

Foreign Businesses in Germany

In principle, business activities in Germany are free from regulations restricting day-to-day business. German law generally makes no distinction between Germans and foreign nationals regarding investments or the establishment of companies.

Intellectual property is well protected by patent laws which extend the same conditions enjoyed by Germans to foreign entrepreneurs. Where necessary, investor rights can be enforced by Germany's efficient judicial system.

Reliable laws enable companies to plan their investments effectively and licenses granted by the authorities provide a secure base for breaking ground on a construction project or operating a plant.

Foreign Trade and Payments Act

Germany has an open and welcoming attitude towards foreign direct investment (FDI). The legal framework for FDI in Germany favors the principle of freedom of foreign trade and payment transactions as laid down in the Foreign Trade and Payments Act (*Außenwirtschaftsgesetz*) and the Foreign Trade and Payments Ordinance (*Außenwirtschaftsverordnung*).

The Federal Ministry for Economic Affairs and Energy (BMWi) may however review acquisitions of German domestic companies. In general, the cross-sector investment review procedure is applicable to acquisitions of at least 25 percent of the voting rights by non-EU/EFTA based buyers. The subject of the review is, whether the acquisition poses a threat to the public order and/or security of Germany. If the domestic target company in particular operates critical infrastructure or provides other specific security-relevant services related to the operation of such infrastructure, BMWi can however review acquisitions of 10 percent or more of the voting rights. These cases must, in contrast to the general cases of the cross-sectoral rules, be reported to BMWi.

The sector-specific investment review procedure applies to acquisitions by any foreign buyers of at least 10 percent of the voting rights of companies operating in sensitive security areas (e.g. war weapons, ammunition, military equipment and products with IT security features used for the processing of classified government information). The basis of the review is whether the investment would endanger German essential security interests. Acquisitions falling under the scope of the sector specific investment review must be reported to BMWi.

In practice, restrictions and prohibitions are very seldom under both procedures. Greenfield investments, where a new company is established, are not affected by the review. The scope of the review procedure is limited to acquisitions of domestic companies as well as substituting transactions, such as asset deals involving all significant assets of domestic companies.

For detailed information, please refer to:

- [Federal Ministry for Economic Affairs and Energy](#) 

Import Regulations

Importers in Germany need neither an import permit nor an import control declaration. This applies to both residents, meaning natural persons residing in Germany as well as legal entities or partnerships with a registered office or management headquarters in the territory of the Federal Republic of Germany.


On certain goods import duties apply, which over the past years have been constantly reduced. Some goods, such as agricultural products, food, pharmaceuticals, chemicals, and goods of strategic relevance are subject to certain import

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restrictions. In such cases import licenses and surveillance documents may need to be obtained before importing to Germany.


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