

Germany's growing future

Europe's biggest economy forecast to grow further in 2017 and 2018

Berlin (GTAI) - Germany's Council of Economic Experts (GCEE) presented Chancellor Angela Merkel with a late re-election gift on Wednesday: a forecast of steady growth for the next two years.

2018 will see Germany's GDP grow by 2.2 per cent, on the back of a predicted 2 per cent rise in 2017, according to the council, with the 2017 projection a sharp increase on the previous one of 1.4 per cent. There is set to be a budget surplus of €31.3bn this year, a whole one per cent of GDP and the highest since reunification.

The report, 463 pages long, pointed at strong private consumption, private and public investment – particularly in equipment and R&D – and the steady recovery of the Eurozone as a whole benefitting Germany as an export-oriented economy, as the primary reasons for the cheerful forecast. Businesses thus have good reason to be happy, as was reflected a fortnight ago in the German business climate index from Munich's Ifo Institute, which reached a monthly record of 116.7 points in October.

"The solid economic situation provides an ideal opportunity to re-adjust economic policy in order to prepare Germany for the challenges of the future," said the GCEE Chair, Christoph M. Schmidt.

Among the recommended adjustments were a raft of suggestions geared towards making the growth more sustainable, including maintenance of budget surplus, improved labour laws to further enhance work-life balance and further loosening of regulations hindering innovation and accelerated movement into digital change.

"The GCEE report is significant in that it marks out Germany's economy as a place for manufacturing, research and innovation," said Dr. Jürgen Friedrich, CEO of federal economic development agency Germany Trade & Invest.

"Our export economy continues to be a pillar of strength, also helping us develop further as the premier manufacturing location within the Eurozone economy of 500 million people. Meanwhile, the strong investment in R&D noted by this report is a sign that we are not only concerned with the current bottom line, but also future ones."



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