

DOING BUSINESS ABROAD

Population: 82.5 Million

Main Exports: Vehicles and spare parts (cars and trucks), machines, chemical products (together 50% of all exports)

Main Imports: Vehicles and spare parts (cars and trucks), chemical products, food, machines

Eastern Germany - an Investors' Eldorado

Old East Germany (now called the Eastern Laender of Germany) is still an underdeveloped region. The German authorities are using every effort to attract national and international investors by offering a wide range of subsidies and grants. Combined with other advantages like excellent infrastructure, highly skilled workforce, weak position of unions, high productivity and a surprisingly flexible public administration, the investment incentives have already brought in 2000 foreign companies.

The most important aid scheme is the '33 Outline Plan for the Improvement of regional Infrastructure' (2004 – 2006). Nearly all of the Eastern Laender are eligible for the highest rate of grants under that plan: Such grants can cover up to 50% of the investment costs for SME's, mainly depending on the number of jobs created. Subsidised investments cover:

*foundation or transfer of a permanent establishment,

*extension, substantial modernisation or acquisition of an existing establishment, in the latter case on the condition that the acquired plant is shut down or threatened to be shut down.

In many cases these grants can be combined with a state guarantee covering a maximum of 80% of the bank loans still needed for the investment.

As another aid scheme, the Investment Grants Act was recently renewed for 2005-2006. It offers grants up to 27.5% of the investment costs for SME's, independent of new job creation.

Every prudent business carries out market research and evaluation before attempting to break into a market. Acquiring knowledge of local laws, regulations and trading practices is an important element in order to obviate potential risk.

Zenk lawyers of Berlin, Hamburg, and Cologne work closely with Temple & Co Commercial, Solicitors in Daventry, (who were awarded the East Midlands Business News Legal Services Award 2004) in assisting UK businesses capturing Germany as Europe's biggest market, by winning investment support from the German authorities, as well as in employment and joint venture issues .

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