



# GERMANY

## State of Play – Winter 2017



### MACROECONOMIC SITUATION

- Robust growth in 2016 driven by domestic demand, in particular private consumption
- Imbalances**
- Persistently high current account surplus, reflecting an excess of savings over investment related to structural, regulatory and fiscal factors
  - Some increased public spending on infrastructure, although yet to result in clear upward trend in public investment as a proportion of GDP
  - Subdued business investment
  - Positive labour market developments are partly mirrored in full-time employment and wage growth; demographic challenges in light of ageing society



### PROGRESS ON COUNTRY-SPECIFIC RECOMMENDATIONS

**Some progress**

- in increasing public investment

**Limited progress**

- in reducing inefficiencies in tax system and stimulating competition in services sector
- in reducing disincentives to work for certain groups (eg. for elderly, second earners, low-wage earners)



### FISCAL SITUATION

- No excessive deficit
- Structural balance above the medium-term budgetary objective in 2016
- Public debt above, but rapidly converging to, the 60% of GDP reference value
- Draft Budgetary Plan 2017 assessed as compliant with the rules of the Stability and Growth Pact



### POLICY HIGHLIGHTS

- '*Industrie 4.0*' platform brings together business groups, trade unions, educators, amongst others, to coordinate and influence the digital evolution of German industry.
- '*Mittelstand 4.0*' is a network of centres of excellence providing SMEs advice, training, financing for consultants, and advanced technology testing possibilities related to digitisation.

More info at

<https://ec.europa.eu/info/strategy/european-semester/european-semester-timeline/analysis-phase>