

Meg Brogan, George Dikos, Andy Gish,
Konstantinos Psallidas, Babis Soultatis, Jan Meyer

Regional Aspects of Logistics Questionnaire

Germany

1. Germany is approximately 470,000 square miles in size (750 mi x 625 mi) and centrally located to serve a number of European markets like France, Holland, Poland, the Czech Rep., Switzerland, Austria, Denmark etc.
2. The population is about 80 million people. A total of 12% of the population live in the 3 largest cities (Berlin, Hamburg, and Munich).
3. The language is German. English is used in about 10% of business transactions.
4. Germany is very stable politically, with 5 main political parties. The Christian Democrats (CDU) and Social Democrats (SPD) together usually receive more than 60% of all votes. The Green Party is currently the junior partner in coalition with the Social Democrats, which could lead to even stricter environmental regulations. Also the former communist party has survived the fall of eastern Germany and now advocates a socialist form of capitalism under another name (PDS). Fortunately however this party is politically isolated right now.
5. German currency is now the Euro. Exchange rate is \$1.1/Euro.
6. Germany is entirely located in the A time zone, 1 hour ahead of GMT. Noon in Cambridge is 6 pm in Germany. Germany practices a daylight savings time system similar to the US.
7. Selling a product in Germany requires:
 1. Compliance with EU and DIN norms (the DIN norms are merged with the EU norms for the larger part)
 2. Compliance with safety regulations (e.g. CE or TÜV – Technischer Überwachungs Verein)
 3. Instructions and Packaging must be German (except for specialty goods)
 4. Customers want high quality
 5. Product liability exists but is much more limited than in the U.S. (no punitive damage fines)
 6. Compliance to various environmental regulations, e.g. the manufacturer must pay for the recycling of its products and packaging. This is organized by industry through an organisation called 'Grüner Punkt' (green dot) that manufacturers have to pay fees to.
8. There are limits on the truck speed (enforced using aircraft-like black boxes in trucks) and the driving hours for an individual driver. Transporting nuclear fuel, waste or weapons will be met with fierce resistance of political activists. Cattle transporters have to comply with certain regulation. As of now the railways are effectively a

government imposed monopoly even though officially rail transport a liberated market. Hence competitors are entering the market in small numbers.

9. Hamburg is a port for ocean going ships with facilities comparable to Rotterdam. This port is strategically located in the center of northern Germany roughly 70 km land inwards. Other major (yet smaller) ports are: Bremerhaven (for U.S. military goods), Kiel and Lübeck.
10. Commercial Banks and representatives are typically used for import commercial transactions. Imports have become more flexible after the European Integration and the EURO, although Common Agriculture Policy remains still a significant barrier to free trade. The very sophisticated Euro-Dollar market is also a powerful instrument for merchants.
11. The size of a typical supermarket is very similar to the sizes found in the U.S. However small specialty shops (butcheries, bakeries, ...) still command large market shares. Compared to the U.S. small shops remained strong because customers value the more personal service, the good reputation of small specialty shops and because shopping is usually done by walking through the inner city rather than driving to a big mall.
12. So far only Wal-Mart is aggressively trying to enter the German market by attempts to buy into one of the smaller local supermarket chains.
13. The highway and railway infrastructure is in excellent shape and has a high coverage. Only east <--> west connections are a little weaker due to the long standing separation of east and west Germany. But there are massive infrastructure projects near completion to deal with this deficiency. Due to the fact that the green party is the junior partner in the current government's coalition, any new large scale highway projects will be tough to realize politically.
14. There are some problems with rush hour traffic jams but they are not as severe compared to the situation in L.A. for example. Also the public transportation system provides a good coverage in metropolitan areas. Many employees use public transportation to commute to work. In many cities people use biking as a mode of transportation. In addition there are no mega centers of economic activity like New York or Paris, since none of the larger cities has more than 3.5 million inhabitants.
15. Major trading partners are other EU countries (mainly France, Holland, Switzerland, Austria, ...) followed with a large gap by North America and Asia. Trade with eastern European economies like the Czech Republic, Poland, Slovakia, the Baltic countries, Russia is growing fast and is accelerated by the fact that some of these countries will soon join the EU.
16. There are no major security problems in logistics, since Germany has a very low crime rate compared to the U.S. and other regions like Italy or Southern France.
17. The phone system is highly reliable and very sophisticated. The consumer can get a phone line installed in 12-24 hours and the coverage of the mobile phones is 99%-100%. In Germany there are no charges for incoming calls on a mobile. GSM is only digital cell phone standard in use, which allows cross-provider text messaging, which is a widespread mode of communication and can be used for various other information services or advertising. Since about a year, high speed Internet (mostly in the form of DSL) is available nationwide instead of only in urban centers. However the costs of flat-rates is still high compared to the U.S. Besides already deployed

mobile internet technologies like GRPS or GSM channel bundling, the global standard UMTS will provide high speed wireless internet within the next half a year (with initially limited coverage).

18. The usage of the internet is not as extensive as in the U.S., since Europeans spend less time at home. The quality of the services is not so good as in the major U.S. financial centers, however the access overall is considered to be easier.
19. Gasoline prices fluctuate around 1 Eur/liter ~ \$4 / gallon. This is mainly due to the high tax overhead. The ability of the government to adjust this tax freely, provides them with a major instrument to stabilize the economy, which is especially important, since with the Euro the government can not adjust the monetary policy for Germany only anymore. In the last 10 years the German economy has grown slower than the U.S. economy but also in a more stable manner.
20. There are no trade restrictions with members of the EU and there is a free trade area with some future EU members, such as the Czech Republic and Poland. There only exist an embargo with Irak. There are high tariffs for agricultural products due to the Common Agriculture Policy of the EU and the subsidization of the EU farmers. In general, food products are goods with high tariffs.
21. There are no specific documents required. Invoice, Origin of products, TIR, Exporter, Importer. Finally for some goods the tariffs or the taxes have to be paid in advance. Bribery is in general infrequent.
22. The labor Unions are very strong and even have representatives on the board of directors. A Company has to notify its workers, if it is going to postpone its activities, two years beforehand. Furthermore, if people loose their jobs they receive the 80% of their salary in benefit. This is a measure of the EU to maintain consumption steady. (Consumption is a stabilizer in the EU, since there is no flexibility in monetary policy.) In general as Prof. Dornbusch noted, 'it is a country with labor management'. This is also due to the fact that traditional heavy-industry production units absorb big areas. In contrast to most other industrialized countries the unions are organized for individual industries (like the steel manufacturing union IG Metall for example) and not across industries for a specific profession. As an effect even employees with an academic background are union members.