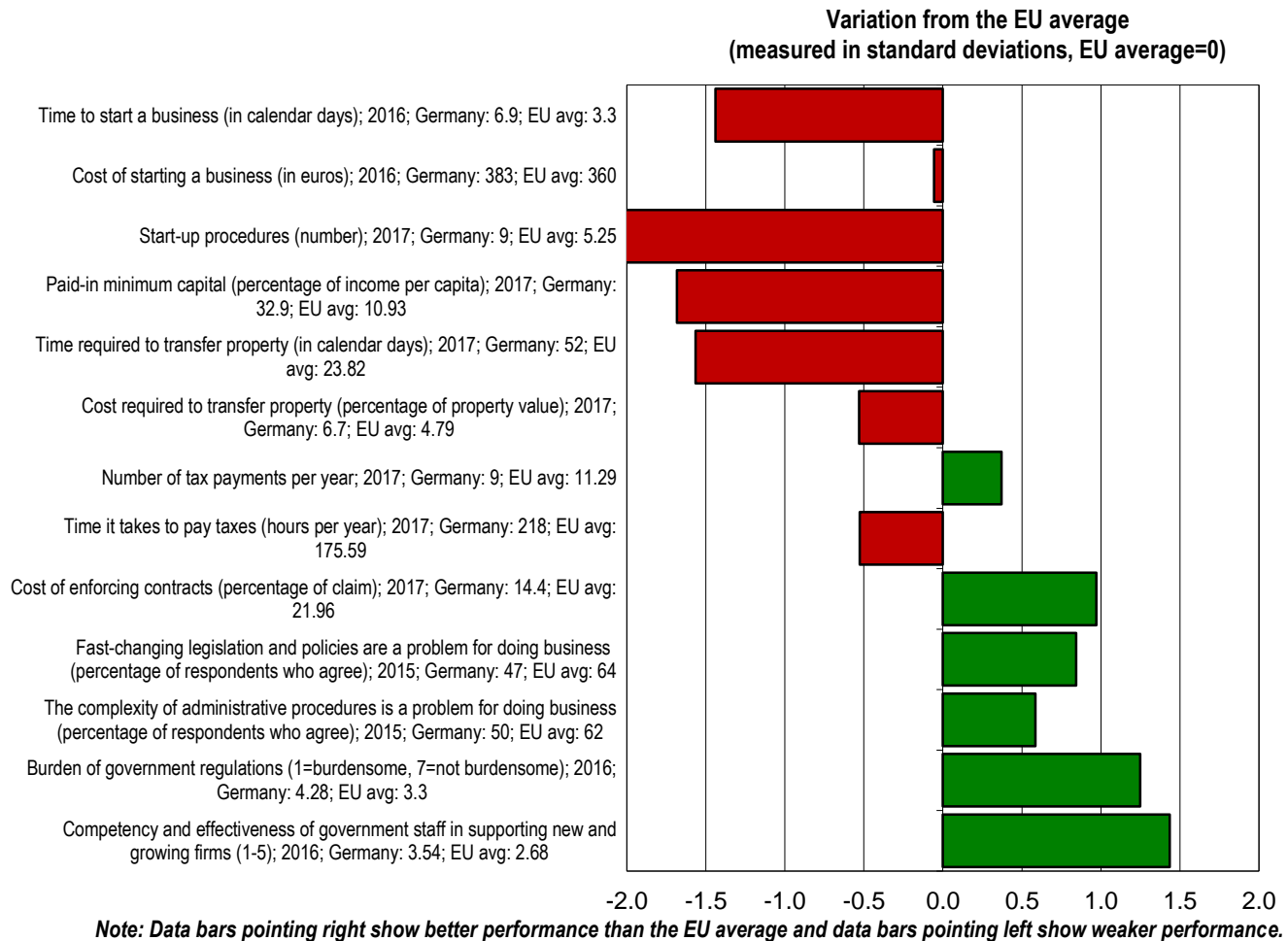
Policy progress on 'second chance' has been limited since 2008, although the Company Restructuring Simplification Act (2012) and amendments to the Insolvency Regulation in 2014 have further improved the framework. Germany met the main SBA

requirements long before 2008. Bankruptcy laws and procedures are applied in an effective and systematic way. While restarters are treated on an equal footing to new start-ups, the cultural problem persists: as elsewhere in the EU, bankrupt entrepreneurs are still stigmatised by failure. However, this can only be altered in the long run. Public authorities have yet to engage in larger-scale information campaigns to counter this problem and de-stigmatise corporate bankruptcy.

While there are continued efforts to raise awareness for the issue of 'second chance', no significant new measures were implemented in this area in the reference period.



### 3.3 'Responsive administration'



'Responsive administration' refers to public administration being responsive to the needs of SMEs. Germany continues to score below the EU average, with this dimension being the second weakest in its SBA profile. On indicators measuring the overall administrative environment, such as the overall regulatory burden or the competency and effectiveness of staff supporting firms, Germany performs very well. However, it is in specific regulatory areas, especially start-up conditions, that Germany trails the EU average. The cost, time and number of procedures required to start a business remain above the EU average, with the number of procedures among the highest in the EU. Similarly, the paid-in minimum capital is the third highest in the EU, although it has been decreasing over the last few years. Germany has achieved a slight improvement since 2009, with the number of tax payments per year declining from 12 to 9 in 2017, regulations becoming less burdensome and the perceived effectiveness and competence of government staff improving. The latter now ranks among the top three in the EU. As a result of these improvements, the regulatory environment is considered more stable and less problematic when doing business, especially for established firms.

Germany has been very active in implementing policy measures in this SBA domain. In 2012 it reached the ambitious goal it had set itself of reducing the administrative burden for businesses based on federal legislation by 25 %. The 'one in, one out' rule, adopted in 2015, significantly contributes to reducing compliance costs for businesses. The government has also established a 'bureaucracy-cost index' and strengthened the National Regulatory Control Council (*Nationaler Normenkontrollrat*). In the last few years, the conditions for digital communication between companies and public administration have been improved. Despite such improvements, especially in e-government, Germany still faces challenges, in particular over the complexity of the licence and permit system, which is also a concern for start-ups. Germany's federal system makes it more difficult to change to 'common commencement dates', 'one-stop shops' and application of the 'once-only' principle.

During the reference period, the government continued to reduce red tape for SMEs. In addition to the Second Bureaucracy Relief

Act already mentioned, two significant measures were implemented:

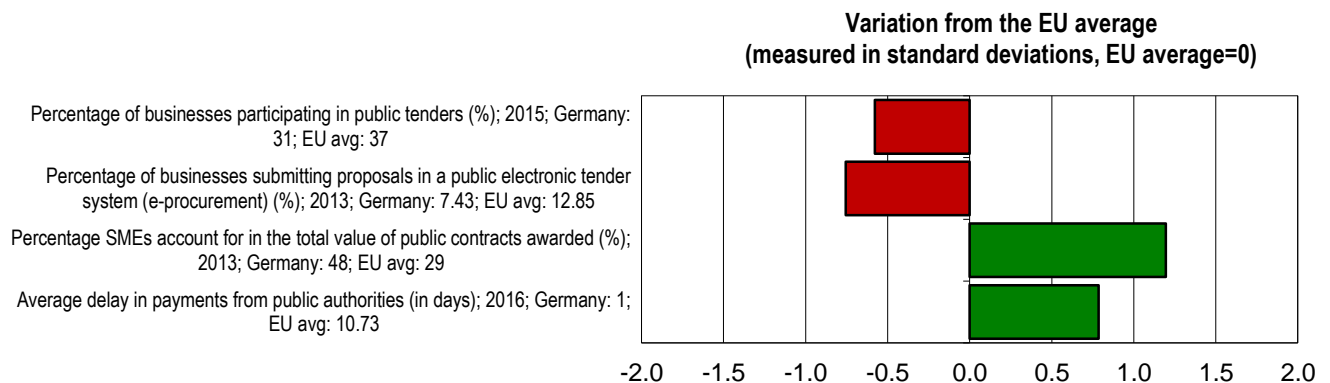
- The Law on removing dispensable written requests in federal administrative law (*Gesetz zum Abbau verzichtbarer Anordnungen der Schriftform im Verwaltungsrecht des Bundes*) aims to replace written requests in laws and regulations and allow simpler procedures, without requests needing to be made on paper. As a result, 464 written requests in federal administrative law have been removed or replaced by electronic means of communication. Of these requirements, 165 concern businesses.
- The objective of the new Law on modernising the taxation procedure (*Gesetz zur Modernisierung des Besteuerungsverfahrens*) is to improve the efficiency of the tax authority and reduce the response burden for SMEs and

citizens. All tax types are affected by the regulations, especially income tax, property tax and VAT. Information available to the tax authority will be shared and better used. If effective, this could help to bring down the time it takes for SMEs to deal with their tax forms.

Better coordination within Germany's highly federalised structure is indispensable to further improve the administrative environment. This holds true particularly for implementing the 'once-only' principle, e-governance, and better coordination and transparency in the publication of new regulations in the spirit of the 'common commencement dates' approach.

In its working programme on better regulation, adopted in June 2016, the federal government decided to examine options to further strengthen support for new and growing companies.

### 3.4 State aid & public procurement



**Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.**

Germany's performance remains in line with the EU average, as it was last year. No changes have occurred since then.

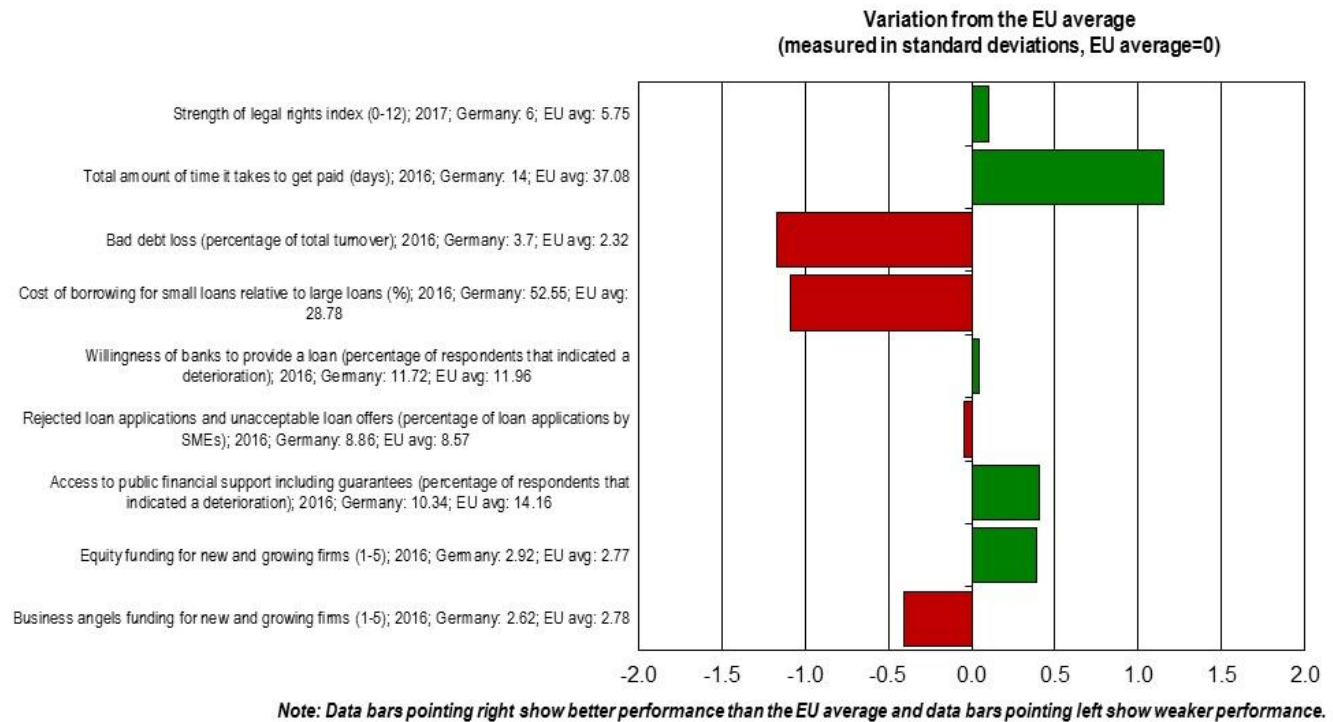
Since 2008 progress on State aid & public procurement has been modest. However, some noteworthy policy measures had been implemented in that period. Of these, the establishment of a 'Competence Centre for Innovative Procurement' (*Kompetenzzentrum innovative Beschaffung*) in 2013 is the most important one.

Public authorities set proportionate requirements on qualifications and financial viability. Tenders are divided into lots. The public procurement market is open to foreign businesses. While most of the recommended SBA measures are

in place, more substantial progress on e-procurement was achieved last year.

The Law and corresponding Regulation on modernising public procurement (*Gesetz zur Modernisierung des Vergaberechts and Vergaberechtsmodernisierungsverordnung*) entered into force in April 2016. The measure provides easier access for SMEs to tenders and framework contracts, and seamless digitisation in public procurement. It also expands the existing infrastructure, such as e-awarding and ordering platforms. Electronic procurement is now binding on the federal administration. By digitising all processes, the reform modernises the overall public procurement system. It makes procurement procedures simpler, more flexible and more user-friendly.

### 3.5 Access to finance



Germany's score lies within the EU average in this area but its performance has deteriorated somewhat, since both last year and 2008. Bad debt loss increased from 2.5 % of total turnover in 2015 to 3.7 % in 2016; it is now below the average.<sup>26</sup> Rejected SME loan applications grew from 7.1 % in 2015 to 8.9 % in 2016. Similarly, 11.7 % of respondents reported reduced willingness by banks to provide loans in 2016, compared to 9.3 % in 2015, signalling a worsening of loan-financing conditions. Likewise, the cost of borrowing for small loans compared to larger ones surged from 19.6 % in 2009 to 52.6 % in 2016. However, in absolute terms lending conditions for SMEs are still very favourable in Germany, as is the overall availability of finance for SMEs. This is underpinned by two main factors: I. an improvement in the availability of equity funding for new and growing firms since 2009; and II. a reduction in the time taken to be paid to 14 days in 2016, the lowest in the EU.

Since 2008, access to finance for SMEs has substantially improved. The availability of capital at early stages has been strengthened in particular by the implementation of the High-Tech Start-up Fund (*High-Tech Gründerfonds*), some mezzanine and microcredit funds, and the introduction of an investment grant for business angels. However, the demand for scale-up financing for start-ups ready to expand their operations on an industrial scale is still unmet. The debt bias, which arises from differential tax treatment of equity and debt, was the eighth highest in the EU in 2016.<sup>27</sup>

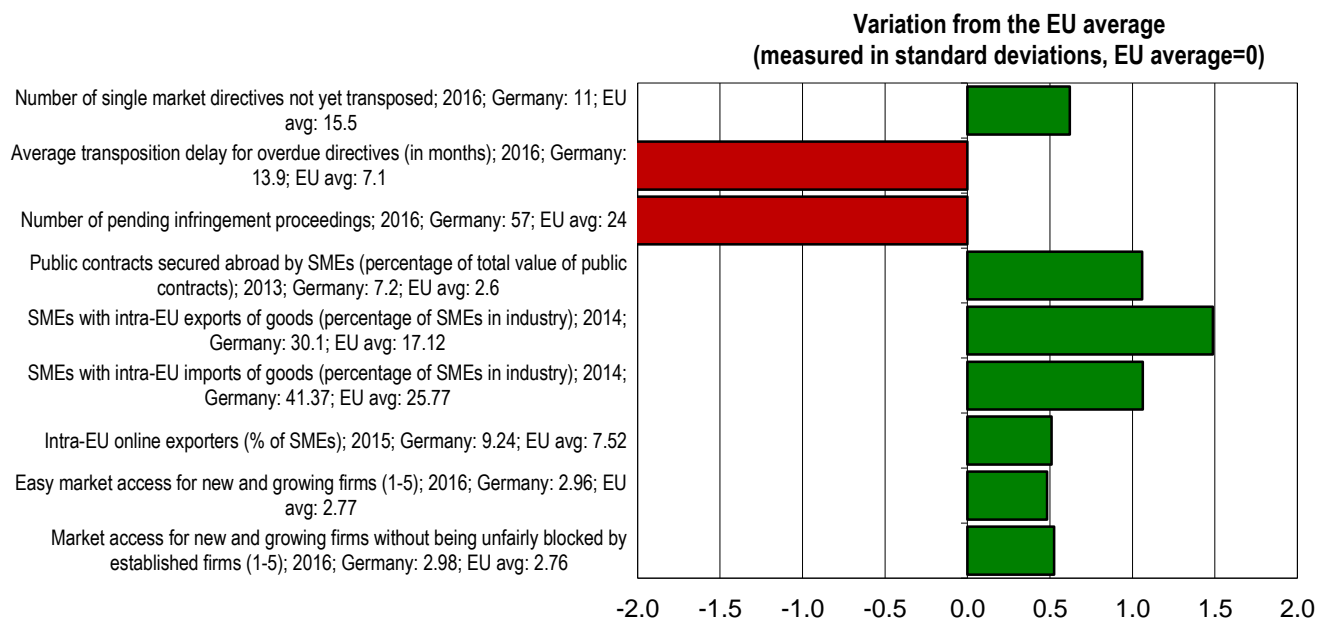
In the reference period, substantial progress was made in this area once again. In particular, four measures are worth mentioning:

- A public, non-State-aid co-investment venture capital fund (*Coparion Fonds*) with a budget of EUR 225 million was established. The fund is managed by a managing company (Coparion GmbH & Co. KG) whose shareholders are KfW and the ERP Special Fund represented by the Federal Ministry for Economic Affairs and Energy. It is targeted at young tech SMEs in the start-up and early growth phase.
- The conditions of the 'INVEST Grant for Venture Capital' (*INVEST-Zuschuss für Wagniskapital*) were considerably improved. Under this programme the Federal Ministry of Economic Affairs and Energy is supporting investment by business angels in young, innovative companies, adding 20 % of the amount invested. Grants per investor have been increased (up to EUR 100 000 per year). The tax on capital gains in the event of a successful exit may now be reimbursed in one go by the exit grant.
- A Growth Facility was launched by the ERP Special Fund (represented by the Federal Ministry for Economic Affairs and Energy) and the European Investment Fund (EIF). This non-State-aid instrument has a budget of EUR 500 million and provides growth capital to promising innovative companies together with private investors (adopting the 'pari-passu' approach).

- The revision made to corporation tax (through the *Gesetz zur Weiterentwicklung der steuerlichen Verlustverrechnung bei Körperschaften*) increases Germany's attractiveness to investors and makes it easier to find successors for SMEs. In case the shareholder structure changes corporate losses can now be carried forward by the company if the current business is maintained. This measure is open to firms of all sizes, but may prove particularly attractive to start-up firms that need longer to build up to break-even point.

It should also be noted that the budgets of two important financing instruments, both funds of funds, were substantially enlarged during the reference period. These are the ERP/EIF Venture Capital Dachfonds (volume now: EUR 2.7 billion) and the Mezzanine Dachfonds (volume now: EUR 600 million).

### 3.6 Single market



**Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.**

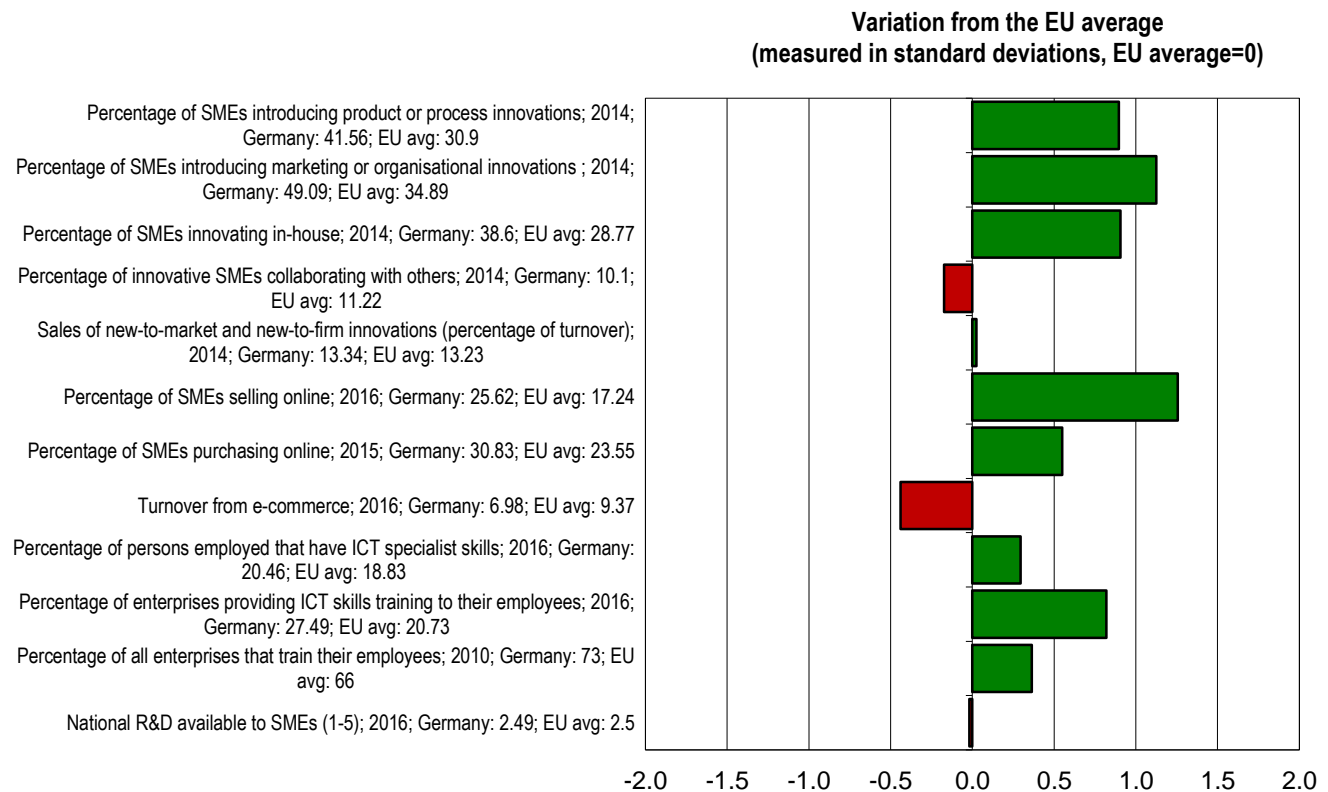
Germany performs in line with the EU average in this area. It has seen some progress since 2008, both in its effectiveness in implementing single market legislation (with fewer directives outstanding and pending infringement proceedings) and regarding the presence of its companies in the single market. Germany's overall result in this domain is boosted by the strong trading performance of its SMEs. The proportion of German SMEs with intra-EU imports and exports of goods increased from 36.9% to 41.4% and from 29.2% to 30.1% respectively between 2009 and 2014, putting the country among the top three in the EU. This is in parallel to the improvement in market access for new and growing firms. However, it should be noted that Germany reports some of the longest transposition delays and a very high number of pending infringement procedures.<sup>28</sup>

The single market area of the SBA has not been a political priority in Germany since 2008. Only a few measures have been implemented in recent years, such as conferences, seminars and measures for restricted markets. Many measures on the participation of SMEs in the single market were already in place before 2008. This is especially true for advisory services to support SMEs within the single market (SOLVIT centres, points of contact), as well as the use of standards, patents and trademarks.

However, the visibility of existing infrastructure for SMEs (e.g. one-stop shops, SOLVIT centres, information systems) could be greater.

The situation did not change during the reference period, with no significant additional measures being implemented.

### 3.7 Skills & innovation



**Note:** Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

This continues to be one of Germany's strongest SBA areas, scoring above the EU average, although it has experienced the greatest deterioration since 2008. All indicators related to both innovation and IT capacity have worsened: the share of SMEs innovating in-house and introducing product/process innovations fell from 44.8 % to 38.6 % and from 48.6 % to 41.6 % respectively between 2010 and 2014. Similarly, the share of innovative SMEs collaborating with others dropped from 14.0 % in 2010 to 10.1 % in 2014 and is now below the EU average. The proportion of SMEs introducing marketing/organisational innovations decreased from 60.6 % to 49.1 % over the same period, though Germany still ranks among the top three in the EU. In addition, the turnover share from e-commerce fell from 10.3 % in 2010 to 7.0 % in 2016. On a positive note, performance in training and skills has improved: the share of SMEs providing ICT skills training increased from 21.8 % to 27.5 % between 2012 and 2016, while the proportion of employees with ICT skills rose from 19.1 % to 20.5 %.

In spite of this, the overall declining trend in this domain is worrying, especially because Germany has taken a long list of measures on skills & innovation since 2008. In fact, the majority of Germany's measures in the last few years have addressed this SBA area. The most important policy initiative is the

Qualified Professionals Initiative, which was implemented in 2011 and ensures an adequate supply of skilled labour for German companies. The Recognition Act, which facilitates the recruitment of highly skilled foreign workers, was implemented in 2012. In general, Germany already meets most of the SBA requirements. Currently, the greatest political challenge is to find jobs for refugees with low qualifications or skills acquired abroad, particularly given the shortage of skilled labour in SMEs.

The following key measures were implemented in the reference period:

- The 'Mittelstand 4.0 — Digital Production and Work Processes' initiative (*Kompetenzzentren Mittelstand 4.0 — Chancen der Digitalisierung für den Mittelstand*). Run by the Federal Ministry for Economic Affairs and Energy, this supports SMEs in digitising, networking and introducing 'industry 4.0' applications. Four agencies and 11 competence centres were established, with a budget of EUR 56 million (2016-2020) for the centres and EUR 7.1 million (2015-2019) for the agencies. A further 13 competence centres are in preparation in 2017.
- The 'Mobilisation of SMEs for Industry 4.0' programme (*Industrie 4.0-Testumgebungen — Mobilisierung von KMU*)

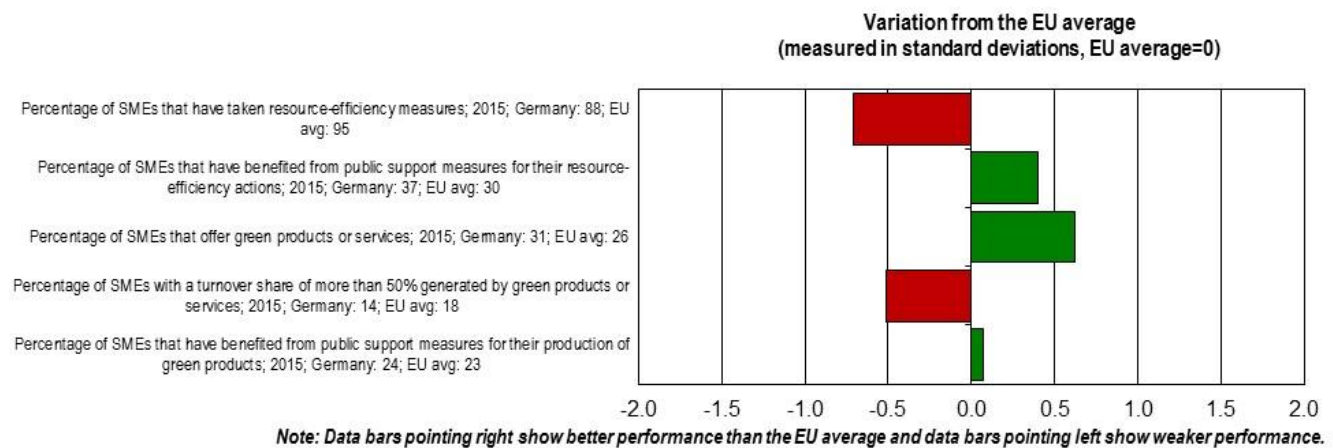


*für Industrie 4.0*) of the Federal Ministry of Education and Research. This finances projects for testing SMEs' innovative digital products, processes or applications in specialised test environments. It has a budget of EUR 14 million for 2016-2017.

- The 'SME Innovation Forums' (*Innovationsforen Mittelstand*) of the Federal Ministry of Education and Research. This initiative strengthens SMEs' ability to commercialise new ideas and research results. Partners from industry, science, politics, public administration and society build up strategic partnerships. The innovation forums are seen as a kick-start for possible new clusters. The new programme, which has a budget of EUR 2.75 million for 2017, was extended to applicants from all over Germany in July 2016 after achieving considerable past success in eastern Germany.
- The objective of SME-NetC (*Förderung von KMU-zentrierten, strategischen FuE-Verbünden in Netzwerken und Clustern KMU-NetC*) is to strengthen SMEs' participation in regional clusters and networks. SMEs' R&D projects are financed if they fit and contribute to the cluster strategy, and will be further supported by managers of the cluster. The Federal Ministry of Education and Research's budget for 2016-2022 is EUR 50 million.

- The well-established 'Central Innovation Programme for SMEs — ZIM Programme' (Zentrales Innovationsprogramm Mittelstand — ZIM) was further improved. The new guidelines introduced in 2015 ensure that it is even more geared to the needs of SMEs. In particular, eligible expenses have been increased, the scheme simplified and international research cooperation strengthened. The programme provides funding for ambitious R&D projects from SMEs. Such projects should focus on developing new products, technical services and better production processes. The R&D can be implemented either as single projects or in cooperation with research institutes. The management and organisation of innovative networks which pursue a common technological innovation are also funded. The programme is open to all technologies and sectors and has an ongoing application process. It has a strong international focus with an increased funding rate for international R&D cooperation. The programme's 2017 budget totals EUR 548 million.

### 3.8 Environment



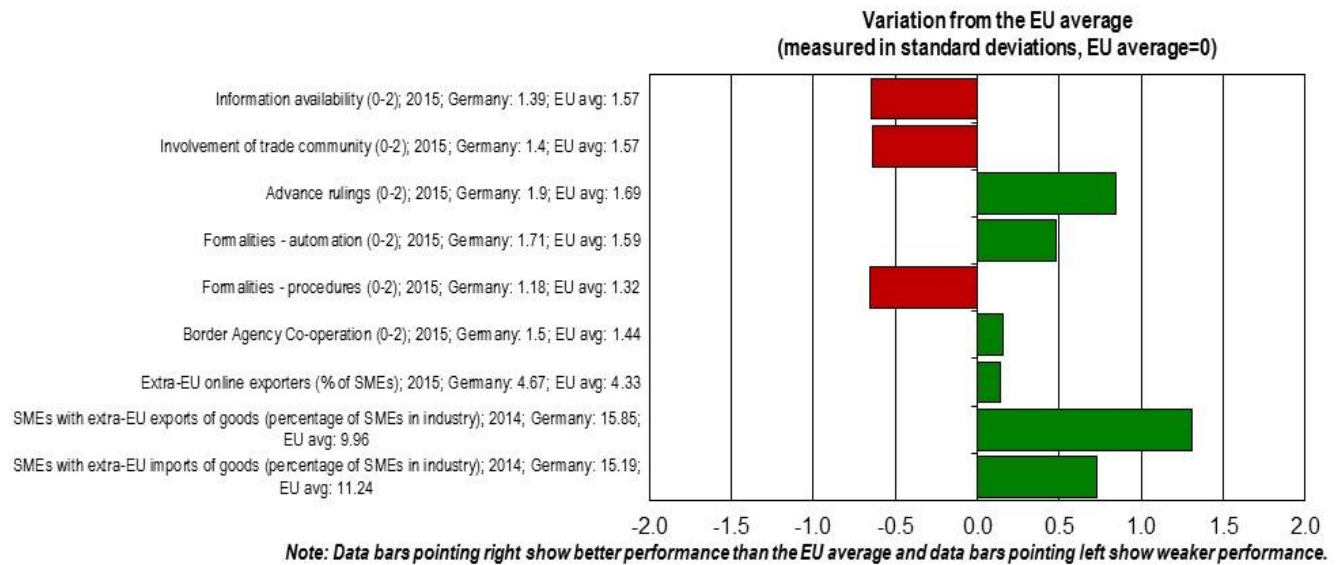
Germany's performance in this area is in line with the EU average. However, the country scores below average on the proportion of SMEs that have undertaken resource-efficiency measures and derive more than half of their turnover from green products or services.

Progress in the environment area has been modest since 2008, with only a relatively small number of new policy measures implemented. Most of the measures have been improved or extended. This area has become more important in the light of the *Energiewende* ('energy transition') decided in 2011 following the Fukushima nuclear disaster, which led to a political focus on energy reforms to enable the transition towards renewable energies. The majority of measures implemented since 2011

provide guidance and advice to companies in order to save energy and resources (e.g. energy consulting and implementation support for SMEs, funding of contracting for energy savings). The measures focus especially on energy efficiency and the use of renewable resources, as well as on qualifications and exchange of experience on these topics. However, supporting EMAS certificates through regulatory incentives is not on the agenda, although advice and information are provided.

Germany provides already of a fairly comprehensive set of support measures for SMEs in this domain. Against this backdrop, no significant new measures were implemented in the reference period.

### 3.9 Internationalisation



Germany performs in line with the EU average in this area. As most of the indicators in this year's edition have been revamped, the overall performance in this area cannot be compared to last year's.<sup>29</sup> Germany performs among the top three EU countries on the proportion of SMEs with extra-EU exports of goods, which increased from 9.2 % in 2009 to 15.9 % in 2014. Similarly, the proportion of SMEs with extra-EU imports of goods grew from 9.0 % in 2009 to 15.2 % in 2014. However, the country performs below average on availability of information (i.e. publication of trade information and enquiry points) and involvement of the trade community.

Since 2008 some new measures have been taken that build on the already strong set of trade support instruments put in place a long time ago. Underlining the importance of foreign trade for the German economy, in the last few years many measures have been taken in this SBA area. However, this has mainly involved improving existing measures. The SME Market Entry Programme, introduced in 2010, occupies a central position in this respect, aiming at promoting SMEs' export activities. Technology-oriented export initiatives are especially important

(e.g. healthcare, environmental and energy technologies). Some 1 000 firms per year benefit from this measure, a quarter of which are micro enterprises.

In 2016 and the first quarter of 2017, the conditions of 'Hermes' export credit guarantees (*Hermesdeckungen* — *Exportkreditbürgschaften*) were considerably improved. The main purpose of Hermes cover is to provide protection against bad debt losses in connection with supplies to difficult and risky markets. The improvement concerns the coverage of higher shares of foreign deliveries: German deliveries containing a substantial share of imported vendor parts from abroad have become eligible for export credit guarantees. Additionally, for a limited period until the end of 2019, companies can apply for the uninsured portion to be reduced to 5 % against the payment of a premium surcharge. This measure helps SMEs in particular, as it allows them to refinance the loans more easily and therefore helps them save their capital for further investments. In 2016, EUR 20.6 billion worth of Hermes guarantees were granted in total.



## 4. Interesting initiative

Below is an example of an initiative from Germany to show what governments can do to support SMEs:

### Mittelstand 4.0 — Chances of digitisation for SMEs

The 'Mittelstand 4.0 — Digital Production and Work Processes' initiative supports SMEs in digitising, networking and introducing Industry 4.0 applications. It aims to raise SMEs' awareness of the technical and economic challenges of digitisation. It supports the development of secure digital solutions and processes tailored to meeting market needs. In this respect, incentives are given for developing new business models and cross-company networking. The initiative involves 11 competence centres and four agencies which focus on the prerequisites for successful digital processes, such as electronic standards and user-friendly applications.

The role of the four agencies (Mittelstand 4.0-Agentur Cloud, Mittelstand 4.0-Agentur Prozesse, Mittelstand 4.0-Agentur Kommunikation, Mittelstand 4.0-Agentur Handel) is to deal with the overarching questions of digitisation and e-business. They focus respectively on cloud computing, process management, innovation management and communication, and e-commerce. The agencies disseminate knowledge directly to SMEs and through intermediaries such as associations and chambers of commerce. The 11 competence centres raise awareness, inform and train companies and offer concrete teaching, learning, viewing and testing opportunities in their regions. Some of the centres specialise in certain topics or sectors (e.g. logistics, planning and building industry, electronic standards). Most of the centres have established partnerships with applied research institutes, universities or trade associations. The approved budget is EUR 56 million for the 11 centres for 2016 to 2020. The network of centres will be extended in order to be closer to SMEs from all regions. Another 12 competence centres have already been selected and will start work soon.

References:

<http://www.mittelstand-digital.de/DE/Foerderinitiativen/mittelstand-4-0.html>

## Important remarks

The European Commission Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) produces the SBA fact sheets as part of the SME Performance Review (SPR), its main vehicle for economic analysis of SME issues. They combine the latest available statistical and policy information. Produced annually, they help to organise the available information to facilitate SME policy assessments and monitor SBA implementation. They take stock and record progress. They are not an assessment of Member State policies. Rather, they should be regarded as an additional source of information to improve evidence-based policy-making. For example, they cite only policy measures national SME policy experts consider relevant. They do not and cannot reflect all measures the government has taken over the reference period. There is more policy information on a database accessible from the SPR website.

SME Performance Review:

<http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

[grow-spr@ec.europa.eu](mailto:grow-spr@ec.europa.eu)

Small Business Act:

[http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index\\_en.htm](http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index_en.htm)

European Small Business Portal:

[http://ec.europa.eu/small-business/index\\_en.htm](http://ec.europa.eu/small-business/index_en.htm)

## Endnotes

<sup>1</sup> The two graphs below present the trend over time for the variables. They consist of index values for the years since 2008, with the base year 2008 set at a value of 100. From 2015, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008-2014 figures from Eurostat's Structural Business Statistics Database. The data cover the non-financial business economy, which includes industry, construction, trade and services (NACE Rev. 2 sections B to J, L, M and N). They do not cover enterprises in agriculture, forestry and fisheries or largely non-market service sectors such as education and health. A detailed methodology can be consulted at: <http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>.

<sup>2</sup> Please note that there is a structural break in the data that leads to overestimated growth in 2014 relative to the previous year. For instance, official statistics for the *information and communication* sector did not include firms with a turnover of less than EUR 17 500 before 2014 (see Destatis: IKT Branche 2014, available at [https://www.destatis.de/DE/Publikationen/Thematisch/UnternehmenHandwerk/Unternehmen/FlyerIKT\\_Branche5529106147004.pdf?\\_\\_blob=publicationFile](https://www.destatis.de/DE/Publikationen/Thematisch/UnternehmenHandwerk/Unternehmen/FlyerIKT_Branche5529106147004.pdf?__blob=publicationFile), last accessed 11.4.2017). This leads to overestimations of growth for the entire 2012-2016 period. Nonetheless, SME value added grew in all years between 2012 and 2016 and SME employment grew in all years except for 2012-2013, so it is reasonable to assume strong overall growth for the 2012-2016 period.

<sup>3</sup> Lünendonk-Studie 2015: Der Markt für IT-Beratung und IT-Service in Deutschland. Spannungsfeld zwischen Effizienz, Modernisierung und digitaler Transformation. [http://lunenondk-shop.de/out/pictures/0/lunenondk-studie2015dermarktfrit-beratungunditservices\\_260815\\_fl.pdf](http://lunenondk-shop.de/out/pictures/0/lunenondk-studie2015dermarktfrit-beratungunditservices_260815_fl.pdf), last accessed 11.4.2017.

<sup>4</sup> Toprak, Mehmet: Lünendonk: Das Milliardengeschäft der IT-Dienstleister, 14.6.2016. <http://www.silicon.de/41628719/lunenondk-das-milliardengeschaeft-der-it-dienstleister/>, last accessed 11.4.2017.

<sup>5</sup> PWC: The German start-up scene will benefit from Brexit. <http://www.pwc.de/en/mittelstand/the-german-start-up-scene-will-benefit-from-brexit.html>, last accessed 11.4.2017.

<sup>6</sup> Frankfurter Allgemeine Zeitung (FAZ): "Berlin ist nur noch Deutschlands Hauptstadt für Start-ups", published 2.2.2017.

- <sup>7</sup> Statistisches Bundesamt: Foreign Trade — Overall development in foreign trade since 1950. [https://www.destatis.de/EN/FactsFigures/NationalEconomyEnvironment/ForeignTrade/Tables/OverallDevelopmentForeignTrade.pdf?\\_\\_blob=publicationFile](https://www.destatis.de/EN/FactsFigures/NationalEconomyEnvironment/ForeignTrade/Tables/OverallDevelopmentForeignTrade.pdf?__blob=publicationFile), last accessed 11.4.2017.
- <sup>8</sup> Statistisches Bundesamt press release 038 / 2015-02-09: German exports in 2014: +3.7 % compared with 2013: [https://www.destatis.de/EN/PressServices/Press/pr/2015/02/PE1\\_5\\_038\\_51.html](https://www.destatis.de/EN/PressServices/Press/pr/2015/02/PE1_5_038_51.html), last accessed 17.4.2017.
- <sup>9</sup> GfK Consumer Index 12/2016: [http://www.gfk-verein.org/sites/default/files/medien/1290/dokumente/ci\\_12\\_2016\\_od.pdf](http://www.gfk-verein.org/sites/default/files/medien/1290/dokumente/ci_12_2016_od.pdf), last accessed 11.4.2017.
- <sup>10</sup> <https://statistik.arbeitsagentur.de/Statistischer-Content/Arbeitsmarktberichte/Fachkraeftebedarf-Stellen/Fachkraefte/BA-FK-Engpassanalyse-2016-12.pdf>
- <sup>11</sup> Flaches Wachstum in herausforderndem Umfeld DIHK-Industriereport. December 2016. [http://www.dihk.de/ressourcen/downloads/dihk-industriereport-16-17.pdf/at\\_download/file?mdate=1482407757782](http://www.dihk.de/ressourcen/downloads/dihk-industriereport-16-17.pdf/at_download/file?mdate=1482407757782), last accessed 11.4.2017.
- <sup>12</sup> Deutsche Wirtschaftsnachrichten: Deutsche Wirtschaft wächst wegen Staats-Ausgaben für Flüchtlinge, 12.1.2017. <https://deutsche-wirtschafts-nachrichten.de/2017/01/12/deutsche-wirtschaft-waechst-wegen-staats-ausgaben-fuer-fluechtlinge/>, last accessed 12.4.2017.
- <sup>13</sup> Flaches Wachstum in herausforderndem Umfeld DIHK-Industriereport. December 2016. [http://www.dihk.de/ressourcen/downloads/dihk-industriereport-16-17.pdf/at\\_download/file?mdate=1482407757782](http://www.dihk.de/ressourcen/downloads/dihk-industriereport-16-17.pdf/at_download/file?mdate=1482407757782), last accessed 11.4.2017.
- <sup>14</sup> Ibid.
- <sup>15</sup> Institut für Mittelstandsforschung Bonn: Gewerbliche Existenzgründungen und Liquidationen. [http://www.ifm-bonn.org/fileadmin/data/redaktion/statistik/gruendungen-und-unternehmensschliessungen/dokumente/GewExGr\\_Li\\_D\\_2006-2016.pdf](http://www.ifm-bonn.org/fileadmin/data/redaktion/statistik/gruendungen-und-unternehmensschliessungen/dokumente/GewExGr_Li_D_2006-2016.pdf), last accessed 11.4.2017. This number excludes liberal professions as well as forestry and the agricultural sector.
- <sup>16</sup> Der Spiegel: Gründungszuschuss 2012 — Bloß nicht gleich zu viel verdienen, 15.1.2012. <http://www.spiegel.de/karriere/gruendungszuschuss-2012-bloss-nicht-gleich-zu-viel-verdienen-a-809044.html>, last accessed 17.4.2017.
- <sup>17</sup> Institut für Mittelstandsforschung Bonn: Geförderte Gründungen aus der Arbeitslosigkeit. [http://www.ifm-bonn.org/fileadmin/data/redaktion/statistik/gruendungen-und-unternehmensschliessungen/dokumente/Gr\\_ALO\\_D\\_2003-2015.pdf](http://www.ifm-bonn.org/fileadmin/data/redaktion/statistik/gruendungen-und-unternehmensschliessungen/dokumente/Gr_ALO_D_2003-2015.pdf), last accessed 11.4.2017.
- <sup>18</sup> Persons employed and self-employed persons refer to persons aged 15-64. The source of the data is Eurostat. To calculate the 2016 value, quarterly data from the LFS series were averaged over all quarters for which information was available on 20.3.2017.
- <sup>19</sup> It should be noted that the number of start-ups in the liberal professions is growing. From 2015 to 2016, their number increased by 6.6 % Institut für Mittelstandsforschung Bonn: Existenzgründungen insgesamt. [http://www.ifm-bonn.org/fileadmin/data/redaktion/statistik/gruendungen-und-unternehmensschliessungen/dokumente/ExGr\\_Taetigkeitsbereiche\\_D\\_2012-2016.pdf](http://www.ifm-bonn.org/fileadmin/data/redaktion/statistik/gruendungen-und-unternehmensschliessungen/dokumente/ExGr_Taetigkeitsbereiche_D_2012-2016.pdf), last accessed 26.6.2017.
- <sup>20</sup> In line with Commission Implementing Regulation (EU) No 439/2014, high-growth enterprises are defined as firms with at least 10 employees at the beginning of their growth and average annualised growth in number of employees greater than 10 % per year, over a 3-year period. The share of high-growth enterprises is the number of high-growth enterprises divided by the number of active enterprises with at least 10 employees. The source of the data on high-growth enterprises is Eurostat ([http://ec.europa.eu/eurostat/web/products-datasets/-/bd\\_9pm\\_r2](http://ec.europa.eu/eurostat/web/products-datasets/-/bd_9pm_r2), last accessed 10.4.2017). Due to data availability on Eurostat, the data on high-growth firms refers to the 'business economy', which covers sections B-N, including section K (financial activities, except activities of holding companies). The non-financial business economy excludes section K.
- <sup>21</sup> Please note that the forecasts are affected by the structural break in 2014. This might lead to overestimations.
- <sup>22</sup> The 2017 SBA fact sheets benefited substantially from input from the European Commission's Joint Research Centre (JRC) in Ispra, Italy. The JRC made major improvements to the methodological approach, statistical work on the data set and the visual presentation of the data.

<sup>23</sup> The quadrant chart combines two sets of information. Firstly, it shows current performance based on data for the latest available years. This information is plotted along the x-axis measured in standard deviations of the simple, non-weighted arithmetical average for the EU-28. Secondly, it shows progress over time, i.e. the average annual growth rates from 2008 to 2017. These are measured against the individual indicators that make up the SBA area averages. Hence, the location of a particular SBA area average in any of the four quadrants provides information not only about where the country is located in this SBA area relative to the EU average at a given point in time, but also about the extent of progress made between 2008 and 2017. All SBA principles, with the exception of the 'Think Small First' principle (for which there is not enough statistical data available), are calculated as composite indicators following the OECD/JRC Handbook guide. A detailed methodology can be consulted at: <http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

<sup>24</sup> The policy measures presented in this SBA fact sheet are only a selection of the measures taken by the Government in 2016 and the first quarter of 2017. The national SME policy expert contracted by CARSA Spain (DG GROW's lead contractor for the 2017 SBA fact sheets) made the selection. The experts were asked to select only the measures they considered the most important, i.e. the ones expected to have the highest impact on the SBA area in question. The complete range of measures complied by the experts in producing this year's fact sheets will be published alongside the fact sheets in the form of a policy database on the DG GROW website.

<sup>25</sup> Future of the German Mittelstand Action Programme, New edition 2016,  
[https://www.bmwi.de/Redaktion/EN/Publikationen/aktionsprogramm-zukunft-mittelstand.pdf?\\_\\_blob=publicationFile&v=6](https://www.bmwi.de/Redaktion/EN/Publikationen/aktionsprogramm-zukunft-mittelstand.pdf?__blob=publicationFile&v=6)

<sup>26</sup> It should be noted that with a total of 81 firms, the survey population for this particular question of the *Intrum Justitia* survey was rather limited.

<sup>27</sup> For a comprehensive discussion of the issue, see: European Commission, 2017, Commission Staff Working Document, Country Report Germany 2017 Including an In-Depth Review on the prevention and correction of macroeconomic imbalances, Brussels, 22.2.2017, SWD(2017) 71 final

<sup>28</sup> It should be noted, that the country's size and complex federal structure poses an additional challenge for a speedy transposition of EU single market legislation.

<sup>29</sup> All World Bank indicators (time and cost to export and import) have been replaced by six OECD trade-facilitation indicators (following a scale where 0 is the worst and 2 is the best score). Please see Moïsé, E., T. Orliac and P. Minor (2011), 'Trade Facilitation Indicators: The Impact on Trade Costs', OECD Trade Policy Papers, No 118, OECD Publishing, Paris. <http://dx.doi.org/10.1787/5kg6nk654hmr-en> for more information on the methodology applied to construct the indicators; further information is available at: <http://www.oecd.org/trade/facilitation/indicators.htm>, last accessed 06/07/2017.