

FDI Framework

The Federal Republic of Germany is an open market economy, in which the engagement of foreign companies and investors is welcome. The federal government sees foreign direct investment (FDI) as an important initiator of economic growth and employment in the country.

A company looking to invest in Germany can do so in different ways. Foreign direct investment takes two forms:

- ▶ [Company Establishment \(Greenfield Investment\)](#)
- ▶ [Mergers and Acquisitions \(M&A\)](#)

Company Establishment (Greenfield Investment)

The establishment of a company in Germany is a straightforward process. Foreign investors can choose freely between available legal company forms for their business projects. Foreign company establishments in Germany are not subject to reviews under German foreign trade regulations.

For further information about business establishment in Germany read

- [Establishing a Company](#)

Mergers and Acquisitions (M&A)

In the majority of cases, foreign investors can acquire stakes in German companies without special restrictions.

To minimize threats to German or EU public order or security, the Federal Ministry for Economic Affairs and Energy (BMWi) may review and, where necessary, also prohibit acquisitions of domestic companies by foreign buyers. Any acquisition of 25 percent or more of the voting rights of a company located in Germany by investors based outside the EU or the EFTA region can be subject to such review. If the domestic target company operates in a particularly sensitive area (e.g. critical infrastructure and other civil security-related infrastructure), the BMWi can review acquisitions of 10 percent or more of the voting rights.

As a response to the coronavirus pandemic, parts of the health care sector have been added to the catalogue of critical infrastructure. Accordingly, a notification requirement applies whenever a company from outside the EU wants to acquire a share of more than 10 percent in a German company developing or producing vaccines, pharmaceuticals, personal protective equipment (e.g. facemasks or surgical masks), or medical products intended for the treatment of highly infectious diseases (e.g. ventilators).

Special rules apply to the acquisition of domestic companies that operate in sensitive security areas (e.g. manufacturers and developers of weapons and other military key technologies). Under these rules, the BMWi can review whether an acquisition of 10 percent or more of the voting rights of a domestic company by any foreign buyer poses a threat to German security interests.

All reviews are made on a case-by-case basis and not applicable to other companies or acquisitions. The investigations are non-discriminatory and do not distinguish acquisitions based on investor country of origin.

For further information on investment reviews in Germany please refer to the [Federal Ministry for Economic Affairs and Energy](#) [↗](#)


How can GTAI help?

The main function of GTAI is advising foreign investors on setting up their business in Germany. GTAI does not have the mandate to advise investors on the acquisition of stakes in German companies.

However, enquiries on merger and acquisition projects can be directed to GTAI's partners and other specific service providers in this area.

Contact Us

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 [Submit your question](#)

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