

## SPRING 2010 REFORM BAROMETER - GERMANY

### 1. SUMMARY TABLE

<u>Germany</u>				Rank among 29 **			Relative Gap	
	2008	2009	Change	2008	2009	Change	EU 5 top performers 2009	Gap to EU 5 top performers 2009
GDP per capita (Purchasing Power Parity - PPP)	29094	27303	-6.2%	11	11	0	LU, IE, NL, AT, BE	-20%
GDP per capita (€ at 2000 prices)	27693	26341	-4.9%	11	12	-1	LU, DK, SE, IE, UK	-23%
Labour Utilisation (Annual hours worked per capita)	670	647	-3.4%	27	27	0	CY, SI, GR, CZ, PL	-27%
Annual hours worked per person employed	1430	1382	-3.3%	27	28	-1	GR, HU, PL, SI, CZ	-31%
Employment as % of labour force (100-unemployment rate)	92.7	92.3	-0.4	22	12	10	NL, DK, AT, CY, LU	-3
Labour participation (labour force as % of active population)	76.5	77.0	0.5	6	6	0	NL, DK, SE, DE, UK	-2
Dependency ratio (working age population as % of total population)	66.1	65.9	-0.2	25	25	0	SK, PL, CY, CZ, RO	-7
Labour Productivity (GDP per hour worked, in PPP)	41.5	40.3	-2.8%	6	6	0	LU, BE, NL, FR, DE	-7%
Labour Productivity (GDP per hour worked, € at 2000 prices)	39.5	38.9	-1.5%	9	8	1	LU, SE, BE, DK, FR	-18%
Capital deepening (capital stock per hour worked)*	5.5	5.6	1.6%	6	8	-2	IE, FR, LU, AT, SE	-5%
Total Factor Productivity (level of economic efficiency per hour worked)*	7.2	7.0	-3.0%	10	11	-1	LU, UK, DK, SE, BE	-19%
Corporate Investment (private investment excluding non-residential, % GDP)	13.2	11.9	-1.3	10	8	2	BE, RO, AT, DK, SK	-1.2
Current Account Balance (as % GDP)	6.6	4.0	-2.7	3	6	-3	LU, SE, LV, DE, EE	-2.4
Export market share measured in volume relative to main 35 trading partners (from 2000)	18.1	16.1	-2.0	9	11	-2	RO, LT, HU, CZ, PL	-38.6
Unit labour Costs relative to main 35 trading partners (from 2000)	-15.2	-13.7	1.5	1	1	0	DE, PL, AT, SE, GR	-6.6
Government gross debt (as % GDP)	65.9	73.1	7.2	23	23	0	EE, LU, BG, RO, LT	55.2
Net lending/net borrowing of general government (as % GDP)	0.0	-3.4	-3.4	9	9	0	BG, DK, SE, LU, FI	-1.4
Required budgetary adjustment related to ageing (as % GDP)	N/A	2.1	N/A	N/A	15	N/A	PL, EE, HU, BG, SE	2.0
Public Investment (as % total public expenditure)	3.7	3.8	0.2	25	25	0	BG, RO, EE, CZ, PL	-12.5
Tax burden (as % GDP)	39.6	40.0	0.4	20	21	-1	LV, RO, IE, SK, LT	12.1

**Note:** Labour utilisation and productivity are a product of its sub-components.

\* Rank refers to EU15 \*\* EU 27, Norway and Switzerland

Source : European Commission, Eurostat

A methodological note can be found in the report or [here](#).

## 2. PRIORITIES FOR REFORM: : ANSWERS FROM BDA AND BDI (GERMANY)

	1. Priority areas	2. Concrete Recommendations	3. Are the proposed recommendations already in the agenda of your Government?	
			Yes	No
Priority 1	<b>Orientation and sustainability of public finances</b>	Develop exit-strategies for stimulus-programmes to tackle economic crisis; fulfill criteria for the so-called "debt-brake"; consolidation concerning expenditures, favouring investment-related spending and identifying opportunities for savings	X	
Priority 2	<b>Financial markets and access to finance</b>	As company funding is crucial to economic recovery, it is necessary - inter alia - to revive the securitisation markets, bolster equity and regulate financial markets in moderation (undesirable side-effects for the real economy must be avoided).	X	
Priority 3	<b>Education and life-long learning</b>	Boost STEM-qualifications to improve supply of skilled employees; Remove barriers between occupational training and universities to create more permeability within the educational system; Enable autonomy of schools with regard to financial matters and selection of personnel	X	
Priority 4	<b>Labour taxation to stimulate labour demand</b>	Benefits financed by social insurance should concentrate on basic protection; greater emphasis on subsidiarity; benefits not covered by insurance must be financed out of general tax revenue; the financing of social insurance should be decoupled from work	X	
Priority 5	<b>R&amp;D and Innovation</b>	Increase expenditures for research and development to 3 percent of gross national product; implement a R&D tax credit scheme; create a positive climate for innovation within society	X	