R&D Incentives

Research and development (R&D) are the cornerstones of the future of the German economy. Generous public funding programs contribute to the excellent conditions allowing companies from all over the world to carry out their R&D in Germany: setting the stage for international high-tech products "made in Germany."

The public and private sectors have made a significant commitment to spend around three percent of national GDP per year on R&D activity. This amounts to approximately EUR 70 billion R&D spending annually.

Germany’s High-Tech Strategy

The German federal government promotes research through the so-called High-Tech Strategy. This initiative defines areas of particular significance due to their contribution to solving global challenges. Support is also granted to key technologies that act as innovation drivers.

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Concrete calls for project proposal submissions specify the type of support (in the form of subsidies) that will be offered. In this way, several billion euros can annually flow into projects that focus on research and development for innovative products, processes, and services – all carried out within Germany.

R&D Subsidies for All Types of Technology

There are also subsidy programs in place for all types of technology that are primarily targeted at small and medium-sized enterprises (SMEs). The “Central Innovation Program for SMEs” (ZIM) is the best known of these programs; its aim is to promote innovation and competitiveness at SMEs.
**Additional R&D Subsidies**

The German federal government is not the only institution that offers support in the form of subsidies for R&D projects. The German state governments also provide innovative R&D programs through their business development banks; these programs generally tend to be open to all types of technology.

One attractive alternative to R&D subsidies is special credit programs that promote innovative projects. The KfW, Germany’s federal government-owned development bank, and the German state development banks have a wide range of programs available for this purpose. The advantage of these programs is that they are open to all types of technology and generally cover higher R&D costs.

Young technology companies, in particular, tend to have to rely on their own capital. The public sector here in Germany has the ideal programs in place for these companies as well; venture capital firms on the federal or state level that are fully government-owned or are co-owned by the government offer equity capital for the early stages of company development. A prime example of these programs is High-Tech Gründerfonds, an initiative of the German Federal Ministry of Economic Affairs and Energy (BMWi) that provides innovative start-ups with funding. High-Tech Gründerfonds is supported by renowned partners from German industry.

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**This content is relevant for:**

Wirtschaftsumfeld

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