

EIC COUNTRY REPORT GERMANY



Executive summary

Germany has both the largest population and economy in the EU, accounting for 28% of the Eurozone GDP according to the International Monetary Fund. Its wealth of small and medium sized enterprises, of which 99% of all German companies belong to, creates an active and varied economic base that forms the backbone of German industry.

The country is a major centre for trade and technological development, and while heavily reliant on the service sector, it retains a prominent manufacturing base most notably in the automotive industry, with Germany the fourth largest producer of vehicles in the world. This sector contributes greatly to its export output with the country ranking third in the world for exports, behind only China and the US.

Energy is a key foundation in providing the resources needed to support the factories and service industries located across the country. Germany is active across the upstream, midstream and downstream sectors of the oil and gas industry, and while phase-outs are planned in the coal and nuclear power sectors, the country is one of the world leaders in renewable energy investment as a result of its pioneering Energiewende (German for energy transition) policy.

In 2017, Germany was the sixth largest consumer of energy in the world. The country has the largest chemical industry in Europe forming a thriving downstream sector and major midstream projects such as the Nord Stream 2 pipeline, under development to expand natural gas import capacity from Russia, mean the country is a destination for billions of dollars of capital expenditure in the oil and gas industry.

In the electricity sector, Germany's transformational energy policy, Energiewende, has been the driver towards the extensive deployment of renewable energy in the country and it has become a world leader among large industrial nations. Renewable power generated 36% of the country's electricity in 2017, up from 29% in 2016, helped predominantly by the deployment of wind which is now the second largest electricity source above natural gas, nuclear and coal. Germany wants to achieve an 80% share of renewables in its power sector by 2050.

Much of this capacity will be achieved through the further expansion of offshore wind power. Price reductions and technological advancements have made offshore wind an increasingly attractive technology that is likely to make a significant contribution to reaching Germany's climate targets while also replacing generation being

taken offline in the conventional and nuclear power sectors.

Nuclear power was due to be a key bridging technology as part of the Energiewende policy, however, the Fukushima nuclear accident in March 2011 saw this part of the policy removed, and a date introduced to phase out all nuclear power generation in the country. Germany is now a major market for nuclear decommissioning in Europe, and the country is seeking relevant goods and services from foreign companies to assist in successfully decommissioning the 17 nuclear power plants that will all shut down by 2022.

This report highlights the major projects in planning and under development across the oil and gas, power, nuclear and renewable sectors in Germany and provides analysis of the political, economic, social and technological factors to consider in the market. It also lays out how to go about doing business in the country and various market entry considerations in order to take advantage of the sizeable opportunities available across Germany's energy industry.

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