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Notes on the regional definitions used

New federal states: Brandenburg, Mecklenburg-Western Pomerania, Saxony, Saxony-Anhalt, Thuringia

Eastern Germany,
eastern federal states: New federal states and Berlin

Old federal states: Baden-Württemberg, Bavaria, Bremen, Hamburg, Hesse, Lower Saxony,
North Rhine-Westphalia, Rhineland-Palatinate, Saarland, Schleswig-Holstein

Western Germany,
Western German federal states: old federal states without Berlin

Any deviations from these definitions have been referenced.
Part A
I. 30 Years After the Peaceful Revolution

The citizens of the former German Democratic Republic launched a peaceful revolution that tore down the inner German border and brought about freedom and democracy. Germany has since continued to grow into one entity and living standards are converging. The Federal Government Commissioner for the New Federal States publishes the Annual Report of the Federal Government on the Status of German Unity to provide information on “policy measures to achieve the harmonisation of social, economic, political and cultural living conditions throughout reunified Germany”.

The Peaceful Revolution took place almost thirty years ago. Today, Germany is much more than simply a country that was reunited by the Unification Treaty. As a result of thirty years of cooperative rebuilding efforts, many successful political compromises and social interaction, a country divided for four decades has grown together again. To further strengthen the unity achieved despite occasional tensions is the task of all citizens in democratic Germany for the years to come.

Numerous internal as well as external forces led to the demise of the GDR. Among them were pervasive state control, deepening economic and financial problems and the resulting and increasing certainty that GDR citizens were being permanently cut off from the opportunities and living standards of west European countries. The Wall received its decisive blow from courageous individuals who stood up to the absolutism and repression of the SED. They brought down the system that had long become hollow. The images from autumn 1989 illustrate that for the majority of its citizens the end of the GDR was an enormous liberation – which they themselves had achieved. This year we wish to commemorate in particular the courage of the protagonists of the upheaval of 1989/90.

The end of German division also put an end to the European post-war order with its ideological divisions. This also occurred peacefully and with the consent of all countries involved. This is the biggest achievement of all of the government leaders in the Federal Republic of Germany and in the GDR. Step by step, German Reunification finally overcame the East-West divide in Europe.

II. Progress in convergence of standards of living in the east and west

Thirty years after the Peaceful Revolution, the policy of the German Federal Government is to continue to achieve equal living conditions throughout Germany, to reduce existing disparities and to prevent them from becoming permanent. The German government uses many approaches, including regional and economic policy, to counteract negative trends and to make Germany resilient and sustainable by strengthening social cohesion.

To date, great progress has been made in convergence of economic performance and living standards in eastern Germany and western Germany: transport, energy and telecommunications infrastructures have been extensively modernised and expanded. The state of repair of buildings in cities and villages has visibly improved and the backlog in refurbishment and modernisation has been largely eliminated.

One of the most urgent tasks after reunification was environmental protection. The damage to the ecology that the SED regime left for reunited Germany to clean up was catastrophic. High risks of danger to humans and the environment were taken in stride. Acute health hazards were caused in particular by polluted drinking water and severe air pollution in industrial regions. Thanks to joint efforts between the Federal government, the federal states and municipalities – and assistance from the EU – these environmental risks were eliminated in surprisingly short time and modern structures were created. This process also benefited from economic restructuring, which led to the closure of many particularly polluting manufacturing facilities.

The ecological restructuring of eastern Germany created new assets and contributed greatly to economic structural change. Today, Germany is one of the leading countries for environmental technology. This is due to an ambitious environmental policy and ultimately, also to the efforts and competence of skilled labour in the east and west.

The new federal states are attractive to young, innovative companies and research organisations looking for a region to set up their businesses. This is particularly evident in the renewable energies sector. Environmental and energy technologies have a relatively strong presence in eastern Germany and are increasingly important for economic development.
1. Economic growth

The economy in eastern Germany has grown from 43% of the level in western Germany in 1990 to 75% in 2018, and is thus close to the European Union average. Gross wages and salaries and disposable income of private households are currently at 85% of the western German level, however, the difference is even less when factoring in the difference in cost of living.

The European internal market and integration in a global economy are become increasingly important for eastern German economic growth. This requires an open attitude toward people from other countries, continents and cultures – both as customers for products produced in the area as well as toward skilled labourers and their families immigrating there.

The convergence of economic strength has been on a continuous upward trend since the turn of the millennium. This is attributable to a large extent to growth in companies and income in eastern Germany. The federal states and municipalities also profit from continued growth – however, in 2019 the growth trend slowed down somewhat compared with previous years. In 2018 growth in GDP in real terms in eastern Germany (including Berlin) was 1.6%, again slightly above the rate in western Germany (1.4%). Especially in comparison with European regions the trend is positive.

This is evident in the infrastructure, urban and village landscapes, housing, the environment and health services. Life expectancy has also reached the same level. Legal and social policy adjustments have largely been completed. In particular, recent legislation to align pension payments resolved an issue that greatly concerned many citizens of eastern Germany.

However, there are still disparities in economic performance, attributable to structural aspects. This is attributable to the fact that the eastern Germany economy is still organised on a small scale, there are no headquarters of large corporations and the region is very rural. Today, not a single eastern German company is listed on the DAX-30, the leading stock exchange index. Among other things, this structural difference is also reflected in lower research and innovation activities and in a lower degree of internationalisation. Many eastern German companies belong to corporations based in western Germany or other countries.

2. Strong drop in unemployment in the east

Employment in eastern Germany has experienced an increasingly positive trend in past years. This is particularly significant. The unemployment rate in eastern Germany has dropped by more than 12 percentage points since 2005, from its highest level of 18.7% (August 2019: 6.4%). In western Germany the unemployment rate dropped by about 5 percentage points during the same period. The average for 2018 was 6.9% for eastern Germany –0.7 percentage points lower than the previous year. In comparison, the average unemployment rate in western Germany was 4.8%, 0.5 percentage points lower than the previous year. This is a remarkable development, because the difference between the eastern and western German unemployment rates around 2000 exceeded 10 percentage points. In 2018 this difference had dropped to only 2.1 percentage points. However, this is also attributable to the less favourable demographic development in eastern German regions.

3. Demography

Germany experienced another significant demographic shift after reunification. Our country had a record population of 83 million in 2018, yet the population is continuing to age. The current average age of 45 is five years more than at reunification. The birthrate has gone up since 2012 from its persistent low level of 1.4 children per female to 1.57. The net immigration since reunification has varied greatly, at an average of 311,000 persons p.a., which is 90,000 persons more annually than in the long-term average since 1955.

The eastern German federal states brought a fairly young population to united Germany. In 1989 and after the fall of the wall, however, a strong wave of emigration began. From 1990 to today, a net figure of over 1.2 million citizens emigrated from the new federal states.

Western Germany and in particular, the southern German federal states, benefited greatly, also from an economic point of view, from the immigration of young, skilled eastern Germans. The population grew in all federal states in western Germany, with the exception of Saarland. In the new federal states, only Brandenburg reports population growth. Due to the drop in births after 1990 and the net emigration—which has meanwhile stopped—the average age in the new federal states is higher today than in the west.

Since 2013, the migratory balance for the eastern German federal states and Berlin has become positive compare with western Germany. In 2017 the migratory balance for the eastern German non-city states was also positive with respect to western Germany. This shows that the new federal states are becoming increasingly attractive and that the standard of living between east and west is converging.
However, the emigration of especially young, skilled citizens in the past, as well as the dramatic decline in the birth rate at the beginning of the 1990s has put a big burden on the development of the new federal states. On the one hand, the shrinking workforce reinforced the strong drop in unemployment, yet is on the other hand a detriment to economic growth and evening out economic disparities between east and west. The trend to increased agglomeration and the related decrease in the rural population that is visible in all parts of Germany make it difficult to ensure the provision of essential community services, and thereby, equivalent living conditions in urban and rural areas.

This situation is particularly evident in the growing lack of skilled workers. The disadvantageous age distribution compared with western Germany and the lower population density in many eastern German regions are factors that already today limit the number of skilled workers available to the economy. On the whole, in all of Germany the availability of skilled workers has decreased in about two-thirds of all professions over the past five years—especially in eastern Germany.

Up to now, the west has profited much more from migration of workers from abroad than eastern Germany. The shift in ratios of age groups in the coming years will be much greater in eastern Germany than in the west. The ratio of people of working age will reduce significantly while the ratio of people aged 65 or over will increase considerably.

Over the past 29 years, eastern Germany has become an attractive location for business. The small and medium-sized firms in the east are well-equipped for international competition. Today’s share of industry in gross value added in the eastern German non-city states exceeds the average for the European Union. Industrial hotspots are also gradually emerging in the east German federal states.

The progress toward equivalent living standards is the result of hands-on solidarity, myriad commitments and the strong aspirations and courage of all those involved to deal with the process of catching up, often under difficult conditions. It is incorrect, by the way, to speak of the “east” as a uniform territory. The regions in this area are developing at different rates. The Federal Government therefore focusses on Germany as a whole, with the goal of evening out structural disadvantages of individual regions all over Germany, and creating equivalent living conditions in all of the federal territory.

4. Attitudes and level of contentment

Despite the impressive progress made, German citizens—especially those living in the new federal states—report varying levels of satisfaction regarding the status of the German reunification. Many experience a great sense of satisfaction regarding their own lives and economic development in general. After years of continuous growth in Germany, over two-thirds of the citizens in the new federal states report that their personal lives have improved since 1990.

A similar number report that others besides themselves living in the east also have a better life today than before the Peaceful Revolution. The growing satisfaction of citizens in eastern Germany regarding financial matters is confirmed by many more or less similar surveys. Since 2009 – the height of the global financial crisis – the share of those who are concerned about the general economic situation had dropped by 2016 from more than 45% to 14% in the west, and from 49% to 17% in the east, according to the Socio-Economic Panel (SOEP) of DIW.

In 2016, for which the most recent figures are available, people in western and eastern Germany were on average more satisfied with their lives than at any other point in time after reunification. However, assessments still vary when citizens in the east and west are asked about the differences between east and west, and in particular, whether people in the east are worse off than in the west.

Dissatisfaction is palpable in the new federal states regarding political matters. According to a survey recently conducted for the Federal Government, 57% of eastern Germans feel like second-class citizens. Only about 38% of those surveyed in the east perceive reunification to be a success. Among those under 40 years of age, this number drops to only 20%. Approval ratings for democracy give rise to concern in eastern Germany. Almost half the people in the east tend to be more dissatisfied with the way democracy is functioning. This dissatisfaction is also noticeable in the greatly varying election results in east and west in recent years.

One of the causes is the painful and radical upheaval in the east after the GDR regime fell. Many debates held in the west indicate that some people in the new federal states, similar to other countries in transition located in the sphere of influence of the former Soviet Union, are still more wary of democracy and market economics—and consequently, the very cornerstones of society in the Federal Republic of Germany—than their fellow countrymen in the west. From their point of view, this has not been a total success story. This shapes their personal view of the Federal Republic of Germany.
III. The task of reunification

Reunified Germany is a different country than in 1990. Reunification not only changed eastern Germany, but also the Federal Republic of Germany as a whole. The Peaceful Revolution made an impact both in the intra-German as well as the European and international context. October 3, 1990 is the date that stands for a profound turning point in the lives of all Germans. As a consequence, something new arose. This new situation also comprised the relocation from Bonn to Berlin of the Bundestag, the Bundesrat and large sections of the federal ministries, associations and capital city media.

Reunified Germany is today facing new and mutual challenges. This includes not only managing demographic change and digitisation, but also in particular the changed role of our country in Europe and the world. These aspects, and not so much the decisions made in the past, are the anchor points for discussions regarding the future positioning of reunified Germany, both internally and internationally.

1. Security policy after the Cold War

After 1990, the two German countries were at the focus of extensive disarmament efforts, due to their previous roles as front-line states of the NATO and the Warsaw Pact military alliances. In 1990, more than one million soldiers were stationed in Germany. An inconceivable number of atomic weapons and conventional weapons were at the ready on both sides of the Iron Curtain. In contrast, our country today is stable and peaceful.

Reunification marked a phase in which, for the first time in recent history, Germany has been surrounded by neighbours that are at the same time friends. The Two Plus Four Treaty overcame the European post-war order, thereby instigating an historically singular phase of good-neighbourliness and close economic, social and political cooperation. This phase reached the first high point in May 2004, when numerous former communist countries acceded to the European Union.

This peace, as well as its basic tenets such as democracy, freedom, equality, the rule of law and tolerance are not axiomatic, rather must be continually secured and reinforced. The greatest achievement of the European Union is that its member states have been at peace for decades. However, today the EU is faced with new challenges from the outside and from within.

Contrary to hopes in the early 1990s, the world did not become a more peaceful place after the Cold War ended. Security policy issues range from North Africa to the Sahel region, the Horn of Africa, the Near and Middle East, and to Central Asia. Even in Germany, we notice the consequences of these crises and conflicts, and to a certain extent, the hopeless situation of people in countries bordering directly on Europe. In addition, the security challenges have become more complex: hybrid warfare, transnational terrorism, cyberattacks and pandemics are only a few examples.

Due to its history, economic strength and evolved political importance, Germany has a strong interest and particular responsibility for advocating for freedom and security, using a networked approach of foreign policy, security and development policy, both with allies and partners in the European Union and NATO, as well together with the United Nations organisations. It is essential to defend human rights, freedom, democracy, the rule of law and international law. Reunified Germany must play a role in this effort.

This involves continually renewing, explaining and defending a common understanding of a rule-based and value-based international order. The task set forth in the Basic Law that reads “to promote world peace as an equal partner in a united Europe” continues to apply.

2. Germany is now at the heart of a united Europe

Germany’s appeal has grown immensely since 1990. Since then, many people have moved here from former Eastern bloc countries. Germany has profited from the euro and the Single Market more than practically any other country. Trade and the linkage with central and eastern Europe – with countries that had been the major export markets for GDR goods – are gaining in importance. According to the Federal Statistical Office and the German Eastern Business Association (OAOEV), goods and services in the amount of around €426 billion were traded with central and eastern European countries. Almost €214 billion of this were exports. This is more than the volume of trade with China and the USA together.
Last year alone, German foreign trade with 29 countries ranging from the Czech Republic to the Russian Pacific coast grew by 6.5%—once again exceeding growth in German trade in total, at 4.2%. German exports to Poland have almost quadrupled since it joined the EU in 2004, and sales figures are now nearly on par with trade with Great Britain. Also showing strong growth once again in 2018 are German exports to the Czech Republic (+6.1%), to Hungary and the Slovak Republic (both +5.4%), as well as to Estonia (+11.4%). Eastern and western German companies contribute equally to this trend.²

Germany took its place at the heart of Europe when the division of Europe was overcome. This places a new responsibility on our country. The stability and unity of the EU are of utmost importance to Germany. Only a united EU has the sufficient strength and capability of taking action that is required for maintaining a key position internationally and effectively representing its own interests and values. This requires a culture of continual political compromise between the Member States. Formats such as the Weimar Triangle could contribute to these efforts. Since 1991, Germany, Poland and France have met on a regular basis and jointly provide political impetus. Numerous contacts at the societal level, work with political foundations or cultural and scientific community projects promote understanding beyond official political meetings.

IV. Solidarity with structurally weak regions in all of Germany

The strong macroeconomic situation in Germany, long-term financing for social security systems, effective financial equalisation and regional policy measures have helped eastern German regions to catch up in past years. At the same time, there are significant economic imbalances between the various regions in Germany and differences in living conditions. One of the Federal Government’s goals is to use specific approaches to prevent existing disparities from becoming permanent, and to strengthen social cohesion. Equalising regional imbalances is the job of the government in the German social market economy that has been the economic model in Germany for over 70 years. Additional government responsibilities under this principle include providing good general conditions and ensuring a reliable regulatory and legal framework so that businesses can develop innovative products and services. Today globalisation and digitisation, climate change and demographic changes pose new and growing challenges. The principles of social market economics can also serve as a compass for these new requirements.

Solid economic data and balanced budgets alone do not ensure that citizens are satisfied with their lives. Proper medical services, education, sufficient and quality day care for children, suitable support, aid and participation opportunities for senior citizens and close care facilities and cultural institutions are important building blocks for local quality of life. In addition, affordable living space, reliable public transport and good digital infrastructure are also important to citizens. The Federal Government has therefore given high priority to provision of vital public services. Creating equivalent living conditions is a joint task of the Federal, state and local governments. Discussions in the federal states on regional reorganisation have shown repeatedly that there is a need for availability of government offices and structures at the local level. This insight must be taken into account in all discussions taking place in all regions of Germany on the topic of the consequences of demographic change.

Important principles for equivalent living conditions in Germany include a solid budgetary policy, sustainably financed social security systems and an effective federal financial equalization. The Federal Government already provided a solid basis for this in the past legislative period. Restructuring of federal finances in 2017 will provide additional funding starting in 2020 in the amount of nearly €10 billion annually—these funds can also be used to bolster municipal finances. The eastern German federal states have also produced budget surpluses and significant consolidation results in recent years.

1. The future of structural and regional assistance after the Solidarity Pact has ended

Furthermore, the Federal Government provides assistance for equal standards of living in the form of active structural and regional policies, as well as measures that address the social and regional needs of citizens. The eastern German states have benefited greatly in the past 15 years from assistance provided by the Solidarity Pact II, which will be phased out at the end of 2019. In the future, the main goal of federal policy will be to achieve equivalent living conditions, reduce existing disparities and to prevent them from becoming permanent.

To this end, the Federal Government, federal states and municipalities have drafted recommendations with the help of the federal commission “Equivalent Living Conditions”. Together with the federal states and municipalities, the subcommittees of this commission have prepared recommendations and measures for equalising the standard of living in Germany. The Federal Ministers that chair the committee have drafted recommendations for the further development of active structural and particularly regional policy.3 On 10 July 2019, the Federal Cabinet adopted federal measures for implementing the findings of the commission. The Federal Government will consult with the federal states and municipalities on further steps for implementation.

One focus of these measures is to create a national funding system for combining funding programmes for strengthening structurally weak regions in east and west, urban and rural areas.

In addition to the measures for regional economic assistance, programmes from the areas of research and innovation, securing skilled workers, broadband expansion and digitisation, as well as social and technical infrastructure will be included. Individual programmes can autonomously use alternative approaches to defining funding requirements and, as in the past, may be used in areas not defined as economically weak. Furthermore, there are plans to consolidate unused and unappropriated funds across several years and to apply them to regional projects in structurally weak regions. Some federal funding programmes include new or expanded funding preferences in favour of structurally weak regions, and some programmes will be reinstituted.

Additional measures adopted by the Federal Government for implementing the Commission’s findings relate to:

- funding for jobs in structurally weak regions by relocating agencies and ministerial research institutions;
- nationwide broadband and cellular expansion as well as improved mobile accessibility and mobility in rural areas by means of efficient mobility services and improved traffic infrastructure;
- funding coming partly from the federal government for subsidising rural development as part of the Joint Task for the Improvement of Agricultural Structures and Coastal Protection (GAK), which aims to focus on investments in provision of public services in rural areas as well as in attractive and vital city centres and elimination of building vacancies, and enhancing urban construction funding with emphasis on structurally weak regions, cross-municipality partnerships and revitalisation of city and village centres, as well as continuation of federal funding for social housing beyond 2021;
- creating a German Foundation for Involvement and Voluntarism (Deutsche Stiftung für Engagement und Ehrenamt) to assist volunteers with services and digitisation, as well as support to participation and involvement of citizens at the municipal level;
- commitment from the Federal Government to help in further development of quality and participation in day care for children beyond 2022, as well as the creation of a support system and a federal programme for accessibility for the handicapped, especially in structurally weak regions.

2. Securing a future for the lignite mining regions

Important momentum for future federal funding policies for the regions is also provided by recommendations from the Growth, Structural Change and Employment Commission. The Commission had submitted a plan for gradually reducing coal-fired power generation and phasing it out by 2038. In addition, it had recommended numerous programmes to promote structural change. On the basis of these recommendations, the Federal Government drafted in August 2019 a bill for strengthening the structure of the coal mining regions (Strukturstärkungsgesetz Kohleregionen), containing numerous measures to effectively boost structural improvement in those regions. An important part of this

3 “Our plan for Germany: Equal Living Conditions Nationwide.” Assessments made by Federal Minister Horst Seehofer, Chair, and Federal Minister Julia Klöckner and Federal Minister Franziska Giffey as Co-chairs on the findings of the Equal Living Conditions Commission, 10 July 2019.
act is federal funding for the affected federal states to be used for particularly important investments of the federal states and municipalities, earmarked for up to €14 billion up to 2038 at the latest. The Federal Government will also spend up the €26 billion for its own specific projects in the coal regions.

In this manner the coal phase-out and the energy transition as a whole can turn out to provide important economic impetus for the affected areas. The planned programmes will help the mining areas to develop into modern energy and economic regions that provide jobs for local citizens.

3. Creating jobs by decentralising the Federal Administration

By relocating federal agencies, eastern Germany in particular has been able to report benefits in the current legislative period. This includes plans for the Federal Motorway Agency (Fernstraßenbundesamt), the Agency for Innovation in Cybersecurity, the Forest and Wood Excellence Centre and the planned creation of an additional criminal panel at the Federal Court of Justice in Leipzig. In addition, the Foundation for Involvement and Voluntarism to be founded in 2019 is slated to have its headquarters in one of the new federal states.

The recommendations of the Commission for Growth, Structural Change and Employment and the findings of the Equal Living Conditions Commission are focussed on creating new jobs. In the regions affected by the phasing out of fossil fuels—many of these in eastern Germany – around 5,000 new jobs are expected to be created in the next ten years in connection with relocation and expansion of federal agencies and ministerial research facilities alone.

In addition to various goals, such as creating equivalent living conditions and financial support for regions affected by the fossil-fuel phase-out, the resolutions of the Bundes tag and Bundesrat Committee on Modernisation of the Federal System created in 1992 are still in effect, and stipulate that new federal agencies and institutions should generally be located in the new federal states. Another step was to create a coordination unit in the Federal Ministry of the Interior, Building and Community tasked with decentralising federal tasks (a clearing office, “Clearingstelle”). This clearing office collects information on federal planning regarding site locations for new agencies or expansion of existing agencies and ministerial research institutions. In addition, the office assists the government departments with their site planning.

4. Creating a skilled workforce

Because eastern Germany was affected much earlier and more intensely by demographic change and the ensuing lack of skilled labour, programmes for securing skilled workers are tantamount for future economic growth.

The federal government has combined all of its related measures under the roof of its skilled labour strategy. The social partners, federal states and the Federal Employment Agency cooperate in these efforts, for example in the Partnership for Skilled Labour, the National Further Training Strategy and the Alliance for Initial and Further Training, which was updated and signed in this year in late August. Furthermore, the Federal Government will fund Future Centres in eastern Germany, to provide assistance to small and medium sized enterprises in their efforts to absorb the demographic and digital transformation.

The Skilled Workers Immigration Act and the Aliens Employment Promotion Act facilitate access to the German occupational training system and the labour market. The National Further Training Strategy provides life-long learning and further training. Furthermore, a law providing opportunities for qualification (Qualifizierungschancengesetz) has entered into force.

V. Reunified Germany: varying experiences on a shared path

East and west no longer imply separation. The parts of Germany that were previously separated by a wall and barbed wire have continually come together since 1990. Significant progress has been made in bringing living standards in east and west to a similar level. All German citizens may take pride in this achievement. The many success stories in tackling the challenges have enabled the citizens in the eastern regions of our country to confidently apply their own experience to finding new solutions. And for many well-qualified young graduates of universities in either east or west, their place of birth no longer matters when they start their careers.

The transformation process that involves all areas of life has also led to progress in reaching targets for sustainable development, as is shown in the federal Sustainability Strategy. This is discussed in more detail in Section II.4.13 of Part B of the Annual Report on the Status of German Unity.

For the citizens of the new federal states, the unification process was associated with many societal upheavals and personal cutbacks. They are now able to look back with great self-confidence to what has been achieved and to their own history, culture and tradition.
The principle of no future without remembrance – which forms part of the fundamental democratic consensus in Germany – encompasses critically appraising the SED dictatorship and recalling the key moments in our democratic history. The Peaceful Revolution in the GDR occupies a prominent position in this history. For the self-image of citizens of eastern Germany, the critical examination of the transformation process that took place after 1990 is also very important. This includes reappraisal of the work of the Treuhandanstalt, the agency responsible for privatising formerly state-owned industry in the GDR. The Institute of Contemporary History launched in 2016 an independent study on the history of the Treuhandanstalt between 1989-90 to 1994, with the aim of providing a basis for a substantiated and unbiased debate. The Federal Republic of Germany has had good experience with processing historical ruptures with open, factual and scientifically based debates. For example, the work beginning in 1990 of the Federal Commissioner for the Records of the State Security Service of the former German Democratic Republic has been exemplary.

When the Federal Government this year and next year commemorate the Peaceful Revolution and Reunification 30 years ago, it will also raise the issue of the reasons for dissatisfaction by conducting conversations with citizens. A commission instigated by the Federal Government in April 2019 named “30th anniversary of the Peaceful Revolution and German Reunification”, made up of 22 members from government, the scientific community, the cultural community, the media, business and the civic society prepares dialogues with citizens that serve to provide a platform for discussions on what has been achieved and what has not yet been accomplished. The dialogue is the key element of the celebrations for the 30th anniversary of the Peaceful Revolution and German Reunification and will be conducted in all federal states with various events.

The anniversary not only serves to throw a light on the past, but to provide an opportunity and encouragement to apply experiences gained through the social transformation to future transformation processes and to facilitate and strengthen encounters and dialogues, thereby strengthening the bonds between east and west and reinforcing the future development of Germany and Europe.

In light of the joint challenges facing reunited Germany, for example in the areas of European, foreign and security policy, regarding infrastructure, digitisation, trade policy, energy and industrial policy, education and social policy, integrating immigrants and constructive balancing of regional differences, we need an optimistic approach to the future. As Federal President Joachim Gauck put it: “...this is the best Germany we’ve ever had”.

Part B:
Report
I. Improving economic strength, accomplishing social unity

1. Economic development in eastern Germany

Economic development in Germany has been on a remarkable growth trajectory since the financial crisis – only recently has the dynamism weakened to a significant extent. The upswing lead to a growth rate in the real economic performance of Germany as a whole at the end of 2018 that was 15.3% greater than in 2010. Eastern Germany recorded a even somewhat stronger growth rate since 2010, at 16%. During the same period, the unemployment rate for all of Germany dropped from 7.7% to 5.2%, and in eastern Germany the rate dropped even more, from 12.0% to 6.9%. The eastern German federal states have also gained in competitiveness in international trade. One example of this is revenue from manufacturing exports. The share of sales generated abroad went up in 2018 to 36.2% compared with 32.0% in 2010.

In 2018 growth in real terms in eastern Germany was 1.6%, again slightly above the rate in western Germany (1.4%). GDP of the five new non-city states alone grew last year by 1.0%. The positive development of Berlin’s economy is noteworthy, at 3.1%. For four years straight, Berlin has held first place in economic growth of all federal states. At the end of 2018, Berlin’s GDP reached a level that was 23.5% above the figure for 2010.

GDP per capita for the new federal states including Berlin reached 74.7% of that of western Germany in 2018, 0.6 percentage points more than in the previous year. The spreads have therefore decreased by 3.1 percentage points since 2010. This is a clear trend – the difference between east and west is slowly and gradually being eliminated.

The trend is also positive in comparison with European regions. The new federal states have inched up closer and closer to the European average – figures range between 83% of European GDP per capita in Mecklenburg-Western Pomerania to 98% for the metropolitan Leipzig in 2017. This means that the eastern German regions show economic strength that is comparable to that of many French, Italian or British regions, for example. Figure 1 demonstrates that in terms of productivity, eastern German economic strength is gradually approaching that of western Germany. Compared with the northern federal states in western Germany, this convergence process is even more visible, and even compared with the southern federal states of western Germany – especially the powerhouses Bavaria and Baden-Württemberg – the economic capabilities are converging, though the rate is somewhat slower.

The foundation for this catch-up process is a strong, highly competitive SME sector in eastern Germany with pioneering technologies. SMEs form the basis of a dynamic eastern German economy that has created many new jobs in recent years. Companies with above-average growth play a remarkable role in this process. The fastest growing 3,000 SMEs that have grown by at least 10% per year over the past six years have created around half of all new jobs in the private sector of the economy. These companies have made a significant contribution to the remarkable harmonisation process in recent years. A major goal of the Federal Government is therefore to strengthen the growth potential of SMEs.

Comparisons of statistics make it clear, however, that there is still a big gap between the eastern German economy and those of western Germany and many European areas. Figure 1 also indicates that the gap in terms of productivity is even greater than the gap between northern and southern Germany that has developed over the past two decades. Even 30 years after the fall of the Wall not one of the new federal states (excl. Berlin) has reached the productivity of the western German state with the lowest productivity. In terms of labour productivity and wage levels, even the economic hubs of eastern German states are still at the economic level of structurally weak regions in western Germany. Many eastern German regions accordingly exhibit structural weakness, and in conjunction with the drop in unemployment, also show a declining population and labour volume.

In particular, numerous structural factors in eastern Germany are responsible for the persistently large productivity gap between east and west. One of these is settlement density. The more rural character of the eastern federal states makes it harder to achieve full harmonisation of economic strength.

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4 National accounts of the federal states; figures as of August 2018/February 2019.
Another important reason is the fragmented nature of the economy in eastern Germany, in other words the lack of large companies and of large SMEs. Often it is these large entities that actively invest, conduct a major share of private research and development, are key innovative forces and participate in global value-added chains.

Whilst large numbers of international companies have established a presence with factories in eastern Germany, not a single one has its headquarters there. Experience shows that the parts of companies with the highest value added are predominantly concentrated in the vicinity of the corporate headquarters. By comparison, the business premises located in eastern Germany that belong to large companies frequently have no room for manoeuvre, and are unable to expand solely on the strength of their own innovations and by developing new markets. Eastern German industry is also basically more focussed on primary products with lower value added than is western German industry. Furthermore, industrial density is generally much lower than in western Germany. In particular, there is a lack of SMEs that are global market leaders and specialised component supplier industries with high innovative potential and value added. The industrial density is moreover much lower than in western Germany.

Nevertheless, significant progress has been made in past decades in closing the gap, not only in comparison with the base year 1991. At that time, the share of industrial production per capita was merely 23.3% of the level in the west, compared to almost 48.9% in 2018. Compared with the European level, current industrial production is impressive, and exceeds the level of many large western European countries.
In addition to the structural problems described above, demographic change over the years to come represents a growing challenge for the eastern federal states. In many eastern European regions as well the population and the labour volume continue to drop, despite lower unemployment and longer worker hours per employee. In addition, the immigration of skilled workers from abroad is much lower than in western Germany. The lack of skilled labour, decline in private demand and a reduction in start-ups and potential for innovation are effects that can be associated with an ageing and declining population. Whilst other regions in Germany are also affected by this trend, this development is likely to occur earlier and be stronger and more extensive in the east than in the west.

Structurally weak regions of western Germany often have monostructural economies (e.g. coal and steel, leather and textiles, glass and porcelain) with high structural unemployment. What all regions have in common is that the structural weakness can have a huge impact on standards of living, just as in eastern Germany. The chances of getting a good job, creating an attractive living environment or finding strong partners to found a company, for example, depend not only on the abilities of individuals, but also on the development status of the region they live in.

2. Promoting investment, start-ups, innovation and internationalisation

It is expected that in the next few years economic strength – as measured by GDP per capita – will still be considerably weaker in the new federal states than in Germany overall. Accordingly, they will continue to require effective programmes to establish equivalent living conditions. The same goes for structurally weak areas in western Germany. For this reason, the Federal Government sees continued need for funding where there are severe structural weaknesses.

The foundation for federal assistance for the new federal states has been the Solidarity Pact II since 2005. It has played an important part in the progress achieved in harmonising economic strength and developing a corporate situation that is competitive once again. There are two baskets. In Basket I the Federal Government undertook to provide a total of €105 billion to the federal states as direct financial assistance for eliminating the infrastructural backlog attributable to division, and to bolster disproportionately low municipal finances.

A further €51 billion (target) will be deployed in Basket II in the form of disproportionate funding from the federal budget for the reconstruction of eastern Germany in the areas of the economy, innovation/R&D/education, transport, housebuilding and urban development, EU structural funds, eliminating inherited pollution/site restoration and sport. In the period 2005–2019, a total of €156 billion was made available to eastern Germany. Solidarity Pact II will be phased out in 2019, as planned.

In order to equalise the discrepancies in financial strength of the federal states in the future, the Federation and the federal states already agreed in 2017 on a new programme for the period starting in 2020. As from 2020, the financial burden on federal states will be reduced by around €10 billion annually. Financially weak and research-poor federal states will continue to benefit disproportionately from assistance provided by the Federal Government, not least through the introduction of new allocations, for example to supplement federal grants to improve the municipal tax strength and to compensate for the underfunding of research based on a federal state average. This will make it substantially easier for eastern Germany to continue the harmonisation process following the expiry of Solidarity Pact II (see Section II.2.1.3).

To promote equivalent living conditions at the regional level, a federal state financial equalization is also planned as supplemental assistance for structurally weak regions. The coalition agreement provides for a national funding system for structurally weak regions starting in 2020. This should provide a new, long-term and reliable basis for structural funding with a broader perspective than in previous programmes. Various funding programmes will be focussed more strongly on contributing to structural equalisation, for example in the areas of infrastructure, innovation and research.

2.1. Assistance for structurally weak regions

In the past legislative period the Federal Government set the goal of introducing a nationwide funding system for structurally weak areas, starting in 2020. In May 2015, the “Principles of the Federal Government for a pan-German funding system for structurally weak regions” was published, providing the groundwork for the system. In 2017, the first steps toward implementation were documented in a progress report. The joint Task ‘Improving the Regional Economic Structure’ (GRW) was supplemented with additional funding options for industrial investments and innovation. A new set of programmes, ‘Innovation and Structural Change’, was developed for structurally weak regions in eastern and western Germany. In addition, the INNO-KOM programme (‘R&D funding of non-profit external research institutions in structurally weak regions’) that was available only to eastern German applicants until the end of 2016, was expanded in 2017 to all structurally weak regions in Germany. An overall concept for designing the new funding system was submitted this year by the Equivalent Living Conditions Commission. The efforts of the working group ‘Business and Innovation’ involved assis-
tance from nine federal ministries, the 16 federal states and three municipal umbrella organisations. The working group recommends combining federal programmes on funding for structurally weak regions into a new system when Solidarity Pact II expires. In July 2019, the Federal Cabinet decided that the funding programme be introduced on 1 January 2020 (see II.1.).

The main idea of the new funding system is to expand the Joint Task Improving Regional Economic Structure (GRW, see 2.2.), currently limited to eastern Germany, to all structurally weak regions in all federal states. Individual national funding programmes will receive a new or expanded focus in favour of these regions. As a result, the pan-German funding system will encompass 22 federal programmes or sets of programmes. The scope of federal funding comprises the GRW and other investment and growth financing programmes (see 2.3.), innovation funding provided by the Innovation Competence Funding Programme (INNOKOM), the Central Innovation Programme for SMEs (ZIM) and Innovation & Structural Change funding, funding for broadband coverage and programmes for rural development, urban development and provision of essential community services.

Specification of which structurally weak areas are eligible for funding should be always based on those used for the GRW programme, Joint Task Improving Regional Economic Structure. The indicator system should always include a demographic component with a noticeably higher weighting, so that future economic development and earnings potential in regional areas and the importance for structural policy of demographic change, including migration, can be properly reflected. This will ensure a systematic focus on structurally weak regions. Individual federal programmes with specific focusses may diverge from this. The individual programmes should not be treated separately, rather coordinated better across ministries, thereby strengthening their overall regional effect. This will also include discussions on potential increased funding needs for the programmes. Furthermore, there are plans to consolidate unused and unappropriated funds across several years and to apply them to regional projects in structurally weak regions. The working group also recommends joint reporting and effectiveness monitoring. The pan-German funding system should be designed to ensure that economic development and living conditions in the region are sustainably and reliably improved, a big step toward equivalent standards of living.

### 2.2. Financing investment and growth

Through various tailor-made programmes, companies are to be given easier access to financing for their specific needs. These programmes range from low-interest loans (borrowed capital) to the acquisition of shares in companies (equity). In light of ongoing demographic change, securing a company’s successor is another important aspect, particularly in eastern Germany.

Table 1 provides an overview of the programmes designed primarily to promote investment.

In Germany, external financing is traditionally provided by commercial banks. The Federal Government offers support in those areas where financing is in short supply. This support often takes the form of public loans which the Kreditanstalt für Wiederaufbau (KfW) manages on behalf of the Federal Government. These loans are subject to the commercial bank principle, i.e. the applications for public support can only be submitted to the same bank that would then provide the actual loan. Depending on the programme in question, the support provided comes in the form of a combination of low or fixed interest rates, longer terms and, in some cases, exemption from liability for the commercial bank.

In addition to all-German programmes, there is also the ERP regional development programme that is specifically available to companies in structurally weak regions. In 2018, around 1,088 projects with a volume of around €355 million (+11.3% more than the previous year) were supported under the ERP regional development programme alone. Up to 80% of loan default risks can also be covered by guarantees from the Federal Government and the federal states. In this way, companies that would otherwise not have the collateral customarily required by banks now have access to loans from commercial banks.

Small guarantees (up to €1.25 million) are taken on by the guarantee banks. Start-ups in particular tend to lack the collateral generally required by banks. Here, the 80% default guarantees of the guarantee banks serve as a replacement for collateral for bank loans. Almost half of the approved guarantees are for start-ups and business succession. A big guarantee programme is available until the end of 2019, and was set up specifically for the new federal states for guarantee amounts of €10 million or more, so that bigger investment projects can be secured. The Federal Government

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6 A good database containing all funding programmes available in to companies Germany can be found on the website of the Förderdatenbank [www.foerderdatenbank.de](http://www.foerderdatenbank.de) and the company portal [www.bmwi-unternehmensportal.de](http://www.bmwi-unternehmensportal.de).
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and the new federal state bear the guarantee risk in cases like these at a ratio of 60:40. Since 1991, i.e. when the Federal Government/federal state guarantee programme was introduced, around 150 guarantees for projects related to the reconstruction of eastern Germany were issued with a commitment totalling around €8.5 billion and a financing volume of over €11 billion. This volume of guarantees was used to (co-)finance an investment volume totalling €16 billion to €17 billion. These program guarantees will be focused on structurally weak regions starting in 2020. Negotiations on the specific conditions are currently ongoing.

Financing in the form of equity is also becoming increasingly important in eastern Germany. This financing is provided, on the one hand, by private equity investors, such as investment companies, venture capital funds or business angels and family offices. On the other hand, financing is also available through public support instruments. The Federal Government contributes to the investments made by these private equity investors, especially in the context of cooperation with the European investment fund (EIF) and the KfW Bank Group. There are also special federal investments, such as the High-tech Founder Fund and the Coparion fund, that provide start-ups directly with funding. But even the investments of medium-sized investment companies, which are present throughout Germany and whose investments are backed by Federal Government and federal state guarantees, are helping to strengthen the equity position of companies.

In order to make even better use of the potential for growth in eastern Germany, the Federal Government has set up the **Company Growth dialogue** initiative to promote growth and competitiveness. The aim of this dialogue is to generate momentum for entrepreneurial activities with a high level of value added and the expertise to solve problems. Entrepreneurs come together to discuss solutions and new ideas for more growth at the entrepreneurial level.

Non-repayable grants are also provided by the Federal Government and the federal states under the Joint Task “Improving the Regional Economic Structure” (GRW). This Joint Task (see Article 91a of the Basic Law) is the central regional policy instrument in Germany with which disadvantages in economically less developed regions are to be eliminated. Structural weakness is assessed here on the basis of an all-German regional indicator model which, in accordance with European regulations, determines which region in Germany is eligible for assistance and the amount of support funds available. The Federal Government pays half of the GRW funding expenditures in each federal state. A total of €1.2 billion is available each year for the Joint Task. In the current funding period that started in 2014, almost 80% of the Joint Task funds are earmarked for regions in eastern Germany. The states are responsible for using these funds, and they set their own funding goals based on the coordination framework agreed on with the Federation. Main areas of funding are investments in industry and in municipal business-related infrastructure. In 2018, the six eastern states approved of around €420 million in funding for a total of 980 company investment projects. Over €500 million was approved for projects on improving business-related infrastructure. These include industrial and commercial spaces, improved transportation access to businesses, industrial parks, schools, tourism infrastructure, as well as projects for regional networks and cooperation. In addition, special default guarantees for investment projects may be provided by the states in the context of the Joint Task.

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7 See also section 2.3.
8 Article 91a Basic Law states that the Federation can help the federal states to fulfil their responsibilities if these tasks are of significance for the whole country and the involvement of the Federation is necessary in order to improve standards of living.

### Table 1: Support programmes geared to promote investment

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<tr>
<th>Borrowed capital promotion programme</th>
<th>Equity promotion programme</th>
<th>Subsidies</th>
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<tr>
<td>- ERP regional development programme</td>
<td>- ERP investment programme</td>
<td>- Joint Task (joint Federal Government/federal state programme) Improving the Regional Economic Structure</td>
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<tr>
<td>- KfW corporate loan</td>
<td>- ERP/EIF Fund of Funds</td>
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<tr>
<td>- Venture Tech Growth Financing (KfW)</td>
<td>- ERP/EIF growth facility</td>
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<tr>
<td>- Guarantees and counter-guarantees by the Federal Government</td>
<td>- European Angels Fund (EAF)</td>
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<td>- Mezzanine umbrella fund for Germany (MDD)</td>
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<td>- ERP-venture capital funding</td>
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<td>- German Micro-Mezzanine Fund</td>
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<td>- Counter-guarantees from the Federal Government</td>
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<td>- High-tech Start-up Fund</td>
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<td>- Coparion</td>
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Source: In-house calculations and presentations.
2.3. Start-ups

Start-ups with innovative and creative ideas provide a breath of fresh air and a spirit of renewal. This is especially true in the new federal states, where new businesses and start-ups are very important for continued development of a diversified industrial structure.

The Federal Government has created a political agenda for more new businesses in Germany with “GO!”, the nationwide Start-ups Initiative (www.bmwi.de/GO) it set up together with the business community. We need start-ups and advanced technology in all sectors: services, skilled crafts, trade and industry, the professions. The “GO!” Start-ups Initiative is aimed in particular at providing a platform for exchanging information with active business founders and successful entrepreneurs in the regions. Since the initiative began the end of November 2018, numerous programmes were launched for making “GO!” more visible and to improve conditions for start-ups. Events, regional conferences and entrepreneurship meetings focussed on founding a business and business succession.

“GO!” is focussed in particular on:

- **Strengthening the spirit of founding a business and becoming an entrepreneur**
  Entrepreneurial independence should be given more visibility as an opportunity, especially for young, qualified individuals. The participants in the “Entrepreneurial spirit in schools” project have initiated numerous projects, especially in the new federal states and Berlin, for various school types and age groups, aimed at integrating business knowledge and economic training into the school curriculum. In addition, the annual Gründerwoche (Entrepreneurship Week) is a showcase for Germany, with more than 1,600 partners and about 1,700 events, with various programmes and a wide range of local assistance for start-ups in the regions.

  Going forward we will do even more to promote innovative start-up concepts at higher education institutions and in the scientific community. The EXIST Programme paves the way for 200 innovative start-ups each year to leave academia and come to the market.

  In order to help more - and especially small – higher education institutions to build up the necessary capacities, funding has been doubled for spin-offs from science this year, and a new funding round called “EXIST-Potentiale” was launched, to which 192 institutions (52 in eastern Germany) have submitted applications.

- **Making business succession planning easier in Germany**
  Business succession is a topic that is gaining in importance, also in the new federal states. Finding a suitable business successor often takes longer than expected. The successor exchange www.nextt-change.org provides a cross-sectoral platform for matching and for facilitating generational change in small and medium-sized firms. The new initiative “Business succession: practical advice for practical application” aims to establish model projects that create increased publicity for this topic and encourage initiating the succession of business at an earlier point in time, in order to make the transition easier.

- **Encouraging more women to become independent business owners**
  Only one in three companies is set up and managed by a woman, and the figure is much lower in tech sectors. The goal of the initiative “FRAUEN unternehmen” (women entrepreneurs) is to encourage more women to start their own business, or to at least acquire an existing company. 190 exemplary businesswomen are active in the volunteer sector and encourage others to attain more entrepreneurial independence. The project “Selbst ist die Frau” (she can do it herself) run by the German association of women in agriculture (Deutscher LandFrauenverband) assists women in starting businesses in rural areas. The mentors that receive training as part of the project have been active since October 2019 in various federal states.9 The project Women Work on the Future (Frauen Unternehmen Zukunft) was founded by the National Agency for Womens’ Start-ups to develop strategic recommendations for business fields relevant for the future.10 In 2019 the project focusses on digitisation.

- **Improving conditions for start-ups**
  The goal of a start-up platform initiated last year (www.gruenderplattform.de) is to inform founders, to advise and connect them, as well as to lighten the bureaucratic load when starting a business. This interactive platform provides information on starting a business, from finding an idea to issues of financing.

  In 2018, the ERP start-up programmes provided approximately €483 million to eastern Germany, equivalent to 13.5% of the federal funding volume. This includes notably the ERP Start-Up Loan – Start-up Money programme, the ERP Start-up Loan – Universal programme and the ERP Capital for Start-ups programme.

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10 https://www.existenzgruenderinnen.de/DE/bga-Service/weitere-Schwerpunkte/Frauen-Unternehmen-Zukunft/Frauen-Unternehmen-Zukunft_node.html?sessionid=75876AC2177A88DF085353D2D04AE1E
To encourage digitalisation projects, funding for innovation from the ERP Special Fund, part of the ERP Digitalisation and Innovation Loans and the ERP-Mezzanine for Innovation were expanded in 2017. In 2018, 88 individual loans were provided to the new federal states, at a volume of around €264 million. The definition of an innovative project is one that involves the development of new or improved products, processes or services. Examples include linking ERP and production systems for the production of tomorrow (Industry 4.0), developing and implementing an IT or data security concept or developing digital platforms, apps and digital sales channels.

The ERP Mezzanine Financing for Innovation programme can be used for long-term, low-cost financing of market-related research and development of new products, production processes and services, and of major further developments of these products, processes and services in Germany. Financing takes place using an integrated financial package consisting of a traditional loan (borrowed capital) and a subordinated loan that allows for assumption of up to 60% of risk.

The new Micro-loan Fund for Micro- and Small Enterprises disbursed 811 loans worth approximately €7.3 million in the period from May 2015 to February 2018 in eastern Germany (excluding Berlin). This corresponds to 22% of the total Micro-loan funds. In 2018, 303 microenterprises in the new federal states (including Berlin) received loans with a total volume of more than €2.8 million. This corresponds to 26% of all micro-entities receiving support.

The INVEST funding programme provides subsidies to venture capital for young, innovative companies. Around 32.5% of young, innovative companies categorized as eligible for support from the INVEST programme between May 2013 and the end of March 2019 had their place of business in the new federal states, with 22.4% of these based in Berlin alone. In 2018 the High-Tech Start-up Fund (HTGF), a seed stage investor, provided first-time financing of around €6.54 million in the eastern federal states. This corresponds to a commitment volume of around 15% of HTGF’s 59 overall first-time financing commitments in 2018.

Of the 2,661 equity interests provided by the Micro-Mezzanine Fund from its inception in autumn 2013 until the end of 2018 amounted to approx. €107.8 million. Of these, 989 investments worth approx. €39.8 million (37% of the total) went to the new federal states.

2.4. Promoting innovation and research

The High-Tech Strategy (HTS) has been pooling the Federal Government’s research and innovation policy activities since 2006. The current High-Tech Strategy 2025 contributes substantially to improving Germany’s global competitive position, helps to accelerate conversion of ideas into marketable products and services and to strengthen the economic viability of regional areas. It addresses all players involved in innovation processes in science, business and society. The HTS 2025 will further promote transition of research findings into products. This will help satisfy the prerequisites for enabling structural changes and to discover economic opportunities, especially at the regional level. The HTS 2025 mission “Good living and working everywhere in Germany” (Gut leben und arbeiten im ganzen Land) is an active effort to facilitate more innovative, sustainable and socially just structural change.

Technologically neutral funding

Entrepreneurial Regions

The Entrepreneurial Regions programme family has been providing funding for almost 20 years, specifically for regional innovation initiatives in eastern Germany. The goal is to create and strengthen national and internationally competitive programmes in eastern Germany. More than €2 billion has been invested in several individual programs.

Individual programmes focus on various phases of the innovative system and promote the innovative strength of companies, universities and research institutions in the regions. One important factor for success is a topic-neutral and player-neutral business approach that is oriented to working from the ground up, starting with regional expertise and potential.

The funding for current programmes for Entrepreneurial Regions will be continued for innovation initiatives already chosen for funding, up to 2022.

The Innovative Regional Growth Cores programme provides funding to regional entrepreneurial alliances that combine their technology and innovation expertise for opening up new mutual areas of application and markets. From 2001 to 2022, a total of €484 million was earmarked for 61 regional growth cores. This programme strengthens SMEs in particular in their innovativeness and competitiveness. On average, almost two-thirds of the projects in the Growth Cores are implemented by companies; almost 85% of these are small and medium-sized businesses. In the “autartec” Growth Core, 15 partners have joined forces to construct a futuristic floating house that can satisfy its
electricity, heating and drinking water needs on its own. This required interdisciplinary cooperation to develop and integrate novel and complex technologies. The house on Bergeheimer See stands for cutting-edge technologies and structural change in the Lusatia area, a landscape affected by open cast mining.

At the centre of the Twenty20 Partnership for Innovation programme begun in 2012 is linking excellent existing innovation hubs in eastern Germany with transregional and national innovation networks, as well as opening innovation processes across the boundaries of technologies, disciplines, sectors, markets and organizational cultures. Up to €45 million will be available until the end of 2021 to each of the ten selected consortia to implement their strategies. Since 2012, over 1,500 projects and almost 800 research partners have received funding from Zwanzig20, half of which are SMEs. In two-thirds of the research alliances receiving funding, east and west German partners work together. The HYPOS (Hydrogen Power Storage & Solutions East Germany) consortium pursues the vision of giving the energy transition a strong push forward with green hydrogen. The traditional chemistry centres of Bitterfeld and Leuna provide the requisite expertise and infrastructure, reinforced by partners throughout the Federal Republic who assist in making the region ready for the future. A ‘hydrogen village’ that demonstrates hydrogen use, right up to applications in individual households, a research cavern for storing hydrogen and one of the largest electrolysis plants are part of a new model region in central Germany.

The Centres for Innovation Competence (ZIK) programme aims to establish internationally powerful research centres that will set new benchmarks through excellent research, interdisciplinary approaches and especially innovative methods. Funding spread over a ten-year period makes it possible to create centres of excellence that are fit for the challenges of the future. A total of roughly €400 million has been earmarked for 14 Centres and eight associated Centres for the period to 2022. These ZIKs have already developed into nationally – and frequently also internationally – visible beacons that characterise the image of their locations.

The InnoProfile Transfer programme assists young researchers in their work on highly innovative research topics in close cooperation with regional companies. This draws young talent to the regions and strengthens knowledge transfer between the scientific community and business. Endowed chairs at universities create bridges between the two communities – funded primarily by SMEs. A total of around €300 million was approved for the programme ending in 2019 as well as the forerunner “InnoProfile”.

As Solidarity Pact II is phased out at the end of 2019, the Entrepreneurial Regions programmes will also be gradually phased out. These programmes contributed substantially to the creation and expansion of economic and scientific community structures in eastern Germany. Extensive experience gathered from this innovation funding will shape the new family of programmes called Innovation & Structural Change.

Innovation & Structural Change

The new programme family Innovation & Structural Change will provide assistance for innovation-based structural change, not only in eastern Germany but also in structurally weak regions of western Germany. As such, Innovation & Structural Change will form an important component of the federal funding system for structurally weak regions implemented in all of Germany by the Federal Government starting in 2020 (see Sections I.2.1. and II.1.) and will become the core of the education, research and innovation policy concept ‘Opportunity Regions’ (Chancen Regionen). Innovation & Structural Change uses successful components of the Entrepreneurial Regions programme and aims to fund research of regional innovation initiatives independently of topic and technology. This funding is provided in several coordinated individual programmes.

All three programmes support entrepreneurial thinking and application in research and development, as well as interdisciplinary and strategic cooperation between businesses, universities, research institutions and stakeholders in society. The goal is to fund economically successful innovation and improve living conditions in the regions.

The ‘WIR! – Change through Innovation in the Region’ programme was the first pilot programme of the programme family. It sponsors creation of new, strong innovation alliances in regions that are not yet established innovation centres. Using innovation processes the alliances find new paths involving business, universities, research institutions and municipalities and social players. A joint innovation strategy for a regionally significant focus of innovation creates the basis. Combining a strategic approach and a broad innovative perspective will provide sustainable impetus for successful structural change in the regions.

In the first selection round, limited to eastern Germany, 32 alliances conducted a conceptual phase. In March 2019, 20 alliances were selected as having the most innovative ideas and most promising implementation strategies. They will now be sponsored in their implementation phase for several years with a total sum of €200 million. The alliances have widely varying approaches and a broad thematic spectrum, ranging from bioeconomy, new materials and raw
materials efficiency, to health care in rural areas. For example, the H2-Well alliance aims to create a model region in the area between the Elbe and Main rivers, with its centre in Sonneberg in Thuringia, for a decentralized, green hydrogen economy, and thereby expedite the energy transition. The Plant³ alliance in north-eastern Germany utilises the resources provided by land, bogs and ocean for developing plant-based, environmental value added. The vision of the TDG alliance is to use digital technologies to ensure comprehensive nursing services in rural areas near Halle and Merseburg.

In the summer of 2019 the second funding period was initiated for alliances in all structurally weak regions in Germany. It is expected that in early 2020 the best alliances will be chosen from the applications and invited to enter the preparatory concept phase.

RUBIN (regional entrepreneurial alliances for innovation) and REGION.innovativ are two more funding programmes that will start in 2019.

Kommunen innovativ

Kommunen innovativ (innovative municipalities) is a programme sponsored by the Federal Government to assist municipalities and regions in planning for the future in the face of demographic change. This programme provides funding for sustainable development of land and open spaces in Germany.

The topic of the 30 alliances are infrastructure development and provision of vital services, targeted development of the areas with the help of new instruments, as well as involving citizens in municipal processes for change. Nine of the 30 alliances are made up of municipalities and regions in the new federal states.

One example of the impact of Kommunen innovativ is the TransformBar project which created an overarching approach to coordinating citizen participation and long-term organisation of volunteer work in Treuenbrietzen (in Brandenburg) and Münsingen (in Baden-Württemberg). The Principles for Citizen Information and Involvement created by this project may be used by other municipalities. The Future Municipalities platform (Zukunftskommunen.de) established a network for small and medium-sized towns dealing with sustainability and initiated an information exchange.

SME Innovation Forums

The Innovation Forums programme offers regional and supraregional networks for interdisciplinary topics that are still in the initial phases of development a framework for initiating sustainable innovation partnerships in a broad range of societal and market-related areas of innovation. The central element of funding is an at least two-day innovation forum resembling a conference, and in particular the search for potential partners, positioning in supraregional competition, strategy development and knowledge transfer.

More than 60 innovation forums have been selected for funding since 2016. The portfolio of topics ranges from technology development (e.g. flexible electronics or cross-reality [XR]), social innovation in nursing care, to the environment and sustainability (including developing plastic-free packaging and new types of foods created from seaweed). The share of eastern German forums is disproportionate, at over 40%.

Research Campus

The Research Campus funding initiative (Forschungscampus) helps create structure by providing funding to partnerships – currently nine – in science and business that have long-term efforts to create a joint research programme. Four of the research campuses are in eastern Germany. The Berlin campuses MODAL and Mobility2Grid conduct research on new methods of mathematical optimisation and coupling mobility solutions with smart electricity grids. There are also the campuses in Magdeburg focused on medical technology (STIMULATE), as well as in Jena, with a focus on diagnosing infections and pathogens (InfectoGnostics).

These research campuses are especially attractive for start-ups and SMEs. Of the 220 cooperation projects at the research campuses, more than 100 of these participate in the research campuses in eastern Germany. Over two-thirds of the partnering companies are SMEs.

Cooperative Industrial Research (IGF)

The Collective Industrial Research programme is tasked with facilitating access for companies, and especially SMEs, to practical research findings via support for precompetitive research projects. €44 million – almost a quarter – of the funding available went to the new federal states in 2018.
This includes the implementation of transnational research projects. In the 2006–2018 period, 70 CORNET (Collective Research Networking) projects were implemented involving research establishments in the new federal states (total funding €20 million). The CORNET partner countries include Poland, the Czech Republic, Peru, Austria and Japan.

INNO-KOM

From its launch in January 2009 up to the end of 2018, the programme named ‘R&D funding for non-profit external industrial research establishments in eastern Germany – Innovation competence East’ (INNO-KOM East) supported 2,002 research and development projects with funds amounting to around €578 million.

The successor to this, “INNO-KOM”, which was launched on 1 January 2017, extended the successful innovation funding to structurally weak areas in all of Germany. The programme approved €73.9 million of support to 247 projects in 2017. In past years, 213 projects were sponsored with €65.7 million (each figure relating to the east including the west). The share of areas in the west was €9.8 million in 26 approved projects.

go-Inno

The BMWi innovation vouchers (go-Inno) programme provides SMEs with technology potential with vouchers for targeted advisory services, thereby supporting them as they develop innovative products and processes.

Table 2: IGF (2018)

<table>
<thead>
<tr>
<th></th>
<th>Total (East)</th>
<th>Berlin</th>
<th>Brandenburg</th>
<th>Mecklenburg Western-Pomerania</th>
<th>Saxony</th>
<th>Saxony-Anhalt</th>
<th>Thuringia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved funding for research establishments in new federal states in 2018 in € million</td>
<td>43.8</td>
<td>4.4</td>
<td>2.2</td>
<td>2.8</td>
<td>27.4</td>
<td>3.5</td>
<td>3.5</td>
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</tbody>
</table>

Source: Evaluation by AIF, the project manager.

Table 3: INNO-KOM-Ost (2016), INNO-KOM (ab 2017)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Berlin</th>
<th>Brandenburg</th>
<th>Mecklenburg Western-Pomerania</th>
<th>Saxony</th>
<th>Saxony-Anhalt</th>
<th>Thuringia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding for research establishments in new federal states, according to 2016 financial statements</td>
<td>€58,332,274.00</td>
<td>€7,150,558.00</td>
<td>€1,069,352.00</td>
<td>€1,017,669.00</td>
<td>€23,320,011.00</td>
<td>€2,542,445.00</td>
<td>€23,232,239.00</td>
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<td>Funding for research establishments in new federal states, according to 2017 financial statements</td>
<td>€70,092,959.00</td>
<td>€8,764,022.00</td>
<td>€1,453,461.00</td>
<td>€599,922.00</td>
<td>€30,917,013.00</td>
<td>€2,711,232.00</td>
<td>€25,647,309.00</td>
</tr>
<tr>
<td>Funding for research establishments in new federal states, according to 2018 financial statements</td>
<td>€55,948,978.00</td>
<td>€3,982,376.00</td>
<td>€1,479,366.00</td>
<td>€936,886.00</td>
<td>€25,308,413.00</td>
<td>€3,397,232.00</td>
<td>€3,104,178.00</td>
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</table>

Source: Evaluation by EuroNorm, the project manager.

Table 4: goInno (2018)

<table>
<thead>
<tr>
<th></th>
<th>Total (East)</th>
<th>Berlin</th>
<th>Brandenburg</th>
<th>Mecklenburg Western-Pomerania</th>
<th>Saxony</th>
<th>Saxony-Anhalt</th>
<th>Thuringia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding paid in 2018, in €</td>
<td>2,291,006</td>
<td>138,100</td>
<td>209,700</td>
<td>584,925</td>
<td>333,531</td>
<td>429,550</td>
<td>595,200</td>
</tr>
</tbody>
</table>

Source: Evaluation by DLR PT, the project manager.
The focus is on innovation management with a view to improving the internal processes and capabilities for in-house R&D projects. More than half of the funding disbursed goes to SMEs in the new federal states.

**VIP+**

The Validation of the Technological and Social Innovation Potential of Scientific Research – VIP+ funding programme supports researchers in all disciplines in efforts to systematically validate their research findings and, in the process of validation, to develop potential areas of application that promise to offer major economic or societal benefits. In this way, researchers also help to strengthen the transfer culture in their institutions (higher education and research institutions) and in the science and research landscape overall. About €135 million for around 170 projects has already been granted since the start of the programme in 2015. At 32%, a substantial proportion of all projects selected come from eastern Germany.

**Joint Federal/federal states Innovative University funding initiative**

The Innovative University initiative operated by the Federal Government and federal states funds the research-based transfer of ideas, knowledge and technology at German universities, thereby helping them to raise their profile in the transfer and innovation sector and to reinforce their strategic role in the regional innovation system. The Federal Government and states are jointly providing up to €550 million in two rounds over 10 years.

Among the 48 Innovative Universities (Innovative Hochschulen) that were selected for funding in 29 individual and alliance projects, 15 were located in the new federal states. These institutions initiated and conducted events and workshops. The Federal Government and the federal states where the schools were located provided up to €2 million in a ratio of 90–10 percent, for applications of individual schools (and up to €3 million each for university alliances).

**Technology-specific research and innovation funding**

Key technologies and innovation in technology sponsorship are priority areas of research funding provided by the Federal Government. This funding supplied around €450 million in 2018 to eastern Germany; about €350 million of that as part of project assistance, and approximately €100 million as part of institutional funding.

The eastern federal states profited the most from funding for information and communication technology (€290 million for eastern Germany, that is 57% of funds provided nationwide for this area), for nano and materials technologies (almost €60 million, 45% of national funding), as well as optical technologies (a total of €46 million, 38% of total funding). Since reunification, critical mass has been created for research and for structures for transitioning research results to innovation and value-added, thereby also encouraging foundation and location of research institutions and research-intensive companies.

One good example of this is micro-electronics. The Federal Government is using its Microelectronics Germany Research Factory to fund investment in commerce-related microelectronics research establishments run by the FhG and Leibniz Association. Facilities in Berlin, Brandenburg, Saxony and Thuringia are given approximately €220 million. These investments also benefit SMEs, offering access to state-of-the-art digital technologies. In Dresden, one of the three largest and most important micro-electronics centres in Europe, investments are being made in research on 300mm microchip production. In addition, new chip production facilities are being built in Saxony as part of the Important Project of Common European Interest (IPCEI) programme. With this IPCEI Micro-electronics programme, related projects are being funded with €8 billion in the EU (UK, France, Italy and Germany). Business sites in Saxony and Thuringia are receiving funding of around €430 million out of a total of €1 billion.

Critical mass and new research structures were also created in eastern Germany in the area of lightweight construction. FOREL, a research and technology centre for resource efficiency in lightweight construction coordinated by the Institute of Lightweight Engineering an Polymer Technology at the Technische Universität in Dresden has become one of the key German lightweight construction initiatives. Funding of about €35 million provided since 2013 by the Federal Ministry of Education and Research has assisted ten alliances to date (two scientific coordination projects and eight technology projects) consisting of about 82 subprojects.

Six alliance projects had been successfully completed by the end of 2018.

Around 60 partners from business and the scientific community have participated. In these projects important technological innovation for vehicle structure and lightweight system construction beyond e-mobility were created, in particular for life-cycle analysis and materials recycling management for lightweight construction materials.
Research funding for quantum technology has also led to creation of new networks of science and business as an important basis for future development of eastern German regions. In 2018 the Federal Government adopted the research programme ‘Quantum technologies – from fundamentals to market’. On this basis, a strategic initiative for quantum imaging and quantum sensory technology was founded in March 2019 with the Fraunhofer-Gesellschaft. Part of this is the Quantum Photonics Labs at the Fraunhofer Institute for Applied Optics and Precision Engineering IOF in Jena. This will be a transfer centre for universally applicable quantum optics technologies. This research centre is a model for strategic goals of a national infrastructure of application laboratories – for and with partners in the research community and industry.

Institutional support for research

The non-university research institutes backed by the Federal Government and the federal states are the cornerstones of eastern Germany’s research landscape. In particular, assistance for five major Helmholtz centres, many Fraunhofer institutes, the Leibniz Associations and the Max Planck Society comprises a large part of the extensive federal funding for reconstructing eastern Germany. In total, the eastern German federal states receive almost a quarter of federal funding – more than €2.2 billion – from the joint Federal Government/federal state funding for science and research.

Some of the outstanding institutions located in eastern Germany include, for example, the Max Planck Institute for Plasma Physics in Greifswald, Berlin's Max Delbrück Centre for Molecular Medicine in the Helmholtz Association, the Fraunhofer Institute for Applied Optics and Precision Engineering (IOF) in Jena and the Potsdam Institute for Climate Impact Research in the Leibniz Association. The National Academy of Sciences, the Leopoldina in Halle (Saale), is also based in eastern Germany. In Dresden and Berlin in particular, leading international research infrastructures have developed, with universities, businesses and research establishments.

The Simon-Dubnow-Institut in Leipzig was included as a new member of the joint research funding of the Leibniz Association. This institute researches the history of Jewish life from the Middle Ages to the present, emphasising the historical periods involved. The focus of research at the institute is on the 20th century, its regional focus is on the areas in eastern Europe.

In October 2018 the Fraunhofer Project Hub for Microelectronic and Optical Systems in Biomedicine was opened in Erfurt, with the aim of creating a permanent cooperation project between the Fraunhofer Institutes for Photonic Microsystems (Dresden), for Applied Optics and Precision Engineering (Jena) and for Cell Therapy and Immunology (Leipzig). The project hub promotes the use and further development of key technologies in areas such as biosciences, micro-electronics, optics and photonics.

In addition, in 2018 the Fraunhofer HighPerformance Center For Chemical and Biosystems in the Halle/Leipzig region passed its evaluation. The local Fraunhofer Institutes improve on existing process chains and create new process chains together with companies in the plastics processing, chemicals, pharmaceutical and biotechnology and biochemical industries and Martin-Luther-Universität in Halle-Wittenberg. In the future, investment in research transfer will be stepped up.

In order to strengthen the position of the European semiconductor and electronics industry in the global market, the Fraunhofer Group for Microelectronics and two institutes of the Leibniz Association have developed a joint concept for a research factory for microelectronics and nano electronics with several locations. The Federal Government is providing €280 million for the Fraunhofer-Gesellschaft and €70 million for the Leibniz Association. Four Fraunhofer institutes and two Leibniz institutes in eastern Germany receive funding, a disproportionately high amount of the funds for research organisations in these six states.

In 2018 the Max Planck Schools programme was launched. It is a joint initiative of the Max Planck Society, German universities and non-university research organisations. The goal is to concentrate scientific excellence in Germany and to optimise doctorate programs at the international level. Three pilot programmes will be funded for five years at first, with a total of €9 million annually. The lead responsibility for two of these networks, some of which are European-wide, lies with institutes in the new federal states: the Max Planck School of Cognition is managed by the Max Planck Institute for Human Cognitive and Brain Sciences, and the Max Planck School of Photonics is managed by the Fraunhofer Institute for Applied Optics and Precision Engineering (IOF) in Jena. In addition, three of the nine major project universities are located in eastern Germany: Friedrich-Schiller-Universität in Jena (MPS Photonics), University of Leipzig (MPS Cognition) as well as Humboldt- University in Berlin (MPS Cognition). Otto-von-Guericke University in Magdeburg and the Dresden University of Technology also participate in MPS Cognition.

The new Institute for Data Sciences in Jena and the Institute for Software Methods for Product Visualisation in Dresden were founded by the German Aerospace Center DLR in 2017, and started their work in 2018. They are currently expanding cooperation with universities and companies in the respective regions; the Federal Government is providing €14.5 million annually for both institutes. Furthermore, in 2018 four additional DLR institutes were approved in
Cottbus, Zittau/Görlitz, Neustrelitz and Cochstedt, with federal funding of €21.4 million annually. DLR is now represented in each eastern German state.

Central Innovation Programme for SMEs

Under the Central Innovation Programme for SMEs (ZIM), the Federal Government has been providing support for ambitious technological R&D projects carried out by SMEs since July 2008, resulting in new products, processes and technical services. The planned budget for 2019 is around €555 million.

ZIM is also particularly important for the economic development of the eastern federal states because these states benefit disproportionately, receiving around 40% of funding under the ZIM programme. ZIM is a demand-oriented programme that is open to all technologies and sectors and involves very little red tape and swift procedures. The companies’ projects are predominantly concentrated on forward-looking technologies. Some of the areas seen by many SMEs as positive marketing opportunities include digitalization, AI, energy and resource efficiency, health care research and medical technology. As a result, increased research activities not only increase companies’ competitiveness but also accelerate the rate at which technological challenges are mastered, enhancing the quality of life. The ZIM innovation networks receiving funding aim to create competitive advantages for small firms in particular. In the network, the firms can develop innovations which they could not have accomplished on their own with their limited resources.

Cooperation between companies and research establishments generates centres of growth which create competitive advantages for the participating companies.

Support in the form of a higher funding and other targeted assistance is given to international research innovation networks and international research and development projects in order to back the international research work conducted by SMEs.

2.5. Internationalization

Special programmes and activities for internationalising the eastern German economy will help SMEs in particular to benefit from the growth potential of foreign markets and the advantages of the international division of labour. In view of the structural fragmentation of the eastern German economy, the Federal Government has taken special foreign trade promotion measures to strengthen the overall economic structure in eastern Germany. For several years this has been the primary task of the Federal Government’s foreign trade agency, Germany Trade & Invest GmbH (GTAI).

In 2018, China, Japan and the USA were important targeted regions of the GTA inhibitor promotion events emphasising the importance of the new federal states and Berlin as locations for business and investment. The focus is on cluster marketing (e.g. BioConValley), the new inbound delegation trips and programmes in the areas of high tech industry, the digital economy, mobility, and energy and environmental technologies. To keep up initial contacts, additional smaller follow-up seminars were conducted for participants in the previous year in Guangzhou, Tokyo and Bangalore. Participants in these seminars indicated genuine interest in locating in (eastern) Germany.

The investors attracted by the GTA inhibitor made it possible for 28% of all projects to be transferred to eastern German states. 39% of planned jobs related to these transfers will be located in eastern Germany.

The Internationalisation of Leading-Edge Clusters, Forward-Looking Projects and Comparative Networks funding programme is a federal programme for supporting German clusters and networks in their international efforts. Various clusters in the new federal states in particular received funding. The electronics clusters Organic Electronics Saxony and Cool Silicon in Dresden work with partners in France and Japan. The MERGE lightweight construction cluster in Chemnitz cooperates with partners in the Czech Republic, Spain, Italy, the Netherlands and Poland, among others, and focusses on new scientific technical solutions and improving resource and energy efficiency in lightweight construction. In the third bidding round, a total of ten projects were recommended by an independent selection committee, and these projects started in early 2018. Among others, the Network of Automotive Suppliers in Saxony (Netzwerk der Automobilzulieferer Sachsens: AMZ) was selected for the concept phase. The goals include opening up new markets in the USA or Mexico, and to continue building international visibility. Each project is funded for up to five years with up to €4 million. Overall, in three bidding rounds 32 German excellence clusters, forward-looking projects and similar networks were provided with funding.

Another important measure includes the Foreign Trade Fair Participation Programme that facilitates joint appearances German companies (especially SMEs) at international trade fairs. Uniformity of presentation is ensured with the ‘Made in Germany’ brand.

In the context of greater internationalisation of eastern German companies, the SME Market Development Programme (MEP) also plays an important role. Information events dealing with specific production systems and destinations as well as company trips introduce SMEs from eastern Germany in particular to foreign markets and establish contacts with important players and potential business
partners there. The findings of an evaluation of the programme show that SMEs from eastern Germany in particular make use of the programme to expand their foreign contacts and to make decisions on possible activities abroad. Of the 947 German companies that used the services of the Market Development Programme in 2018, 186 (20%) came from eastern Germany.

2.6. Business clusters

The ‘go-cluster’ Programme initiated in 2012 combines almost 90 of the strongest innovation clusters in Germany into an excellency program. They are pioneers of innovation and reflect high level expertise that Germany has in different sectors and fields of technology.

Seventeen of these excellent clusters are currently eastern German cluster initiatives. Cluster initiatives are understood as strategic, systematic and innovative networks that implement joint projects. Cluster initiatives form the basis for collaboration and are usually rooted in regional structural and innovation policy.

The clusters in eastern Germany are particularly active in biotechnology, medical technology and the health sector, as well as in production technology and optical technologies/photonics along with electrical engineering, measurement technology, sensor technology and new materials. Innovation clusters are very important for structural change in the economy.

Under the Federal Government Funding of Pilot Projects of Innovation Clusters from Eastern German States, three eastern German clusters received support within the go-cluster programme (biosaxony e.V. in Dresden, SMAB, the Special Machinery and Plant Engineering cluster in Magdeburg, and OptoNet e.V. in Jena) to conduct the project for digitalising cluster players and to safeguard and train skilled labour.

The Federal Government also helps companies to identify economic opportunity in global megatrends such as climate change, scarcity of resources and environmental protection. This assistance is particularly important for eastern Germany, where the clean tech market sector, for example, has locational advantages. However, many of the companies are too small to profit from the international development. In order to tackle this problem, the CLEANTECH Initiative for Eastern Germany (CIO) was established. It aims to assist the cleantech sector with networking, cooperating to develop markets, and to expand as a result. It is a cross-sectoral alliance with partners from all the eastern German federal states.

The bioeconomy offers the opportunity to achieve growth in harmony with nature and environmental protection. In research on the bioeconomy – in soil and agriculture research, plant breeding, biotechnology, process engineering as well as others – eastern German research institutes also play key roles. For example, the BonaRes centre for soil research is mainly supported and coordinated by eastern German non-university research institutions (UFZ Leipzig und ZALF Müncheberg). The main motivation of the centre is to transfer knowledge on soil functions to decision assistance for soil management. At the Leibniz Institute of Plant Genetics and Crop Plant Research (IPK) in Gatersleben, the focus is on research of the interaction between genetic variability of plants and their external manifestation. One of the three sites of the German Plant phenotypes Network (DPPN) is located here. With a view to the structural development in eastern Germany, the recruitment of personnel at the IPK and creation of a specialized IT and crop production infrastructure on site is important for the economy in the area. Furthermore, as part of the Biototechnology 2020+ strategy, five institutes of the Leibniz Association have combined their efforts. Their goal is innovation and producing innovative solutions for developing active ingredients in medicine, the food industry and agriculture. With locations in Dresden, Halle and Jena, the research has its focus in eastern Germany.

A special value-added area is the security and defence industry. In the new federal states, even about 30 years after reunification, this sector is less present than in the old federal states. However, in some regions, there is a growth trend. There are centres for repair companies and shipbuilding in Mecklenburg-Western Pomerania, for the aviation sector in Brandenburg and electronics and optronics in the Dresden-Leipzig area. Investments are still being made in these sites. Suppliers and small and medium-sized firms are the norm in the east German economy. Big system providers are non-existent.

2.7. Digital transformation

A key instrument for assisting SMEs and trades in the digital transformation is the federal programme Mittelstand-Digital (Digital SMEs), which set up a network of 26 SME 4.0 Competence Centres in mid-2019. Each of the nine federal states has one of the 18 regional competence centres, which provide digitalization knowledge at several sites with several demonstrators that SMEs can test in easy reach of their companies, hands-on, practical and free of charge. In addition, eight competence centres with a national reach were assigned specific topics or sector focuses. The most recently established SME 4.0 Competence Centres for Communication and Trade (both in Berlin) reinforce the reach of activities.

For additional information: www.cleantech-ost.de.
in eastern Germany. One aspect of this large competency network that is proving to be increasingly valuable in all issues of digitalization is cooperation and exchange of information and qualification programmes, practical applications, etc. The structurally weak regions benefit from this in particular. An AI-Trainer (KI-Trainer) is currently being added to the programme as part of the AI strategy.

Since the summer of 2017, the **go-digital support programme** has been providing technological assistance to SMEs and skilled craft enterprises with certified consulting companies in modules labelled Digitalized Business Processes, Digital Market Development and IT Security. Companies receive individualized consultation that addresses the circumstances of the company, as well as implementation of specific programs. By the end of 2018, 113 consulting companies located in the new federal states were certified. Over one-third of all project funding (38.4%) has been paid to eastern German SMEs and skilled trades. Table 5 shows distribution of the funding.

The **Digital Hub Initiative** supports the creation of digital hubs in Germany. The initiative is designed to help transform Germany into a leading digital location by establishing and connecting twelve digital hubs with specific focal areas (three of which are in eastern Germany - Berlin, Potsdam, Dresden/Leipzig). Activities in the hubs will concentrate on collaboration between start-ups, established businesses, research institutes and experts within an innovative network. The digital hubs in Leipzig and Dresden have different yet compatible focuses. Whereas in Leipzig, the focus is on funding Smart Infrastructure (with a focus on energy, smart cities, e-health and cross-section technologies), in Dresden the focus is on developing the components necessary for smart systems in the areas of hardware, software and connectivity, to make the Internet of Things (IOT) possible. In the digital hub in Berlin, the focus is on capital FinTech, and also on IoT. In the Potsdam digital hub, new digital processes for data utilization and media productions are developed and implemented (e.g. virtual and augmented reality).

As part of a road show that was enshrined in the Coalition Agreement, numerous events have been taking place since the beginning of 2017 – frequently directly at industrial estates and technology parks. Here practical, interactive information is provided on the foreseeable digital applications of tomorrow, such as using concrete best practice examples in the area of virtual reality and intelligent and smart systems. Companies also obtain information about the special industrial estate programme within the context of the Federal Government’s broadband support programme. This ensures that all companies, and especially SMEs in eastern Germany, are aware of the possibilities of digitalisation.

### 3. European Structural Fund

The aim of EU structural policy is to strengthen the economic, social and territorial cohesion in the EU and reduce the disparity in various levels of regional development. In view of the significant differences in economic development in the German federal states, a key focus of German structural policy over the past 30 years has been to eliminate the economic imbalances in East and West and to bring living conditions closer together. A major share of national and European funding has therefore been allocated to the new federal states. In this context, the EU Structural Fund has made a significant contribution to strengthening regional employment and value-added.

In the current funding period (2014–2020), 60% of the German ERDF funding is available for the new federal states, which have less than 20% of the German population. The European Regional Development Fund supports investments that aim to improve major potential factors for regional competitiveness in the global context. A major portion of ERDF funding is spent on research and innovation for improving the competitiveness of SMEs and low carbon businesses.

<table>
<thead>
<tr>
<th>2018</th>
<th>Total</th>
<th>Berlin</th>
<th>Brandenburg</th>
<th>Mecklenburg Western Pomerania</th>
<th>Saxony</th>
<th>Saxony-Anhalt</th>
<th>Thuringia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>563,214</td>
<td>36,125</td>
<td>46,404</td>
<td>90,740</td>
<td>287,045</td>
<td>40,650</td>
<td>62,250</td>
</tr>
</tbody>
</table>

Source: Evaluation by EuroNorm Limited Liability Company, the project manager.
Currently applicable EU Regulations will expire at the end of the current financial period in 2020, and then need to be renegotiated and enforced. On behalf of the EU Structural Fund, which comprises the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the European Maritime and Fisheries Fund (EMFF), the European Commission in May 2018 submitted its recommendations on a new multi-year financial framework for the EU as well as for the Structural Fund regulations for the funding period 2021–2027. These will be negotiated in the Council and the European Parliament and constitute the legal framework for the amount and deployment of the funds. As provided for in the coalition agreement, the Federal Government will advocate in these negotiations for a strong EU cohesion policy that continues to take due account of all regions while supporting necessary structural reforms in the Member States. The EU Commission proposes for Germany a sum of €17.7 billion in current prices (€15.7 billion in 2018 prices) of the EU structural funds for the next funding period (2021–2027). Compared to the current funding period (2014–2020), this is a decline of about 8% (in 2018 prices: 20.7%). This means that Germany too will be affected by cuts in cohesion policy. The reason would primarily be the good economic development in German regions in an EU comparison. Germany sees it as particularly positive that the transition category is to be extended to regions with per-capita GDP that is equivalent to 75% to 100% of the EU average. This means that almost all of the regions in eastern German states would remain in the transition category. The recommendations of the EU commission on this legislative package for the EU Structural Fund also provides for strengthening of national portion of financing, thereby lowering the portion co-financed by the EU. At the same time, it is important to the Federal Government that structurally weak regions and in particular transition regions do not suffer from disproportional cuts in funding. When planning future programs for the Structural Fund, recommendations that are specific to the federal states will receive more attention in the context of the European Semester, as will the energy and climate policy recommendations in the context of the Energy Union. For Germany it is very important that funding, especially from the ERFD, continues to retain a focus on regional needs.

In the meantime, regarding recommendations both on content and on the financial aspects – the amount of EU co-financing, distribution of funds as well as between the individual Structural Funds, as well as within the countries between the categories – negotiations at the EU level, or at the national level on fund distribution between the federal states, will be decisive.

4. Commission for Growth, Structural Change and Employment

The Commission for Growth, Structural Change and Employment (WSB) submitted its final report at the end of January 2019, thereby making a contribution to societal consensus on the phaseout of coal-fired power generation. On this basis the Federal Government developed a consistent structural policy for the mining areas, in close cooperation with the affected federal states\(^\text{12}\), and summarized this concept in key points. These were adopted by the Cabinet on 22 May 2019, and were evolved into a bill for strengthening the structure of the coal mining regions (Strukturstärkungsgesetz Kohleregionen), which was adopted by the Cabinet on 28 August 2019.

The Federal Government thereby embraces an important objective of many citizens in Eastern Germany, to first begin with support for structural change, and then to begin the coal phase out. The coal phase-out is the reason for and condition for special federal structural policy support for the regions. The programs for energy policy and structural policy anchored in various laws are therefore coordinated with regard to both substance and timing.

A major part of the bill for strengthening coal mining regions is financial assistance of up to €14 billion provided by the Federal Government to the states for significant regional public investment. Investment decisions regarding funds under the act are made by the states. Furthermore, the Federal Government agreed to carry out additional projects in its area of responsibility in an amount of up to €26 billion. This amounts to up to €40 billion in federal funding until 2038. This contains funds of up to €240 million for an immediate program on implementing projects recommended by the federal states as part of existing federal programs, starting this year and extending up to 2021. Almost two-thirds of all funding is earmarked for eastern German coal regions.

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\(^{12}\) In eastern Germany this includes the Lausitz coal field (Brandenburg, Saxony) and the central German coal field (Saxony-Anhalt, Saxony), as well as the Rhine coal field (North Rhine-Westphalia).
The bill that has been presented will provide coal regions with the opportunity to modernize their economic structure and create or strengthen viable business sectors. The main task is to create new sustainable jobs. Efforts are focused on sponsoring investment, programs for accelerating planning processes, expansion of traffic and broadband infrastructure, moving Federal institutions to eastern Germany and funding research projects.

A new Federal program called the Future of the Coal Regions (Zukunft Revier) aims to assist lignite mining areas in becoming federal model regions of greenhouse-gas neutral, resource-efficient and sustainable development.

5. Labour market and securing skilled workers

5.1. Labour market

5.1.1. Employment trend

The positive trend on the German labour market has continued in recent years. The number of people in jobs has continued to rise and, according to recent calculations produced by the Federal Statistical Office, in 2018 a new record was set since reunification with 44.9 million economically active population, an increase of around 600,000 (1.4%) compared to the previous year. The eastern federal states (including Berlin) accounted for 8 million, which was 18%. Compared with its all-time low in 2005, Employment in Eastern Germany increased by 794,000 by 2018.

Employment subject to social security contributions increased by 705,000, or 2.2%, compared to the previous year, to currently 32.9 million employed persons, a stronger increase than in overall employment. In eastern Germany, 110,000 or 1.8% more people were engaged in employment subject to social security contributions compared to the previous year, while the statistics for western Germany were around 596,000 more employees, equating to a 2.3% increase.

Between 2017 and 2018, the number of employees in jobs requiring social insurance contributions in eastern Germany rose to over 6.1 million (as at 30 June). More males profited from this development (+2.3%) than females did (+1.3%). Women account for almost half of the working population in eastern Germany (49.1%).

The share of part-time workers subject to social security contributions in eastern Germany at 30.5% was higher in 2018 than in Germany as a whole on average (28.2%, western Germany: 27.6 per cent, see Table 6).

Temporary employment of approximately 1.02 million temporary workers in 2018 (as of 30 June) dropped overall compared to the previous year by 20,000 employees, the equivalent of 1.9%. In eastern Germany, approximately 190,000 temporary workers were in employment, and in western Germany around 833,000.

The proportion of women in jobs in eastern Germany is still higher than in western Germany, but these figures are converging – due in part to the continuing growth in numbers of women working in western Germany. The employment rate for women in eastern Germany (15 to under 65 years) was 73.9% in 2018 (West: 71.6%, in total: 72.1%); the rate for men was 78.0% (West: 80.0%, in total: 79.6%).

5.1.2. Development of the labour market

The annual unemployment rate for the year fell further to 5.2%. Based on total civilian labour force, in 2018 it was 6.9% for eastern Germany (down 0.7% compared to the previous year) and in western Germany 4.8% (0.5% below that for the previous year). Whereas the gap between the unemployment rates in eastern and western Germany was more than 10 percentage points at the beginning of the 2000s, it stood at just 2.1 percentage points in 2018 (see Figure 2).

The unemployment rate among women totals 6.4% in eastern Germany and 4.6% in western Germany and is hence lower than the rate for men, at 7.3% (east) and 5.0% (west).
In the young age group (between 15 and under 25) and older citizens (between 55 and under 65), more people are registered unemployed in eastern Germany than in western Germany. The unemployment rate of younger people compared with the previous year dropped more sharply in eastern Germany (-0.7 percentage points) than in western Germany (-0.5 percentage points). The unemployment rate of persons aged 55 to 65 dropped more strongly in eastern Germany, by 0.8 percentage points, than in western Germany, 0.4 percentage points (see Table 7).

### Figure 2: Unemployment trend from 1995 to 2018

![Unemployment trend from 1995 to 2018](source: In-house diagram based on statistics from the Federal Employment Agency.)

### Table 7: Unemployment rate as a percentage of the civilian labour force

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>5.7</td>
<td>5.2</td>
</tr>
<tr>
<td>Western Germany</td>
<td>5.3</td>
<td>4.8</td>
</tr>
<tr>
<td>Eastern Germany</td>
<td>7.6</td>
<td>6.9</td>
</tr>
<tr>
<td><strong>Men</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5.9</td>
<td>5.4</td>
</tr>
<tr>
<td>Western Germany</td>
<td>5.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Eastern Germany</td>
<td>8.1</td>
<td>7.3</td>
</tr>
<tr>
<td><strong>Women</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5.4</td>
<td>5.0</td>
</tr>
<tr>
<td>Western Germany</td>
<td>5.0</td>
<td>4.6</td>
</tr>
<tr>
<td>Eastern Germany</td>
<td>7.0</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Younger people (from 15 to 25)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5.1</td>
<td>4.6</td>
</tr>
<tr>
<td>Western Germany</td>
<td>4.6</td>
<td>4.1</td>
</tr>
<tr>
<td>Eastern Germany</td>
<td>8.4</td>
<td>7.7</td>
</tr>
<tr>
<td><strong>Older people (from 55 to 65)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6.3</td>
<td>5.7</td>
</tr>
<tr>
<td>Western Germany</td>
<td>5.7</td>
<td>5.3</td>
</tr>
<tr>
<td>Eastern Germany</td>
<td>8.3</td>
<td>7.5</td>
</tr>
</tbody>
</table>

Long-term unemployment is also going down. The figure for long-term unemployed persons in all of Germany was 813,000 on an annual average in 2018 (-87,000 less than the previous year), yet another decline. The number of long-term unemployed fell in eastern Germany compared with the previous year, by around 28,000 (12.3%) to 198,000, and in western Germany by over 60,000 (8.8%) to 616,000. The number of unemployed people entitled to basic benefits for job-seekers and receiving Unemployment Benefits II declined throughout Germany by about 139,000, that is 8.3% against the previous year. In eastern Germany, this figure actually declined by 9.9% (see Table 8).

5.1.3. Training and continuing education

In the reporting year 2017/2018 there were more trainee positions registered with dual training programmes than there were applicants, meaning that for approximately 565,000 traineeships, there were only 536,000 applicants. In eastern Germany the ratio was almost even, with about 91,000 traineeships for about 90,000 applicants. In comparison with the preceding year, more training places were on offer in both eastern and western Germany.

In the reporting year 2017/2018, 16% of training places were offered in eastern Germany (as of 30 September 2018) (see Table 9). The number of registered applicants for vocational training places rose by around 400 year-on-year in eastern Germany.

Again in the reporting year 2017/2018, the number of unfilled training places rose. At the same time, in eastern Germany an increase can be seen in the number of applicants without training places during the year under review compared to the year before; this number went down in western Germany.

In September 2018, a total of around 58,000 apprenticeships were left vacant, 16.8% of them in eastern Germany. Parallel to the increase in registered apprenticeships (+20,400 positions), the number of unfilled apprenticeships went up (+8,700 positions). Discrepancies in qualifications, type of profession and regional differences make it hard to each achieve a complete balance in the training market.

In September 2018, there were almost 25,000 applicants unable to find vocational training, with eastern Germany accounting for 27.0% of this figure.

**Table 8: Number of unemployed according to length of unemployment in eastern and western Germany**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unemployed</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,532,837</td>
<td>2,340,082</td>
</tr>
<tr>
<td>Western Germany</td>
<td>1,894,294</td>
<td>1,758,627</td>
</tr>
<tr>
<td>Eastern Germany</td>
<td>638,543</td>
<td>581,455</td>
</tr>
<tr>
<td><strong>Long-term unemployed</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>900,745</td>
<td>813,409</td>
</tr>
<tr>
<td>Western Germany</td>
<td>675,159</td>
<td>615,510</td>
</tr>
<tr>
<td>Eastern Germany</td>
<td>225,586</td>
<td>197,899</td>
</tr>
<tr>
<td><strong>Unemployed in eastern and western Germany</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Code III</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>855,431</td>
<td>801,929</td>
</tr>
<tr>
<td>Western Germany</td>
<td>667,696</td>
<td>626,742</td>
</tr>
<tr>
<td>Eastern Germany</td>
<td>187,735</td>
<td>175,187</td>
</tr>
<tr>
<td>Social Code II</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,677,406</td>
<td>1,538,153</td>
</tr>
<tr>
<td>Western Germany</td>
<td>1,226,598</td>
<td>1,131,886</td>
</tr>
<tr>
<td>Eastern Germany</td>
<td>450,808</td>
<td>406,268</td>
</tr>
</tbody>
</table>


**Table 9: Training market**

<table>
<thead>
<tr>
<th></th>
<th>2016/2017</th>
<th>2017/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered applicants for apprenticeships since the start of the respective reporting year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>547,824</td>
<td>535,623</td>
</tr>
<tr>
<td>Western Germany</td>
<td>457,722</td>
<td>445,201</td>
</tr>
<tr>
<td>Eastern Germany</td>
<td>89,730</td>
<td>90,144</td>
</tr>
<tr>
<td>Registered applicants for apprenticeships without a place since the start of the respective reporting year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>23,712</td>
<td>24,540</td>
</tr>
<tr>
<td>Western Germany</td>
<td>18,365</td>
<td>17,901</td>
</tr>
<tr>
<td>Eastern Germany</td>
<td>5,328</td>
<td>6,619</td>
</tr>
<tr>
<td>Registered apprenticeships since the start of the respective reporting year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>544,907</td>
<td>565,342</td>
</tr>
<tr>
<td>Western Germany</td>
<td>456,533</td>
<td>474,519</td>
</tr>
<tr>
<td>Eastern Germany</td>
<td>88,374</td>
<td>90,659</td>
</tr>
<tr>
<td>Registered vacant apprenticeships since the start of the respective reporting year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>48,984</td>
<td>57,656</td>
</tr>
<tr>
<td>Western Germany</td>
<td>40,713</td>
<td>47,985</td>
</tr>
<tr>
<td>Eastern Germany</td>
<td>8,229</td>
<td>9,660</td>
</tr>
</tbody>
</table>

The chance that training program graduates would be offered a position in the companies where they trained was never as good as last year. In eastern Germany the rate of individuals taken on was two percentage points higher than the level of the previous year, and reached a record of 71% in 2018 (Western Germany: 70%).

5.2. Tackling the skills shortage

5.2.1. The need for skilled labour

Germany’s economic future depends to a large extent on how successful we will be in securing and expanding our skills base. The German economy has been prospering for years. The labour market is also in excellent shape: unemployment in Germany at its lowest since reunification and jobs with compulsory social security coverage have reached record numbers. In some regions there is no unemployment. This positive trend also means, however, that businesses and companies are already finding it difficult to hire skilled workers with certain qualifications in some sectors and regions.

In addition, there are wide-reaching transformation processes at work in the labour market and the working world. Global competition, a palpable democratic shift and rapidly increasing digitalization pose new and complex challenges to both employers and employees – these vary greatly according to sector, business, profession or region. For example, Eastern Germany has been confronted much sooner than Western Germany with a drop in employable individuals. Eastern German businesses are also experiencing greater difficulties in adequately covering their need for skilled workers than comparable businesses in western German states.

For this reason, many employers have indicated that they are having greater difficulties filling open positions. On the other hand, in the past 12 months in Germany an average of 2.34 million people were registered as unemployed (of that, 1.14 million skilled workers, specialists and experts). According to an analysis of shortages published by the Federal Employment Agency, there is currently no major lack of skilled workers; however there are still significant problems in filling open positions requiring certain qualifications, in certain regions and sectors. Against the background of increased demographic change and the digital transformation, this includes the healthcare and nursing professions, some technical occupations and construction jobs. Furthermore, there are regional bottlenecks in the supply of skilled labour. For example, in some eastern German states there is a shortage in skilled workers for managing the transport infrastructure, operating trains, wood construction and processing, in the insurance and financial services industries, animal farming, personal care, painting technology, as well as specialists for IT systems analysis, mechanical engineering, industrial engineering and technical drafting. Only in Mecklenburg-Western Pomerania are there no additional shortages besides those occupations that are in short supply nationally.

Because the transformation processes compound one another in their effect on the labour market, but also balance out in other areas, the main challenge for the coming years in securing skilled workers will be to manage the increased lack of workers and the simultaneous surplus of workers. The Federal Government forecasts for the near future, that is up to 2025, a loss of around 1.3 million jobs and at the same time an increase of 2.1 million new jobs. The loss of jobs and the creation of jobs hardly compensate for one another. Whereas skilled labour shortages in some professions and regions will become more severe due to demographic change, in other professions and regions demand for skilled labour is shrinking due to the high potential for substitution through technical progress. In order to come to terms with this skilled worker paradox, the Federal Government has worked out a new skilled labour strategy in a dialogue with social partners in the federal states. This strategy contains the three pillars of domestic, inner-European and international skilled labour potential, and was adopted together with the Skilled Immigration Act on 19 December 2018.

5.2.2. Measures to secure skilled workers

In view of the increasing problems with skilled labour supply and demand, the focus of the Skilled Labour Strategy is on domestic potential. In addition to mutually reinforcing programs in the areas of training, work quality and combining family and profession, one emphasis is on qualification and continuing training of workers that are already in a profession.

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14 IAB Establishment Panel, Eastern Germany, 23rd Survey 2018.
15 For further information, see https://statistik.arbeitsagentur.de/Statistischer-Content/Arbeitsmarktbewertungen/Fachkraeftebedarf-Stellen/Fachkraefte/BA-FK-Engpassanalyse.pdf.
The Federal Ministry of Education and Research published its National Continuing Education Strategy (NWS) on 12 June 2019, which realizes a key goal of the Coalition Agreement and is a big step in establishing the domestic pillar of the Skilled Labour Strategy. For the first time in Germany, the ministries BMAS, BMBF, BMWi, and the federal states, the business community, unions and the Federal Employment Agency are together laying the foundation for this new continued education strategy. The focus of the National Continuing Education Strategy is on professional development, especially for individuals with below average participation in continuing education programs and SMEs. One major goal is to make continuing education programs and assistance more transparent and easier to access and, where necessary, to expand them. Partners have agreed to make specific contributions in a total of ten areas of action. The Strategy emphasizes, among other things, setting up a federal-federal states committee for discussing training and advisory programs as well as the transfer and exchange of experience and creating digital classrooms. To this end, in consultation with the business community and social partners in the federal states, an innovation competition is planned – Digital Platforms For Advanced Vocational Training – as well as expanding programs in digital teaching and learning. A major contribution is the enhancement of individualized career development programs, part of the fourth amendment of the act on career development and continuing education assistance (AFBG). In order to improve social participation and the professional prospects of low skilled individuals, the legal framework for the validation process in the pilot project ValiKom-Transfer for evaluating and certifying informally acquired skills is to be tested. In addition to this, continuing education certificates and programs are to be developed for skilled workers, in order to meet the challenges of digitalization. To this end, in January 2019 a national competition was instigated, InnoVET, ‘Designing the future – innovation for excellent professional education’. Applications are now open for funding for thirty innovative concepts for excellent professional training. Additional initiatives in the context of the National Continuing Education Strategy include integrated continuing education reporting, strengthening of (industry-wide) training sites and schools as competency centres for advanced vocational training, as well as increasing the number of personnel in continuing education.

The Federal Government also uses various programs and initiatives to continue to support and assist SMEs in ensuring a supply of skilled labour. For example, the New Quality of Work Initiative offers practical programs for improving the work environment. The Innovation Office For Skilled Workers for the Region helps labour market players and companies to develop local solutions for attracting and retaining skilled labour by using professional networks. Because Eastern Germany is particularly affected by structural and demographic change, a new set of programs was created together with the Future Centres, to support businesses in developing innovative qualification programs as the pool of skilled workers becomes smaller and the average age goes up. The Alliance for Initial and Further Training is a partnership between the Federation, businesses, labour unions and federal states that coordinates their programs to strengthen dual training and thereby contribute to a long-term supply of skilled labour.

Programmes for training and continuing education

Good professional qualification is a major prerequisite for a good start in a successful professional life. Various models and programs aim to help young people transition successfully from school into the workplace.

The initiative titled Graduation and Continuation – Education Chains leading to Vocational Qualification aims to help recognize the potential of young people early on and to guide them to their future profession with various activities.

At the regional level, job placement offices are to be set up to cover the entire region and to work in close cooperation to introduce young people to the wide variety of job opportunities, to provide educational assistance that is better adapted to their needs and to provide support in the context of professional and social participation.

With the introduction of Lifelong Career Guidance (LBB) prior to working and during the career, the Federal Employment Agency has expanded its career advisory services and orientation.

Demographic and technological change will accelerate the economic and labour market shifts and require better qualification adaptation processes for workers, especially in the eastern German states. The Federal Employment Agency therefore continues to sponsor advanced vocational training at a high level. Funding is provided not only to further education for unemployed people or workers at risk of unemployment, but also for employees with jobs, if they fill the legal requirements for funding. In 2018, in all of Germany a total of 304,000 individuals received financial assistance for advanced vocational training (west: 224,00; east: 80,000). The budget of the Federal Employment Agency has set aside for 2019 significantly more funding (about €3.4 billion) for advanced vocational training and unemployment pay during training, in order to meet the need for more qualification. The unemployed and employed individuals receive more assistance than before in adapting their qualifications to digital and economic structural changes with the help of additional advisory services and further funding possibilities.
The Qualification Opportunities Act of 1 January 2019 expanded previous funding and opened up access to professional development under SGB III and SGB II to individuals regardless of qualification, age and size of the business. Funding was previously limited to employees without a vocational degree, those at risk of losing their jobs and employees of SMEs. Employees have access to adaptation and development of their professional skills if they have jobs that can be replaced by technology, if they are otherwise affected by structural change or wish to take training in a job that is hard to fill. This meets the need for better advanced vocational training, due in particular to digitisation and continual automation of work processes. In addition, the Agency’s qualification counselling and further education is strengthened, in that persons eligible for benefits under SGII may also take advantage of its counselling.

Funding includes (also the additional funding under the Skills Development Opportunities Act):

- Payment for continuing education (classes, travel expenses, child care, lodging), ranked by size of the company (up to 100% for small business operations or individuals over 45 or severely disabled persons in SMEs)
- Payment of unemployment benefits during training for unemployed individuals
- Payment of a wage subsidy of up to 100% for individuals without a vocational degree for programs leading to such a degree
- Payment of a premium of €1,000 for a successful intermediate examination, an €1,500 for a successful final examination for programs leading to a vocational degree (limited to the end of 2020)
- Classes in basic schooling (especially reading, writing, maths and IT) for preparing for a vocational degree
- Assistance in retraining for participants in company training for individuals

A joint initiative launched in 2013 and initially set up for three years to provide initial vocational training to young adults (AusBILDUNG wird – Spätstarter gesucht) was expanded starting 1 August 2016 and is now operated as the Future Starters initiative. It is planned to attract 120,000 25–35 year olds by the end of 2020, from the group falling under SGB II and SGB III, to participate in a qualification leading to a vocational degree. Since the initiative started until December 2018, more than 89,000 young people across jurisdictions (not counting the authorized municipal providers) met the challenge of obtaining a vocational degree; about 21% of the participants came from eastern Germany.

Projects for working mothers

There is still a large difference in the numbers of working mothers. This figure is still significantly higher in eastern Germany than in western Germany, and yet there is an increase in both parts of Germany. The proportion of mothers with a child under 18 in the new federal states including Berlin was 64% in 2007, and rose to 73% in 2017; this increase was from 60% to 67% in the old federal states. If specifically mothers with small children are included, the employment rate is much higher in the new federal states. In western Germany, 57% of mothers with a small child between 2 and 3 years of age worked in 2017, and in eastern Germany, 72%.

It is evident that in both parts of Germany, mothers in part-time employment often work more hours than ten years ago. Between 2007 and 2017, the share of mothers working 20 hours a week or more increased in both eastern and western Germany by 12 percentage points (in the east from 56% to 68%, in the west from 36% to 48%), and the proportion of those working less than 20 hours per week went down (in the east from 7% to 5%, and in the west from 24% to 19%).

A much higher number of mothers in the new federal states work either full time or nearly full time than mothers in the old states. In eastern Germany in 2017, mothers worked an average of 33 hours per week, whereas mothers in western Germany worked 25. Thirty percent of mothers in the new federal states worked full time (over 36 hours per week), and 27% nearly full time (between 28 and 36 hours a week), whereas in the former federal territory, only 14% worked full time and 13% nearly full time.

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16 The concept of realised employment is used as a base. This means that individuals that interrupt their employment with maternity protection or parental leave are not included in the employment statistics.
17 Microcensus special evaluation for 2007–2017, on the basis of the concept of realised employment, calculation by Prognos AG.
18 Microcensus special evaluation for 2007–2017, on the basis of the concept of realised employment, calculation by Prognos AG.
19 Microcensus special evaluation for 2007–2017, on the basis of the concept of realised employment, calculation by Prognos AG.
When looking at the figures for working mothers with small children, these differences are also noticeable. Whereas mothers with children under three years of age generally worked part-time in the old federal states, in the new states, the major share of mothers works full time or nearly full time. A more detailed look at the weekly hours of mothers with children under three years is shown in Figure 3.20

Single parents also work different hours in western and eastern Germany. Seventy-eight percent of working single mothers in eastern Germany worked at least 28 hours per week in 2017, whereas in western Germany, this figure was only 59%. Both in Eastern and western Germany, 30% of single parents do not work.21

Combining family and career

There is a continuing trend towards partners working together to combine family and working life, whereby mothers and fathers coordinate their own employment and childcare. With the expansion of day care and introduction of a parental allowance in 2007, parents are able to better combine family and career.

This is also shown by the continuous rise in the number of individuals receiving parental benefits. In 2018, 1.4 million mothers and 433,000 fathers received parental allowances. This is an increase of 4% overall year-on-year, whereby the number of mothers receiving parental allowances went up by 3%, and fathers by nearly 7%. Overall, the portion of fathers receiving parental allowance has increased.22 In 2014, 34% of fathers received parental allowance, and in 2015 this figure was already 36%. When comparing federal states, Saxony is the frontrunner when it comes to father participation, with 46.7% of fathers with children born in 2015 benefiting from parental allowance.23

Society approves of fathers that are actively involved in their families or in helping care from their children. Eighty-two percent of the population in Germany over 16 years old find it good that more and more fathers are taking advantage of partner months provided by parental allowance to interrupt or reduce their work to help care for their child.24 In addition to parental allowance, the Elterngeld-Plus programme (parental allowance ‘plus’) enhances the ability of parents to combine career and family, and assists those in particular that want to work again on a part-time basis during the parental allowance period. Since this pro-

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20 Microcensus special evaluation for 2007–2017, on the basis of the concept of realised employment, calculation by Prognos AG.
21 Microcensus special evaluation for 2007–2017, on the basis of the concept of realised employment, calculation by Prognos AG.
program was introduced in 2015, the number of parents taking advantage of it has doubled. In 2018, 30% of women in Germany chose the allowance 'parental allowance plus'; and 13% of men. These figures range among women from 20.6% in Mecklenburg-Western Pomerania up to 42.1% in Thuringia, and among fathers from 9.3% in Mecklenburg-Western Pomerania to 21.4% in Berlin.

The partnership bonus that parents are paid when they evenly divide their time between their jobs and caring for the children is mainly used in the large cities of Berlin and Hamburg, where in 2018 18.3% respectively 14.6% of parents receiving parental allowance ‘plus’ decided on this option. Fathers in particular appreciated the partnership bonus. Up to 40% of fathers receiving parental allowance ‘plus’ also chose the option of the partnership bonus in 2008. Seventy-seven percent of beneficiaries felt that the parental allowance ‘plus’ was a good thing. For fathers it allows them more time for their families. Forty-one percent of the fathers receiving parental allowance ‘plus’ say that without it, they would have spent less time with their children. The average period for which parental allowance ‘plus’ was paid out was nine months – three times as long as traditional parental allowance (3.0 months).

Today, both parents wish to have time to spend with their children and have a career, and accordingly both contribute to the family income. Sixty percent of parents with children under three say that is best if both husband and wife work the same amount, and take care of the household equally. This attitude is evident in their expectations from public policy makers and business. Sixty-one percent of the population believe it is important to support parents with children aged under three in future to make it easier for each partner to work. This expectation is more pronounced in eastern Germany than in western Germany. In western Germany, 57% expect support for working parents, while the figure in eastern Germany is 78%. In eastern Germany there are also more couples working similar numbers of hours than in western Germany. In 27% of 2-parent families with minors in Eastern Germany, both partners work more than 36 hours a week. Only 9% of families in western Germany have this kind of employment situation.

Family life scheduling is determined by the set-up for feeding and caring for children and their parents’ jobs. Companies in Germany have become decidedly more family-friendly in past years. Eight out of ten companies emphasize the importance of a personnel policy that helps employees combine family and career.

However, there is still need for action regarding the subject of family-friendly working conditions. There are distinct differences in the perception of companies and employees. Many concerns voiced by employees have still not been heard. This involves the length and scheduling of working hours and the wish to work at home.

Companies see themselves in general and in specific aspects more positively than do their employees. For example, 44% of the companies find that their corporate culture is family friendly – almost twice the percentage of employees (24%) with this perception. Eighty-eight percent of the companies surveyed feel that management takes this issue seriously or very seriously. Only 60% of employees feel this way. It’s not enough to just issue guidelines – the policy of a family-friendly company must become a part of everyday life in the company. Only then can the positive effects of a successful policy for combining family and career become widely felt. Managers and supervisors play a key role in shaping this policy and being good examples, sending signals to the employees in the company. For this reason, the topic of family-friendly working conditions is the focus of the Success Factor Family business programme. The Federal Government collaborates in this programme with Germany’s leading industrial associations (BDA, DIHK, ZDH) and the German Trade Union Confederation (DGB) to achieve its aim of a family-friendly working world. The goal is to bring a family-friendly personnel policy to companies and to make family-friendly companies a trademark in German economy. Over 7,200 employers are members of the network in this programme.

25 Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, 2018: Report on the effects of the parental allowance ‘plus’ programme and the partnership bonus, as well as on parental leave (Bericht über die Auswirkungen der Regelungen zum ElterngeldPlus und zum Partnerschaftsbonus sowie zur Elternzeit), Publication of the Bundestag 19/400.
28 Allensbach Institute 2015: Weichenstellungen für die Aufgabenteilung in Familie und Beruf (How to balance family and career).
29 Microcensus special evaluation f203_510. Calculation by Prognos AG.
32 Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, 2016: White Paper Arbeiten 4.0 (Working 4.0), Berlin.
Integration of the long-term unemployed into the labour market

The Federal Government aims both to integrate the long-term unemployed into the labour market and to achieve their social participation. In addition to existing general instruments, the Federal ESF programme is helping to integrate long-term unemployed persons claiming benefits under Social Code II into the regular labour market, with funding amounting to €680 million up to the year 2020. In the current ESF funding period, this programme especially benefits the federal states in eastern Germany, where 62 job centres are implementing the programme. Up to and including December 2017 (entries were possible until the end of December 2017), around 20,300 long-term unemployed people had received support under this programme, 4,900 of whom were in the eastern German non-city states. Long-term unemployed people need holistic, comprehensive assistance and support, while taking into consideration their individual potential and issues. The aim of the Networks for Activation, Counselling and Opportunities (referred to as ABC Networks) operated by the Federal Ministry of Labour and Social Affairs is to improve the support given to and the activation of the long-term unemployed persons by the job centres. The activation approach deployed by the ABC Networks is implemented in job centres on a voluntary basis and according to local needs. Over half of all job centres have now taken part in the initiative, one in five of which is in eastern Germany.

With the comprehensive approach “MitArbeit” (with work), the Federal Government has laid the groundwork for achieving the goal of opening up new perspectives on the labour market for individuals who have been unemployed for a very long time. A holistic approach is designed not only to promote qualification, placement and (re)integration, but also to improve the employability of the long-term unemployed through intensive individual mentoring and advice as well as effective support, simultaneously offering people specific employment options.

A key component of the MitArbeit concept is the law governing opportunities for social inclusion, which is to be incorporated into Social Code II with the following two new instruments: Inclusion in the Labour Market (§ 16i Social Code II) and Integration into the Labour Market of the Long-Term Unemployed (§ 16e Social Code II – new).

The new Social Participation in the Labour Market instrument (§ 16i Social Code II) is targeted at the long-term unemployed who are furthest removed from the labour market and who have not yet been integrated into the general labour market. The main priority is to enable this group of individuals to be included in society by providing them long-term prospects in government-funded employment in a social labour market.

The second new instrument, the Integration of the Long-Term Unemployed (§ 16e Social Code II – new) replaces the former regulation for funding employment contracts and was conceived for long-term unemployed persons who are not as difficult to place in the labour market but who nevertheless require special assistance with integration into employment.

5.2.3. Inclusion

People with disabilities do not belong to a homogeneous group, rather exhibit as much variation as the population as a whole. The principle of integration that was prominent in policies for disabled persons for many years has been replaced by the principle of inclusion. The UN Convention of the Rights of Persons with Disabilities (UN-CRPD) that entered into force in 2009 provided the main impetus in Germany, followed by plans of action and projects at the national and federal state level.

On this basis, the federal states have set themselves the aim of ensuring equal participation rights in the field of education for young people with disabilities and to emphasise the responsibility borne by general-education schools for all children and adolescents with and without disabilities.

As a national average, 7.2% of pupils of compulsory school age received help for special educational needs in the 2017/2018 school year. The percentage of pupils at schools for pupils with special learning needs dropped slightly between 2017 and 2018 in almost all the federal states. Over the same period the proportion of pupils taught on an inclusive basis in mainstream schools rose in in most states or remained constant. Both the number and the proportion of pupils with special needs in inclusive education services at mainstream schools have quadrupled since the 2000/2001 school year – from 63,261 (12.9%) in 2000/2001 school year to 227,150 (41.7%) in the 2017/2018 school year.
The inclusion of people with disabilities in working life also calls for additional efforts nationwide because the statutory employment rate\textsuperscript{35} of 5\% of persons with severe disabilities has not yet been reached everywhere. In 2017, the rate was 4.6\% and was generally spread equally across the old and new federal states (including Berlin). Clear differences exist, however, in terms of the percentage of severely disabled people in the private and public sector. While public-sector employers in both eastern and western Germany lived up to their employment obligation with a rate of 7.0\% respectively 6.4\%, the employment rate among private-sector employers in the new federal states was just 3.6\% compared to 4.2\% in the old federal states.

5.2.4. Immigration of qualified workers and integrating refugees into the labour market

Germany’s booming economy will continue to rely on immigration of qualified workers. Today, skilled workers from other European countries make an important contribution to the competitiveness of German industry due to the free movement of workers, and are thus helping significantly to close the skills gap.

The conditions for integrating migrant workers and persons in search of protection and asylum seekers are still good. This is evidenced by a rise in the absolute number of foreign employees in eastern Germany by 60,000 (+13\%) within one year; of that, about 58,000 were employees paying compulsory social security contributions (+15\%). As in western Germany, over half of the increase was attributable to citizens from non-EU member countries, including individuals from the eight countries from which most asylum seekers originate. The largest percentage increases in individuals with compulsory social insurance coverage coming from non-EU member countries were registered in Saxony-Anhalt (+29\%) and Thuringia (+28\%). The number of employees with compulsory social insurance coverage that came from the major asylum countries of origin that were registered in all eastern German states (excluding Berlin), even increased by more than 50\%, in comparison to 47\% in Germany as a whole.

\begin{figure}
\centering
\includegraphics[width=\textwidth]{figure4.pdf}
\caption{Pupils with special learning needs as a share of all pupils of compulsory school age (support rate) according to federal states in the school year 2017/2018}
\end{figure}

\textsuperscript{35} Private and public-sector employers providing an annual average of at least 20 jobs per month are required to give at least 5\% of their jobs to people with a severe disability (Sec. 154 SGB IX).
Nevertheless, migrant workers are currently very unevenly distributed across the regions in Germany (see Fig. 5). Most foreign workers are employed in the south and metropolitan areas, making an important contribution here to securing skilled labour. In eastern Germany, the percentage of migrant workers with jobs covered by social security is still lower than average, at 7.3%, compared with western Germany (12.9%). An exception is Berlin, at 14.7%, followed by Brandenburg with 6.8%. The lowest percentage of migrant workers compared with all employees subject to mandatory social insurance is in Saxony-Anhalt, at 4.5%. Looking at a breakdown of the numbers by origin, the proportion of employees from other EU Member States and covered by social insurance is, as last year, still the largest group in the labour market (54% both in eastern and western Germany). Non-EU country nationals form a somewhat smaller group for both areas, at 46%, yet the numbers for citizens from the eight major asylum countries in employment subject to the payment of social security contributions vary between the two regions only slightly (eastern Germany: 8%, western Germany: 7%).

Projections by the Federal Government indicate that the high economic growth in recent years has been reinforced especially by internal movement within the EU. Even a continued high level of net immigration from non-EU countries will not be enough, however, to compensate in the long term for the decline in labour force potential from demographic change.

In 2018, 144,244 non-EU citizens in Germany were granted a residence permit for the purpose of employment, 8,562 or 5.9% of them in the eastern federal states (25,681 including Berlin). The breakdown of the total number by federal state at 31 March 2019 is in Table 10.

Key measures to open up the labour market for skilled workers with certain qualifications from non-EU countries included the introduction of the Blue EU Card and the job-seeker’s visa in August 2012, as well as the acceptance of immigrants with vocational qualifications in occupations where there is a shortage of skilled workers, which was introduced in July 2013. The Blue EU Card has become a successful method of attracting highly qualified professionals to Germany. The so-called positive list of bottleneck occupations below academic level qualifications contains more than 140 occupations, many of them health and nursing as mechatronics and electronics, as well as the field of building and supply technology.

On 7 June 2019 the German Bundestag adopted the Skilled Immigration Act in the second/third reading, a law that focuses on particularly qualified skilled labour from non-member countries. On 28 June 2019 the Bundesrat approved the Skilled Immigration Act. This legislation is slated to take effect on 1 March 2020. The eastern German states – with their large numbers of SMEs – could benefit in particular, because the demand for skilled workers is particularly strong for those who have completed an apprenticeship. The act aims to create a better legal framework, but also improvements in administrative and recognition procedures, more language classes in Germany and abroad, and a strategy for attracting skilled labour from abroad.

The Federal Government’s official portal, Make it in Germany (www.make-it-in-germany.com), was redesigned as the portal of the Federal Government for skilled labour from abroad. It targets both qualified professionals and companies, and provides comprehensive information about entry and visa procedures, finding jobs and life in Germany. The portal provides information on all federal states linked to a map of Germany. It also provides the eastern German states the opportunity to elaborate on their strengths and their numerous initiatives for attracting skilled labour.

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36 All non-German citizens in jobs subject to the payment of social security contributions.
Figure 5: Foreign individuals in jobs subject to social security contributions

Please note: Individuals in jobs subject to social security contributions (excl. trainees) as of 30 September 2018

The Federal Ministry for Economic Affairs and Energy has initiated an assistance programme called Welcome Guides (Willkommenslotsen) to provide assistance to companies all over Germany in locating suitable applicants and integrating refugees into training systems and the working world. There are currently 28 Welcome Guides in eastern Germany (four of these in Berlin). In 2018 767 apprenticeships and jobs were filled (138 in Berlin).

The recognition of foreign accreditations is key for attracting international skilled labour and integrating them into the labour market. To assist SMEs in particular in finding skilled labour for crafts, industry and trade, the project for recognising foreign professional qualifications ("Unternehmen Berufsanerkennung") entered a new phase in 2019. Even today many firms are very active in this respect. One of the three companies that won the prize "Wir für Anerkennung" (We support recognition) in 2018 was located in the new federal states. There is also enthusiastic involvement in other areas. A pilot project for bringing Mexican doctors to Germany focuses not only on recruitment of qualified professionals but also on enhancing the efforts of all involved and strengthening the resources for skilled labour in selected areas. Of five target regions for recruitment, three are in the new federal states.

Also for foreign nationals already living in Germany, vocational training provides a solid basis for lasting integration into the job market and society. Integration of young refugees into the training market is therefore a big topic for the future, to give young people the prospects of a long and successful professional future, and also to exploit available potential.

The Act on Promoting Employment of Foreign nationals that was adopted by the German Bundestag on 7 June 2019 eases access to funding for professional training and preparing foreign nationals for training, without regard to constraints of residency status. Foreigners are given access to assistance they need for applying for and participating in training. The new rules entered into force on 1 August 2019.

The second funding period of the Integration Through Qualification (IQ) funding programme (1 January 2019 – 31 December 2022) is sponsoring a network in each federal state to create qualification recognition and counselling, suitable transitional skills programmes in the context of recognition, and is developing additional programmes. The distribution of funds for this programme that are supplied by the Federal Ministry of Labour and Social Affairs and the European Social Fund were increased to 26% in the ESF portion to the benefit of the new federal states (20% in the first funding round).

Furthermore, the Federal Employment Agency and the sponsors of the basic income support for job seekers (Grundsicherung) have in recent years increased the focus of labour policy instruments to meet the needs of individuals with migration or refugee backgrounds. For example, the KomBer programme (combined job-related language training) started in 2018 combines professional language training under the DeuFöV German language funding ordinance with a programme for introduction to the labour market, identifying and reducing barriers to hiring, and also for finding jobs with compulsory social security coverage for such individuals.

6. Wages, income, pensions

6.1. Wage development

Average wages went up last year in all of Germany, and in eastern Germany even more than in western Germany. In 2018, the average monthly wages of a full-time employee in eastern Germany was about €2,790\(^38\), about 84% of the average gross wages of a western German full-time employee.\(^39\) Accordingly, eastern German full-time employees still earn about 16% less per month than those in western Germany. However, the pay gap between east and west shrunk last year; in 2017 it was still 19% (see Figure 6).

One reason for the pay inequality in eastern and western Germany is that less businesses have collective bargaining coverage in the new federal states (see Chapter 6.2).

According to the Collective Agreement Archive of the Institute of Social and Economic Research, in 2018 there was an increase in wages of about 3% in the west and 3.3% in the east.\(^40\) This is a continuation of the long-term trend of somewhat higher rates of increase in eastern Germany. This also leads to a slow but steady alignment of collective bargaining wages. Most recently, the rate of alignment of east and west wages was 97.6%.\(^41\)

\(^{38}\) The average gross wages for the month of June, without the employer’s contribution and without vacation allowance for employees in all sectors and sizes of business, independently of weekly hours of work.


\(^{40}\) Institute of Economic and Social Research – Collective Agreement Archive (2019). Statistical Paperback on Bargaining Policy Düsseldorf, Table 2.6.

\(^{41}\) Institute of Economic and Social Research – Collective Agreement Archive (2019). Statistical Paperback on Bargaining Policy Düsseldorf, Table 2.6.
Gender gap in earnings

When comparing monthly earnings in western and eastern Germany by gender, it is evident that the difference for women is much less pronounced than for men. According to the Statistical Office, the difference in women’s earnings is about half that of men’s (gross monthly earnings of full-time workers).

This smaller difference is due partly to the difference in working schedules of women in the east and the west, which is also reflected in women’s income. The unadjusted ‘gender pay gap’ is accordingly much smaller in eastern Germany than in western Germany. According to the Federal Statistical Office, in 2018 this gap was 22% in western Germany, yet only 7% in eastern Germany. The most important statistically relevant reasons for the unadjusted gender pay gap are that women often work in sectors and professions that do not pay as well, and not as many women reach senior management positions as men. They are also more likely to work in part-time or mini-jobs and therefore earn less hourly wages on average.

With comparable work and equivalent qualification, the adjusted earnings gap between women and men in Germany as a whole was an average of 6% in 2014.

43 The adjusted gender pay gap is calculated only every four years on the basis of the wages survey; the last survey was in 2014.
Minimum wage

On 1 January 2015 the Minimum Wage Act introduced for the first time a basic minimum wage in Germany. This minimum wage applies equally to eastern and western Germany.

According to the Minimum Wage Act, a Minimum Wage Commission made up of employers and workers must decide every two years on an adjustment of the minimum wage. The Second Ordinance to Adjust the Minimum Wage raised the minimum gross hourly wage as of 1 January 2019 to €9.19 and as of 1 January 2020 to €9.35. Table 11 shows the development of the minimum wage since it was introduced.

Table 11: Development of the basic statutory minimum wage in Germany

<table>
<thead>
<tr>
<th>Validity</th>
<th>Gross hourly wage in €</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January 2015</td>
<td>8.50</td>
</tr>
<tr>
<td>1 January 2017</td>
<td>8.84</td>
</tr>
<tr>
<td>1 January 2019</td>
<td>9.19</td>
</tr>
<tr>
<td>1 January 2020</td>
<td>9.35</td>
</tr>
</tbody>
</table>

Source: In-house calculations and presentations.

The Minimum Wage Commission has estimated in its reports so far that after introduction of the minimum wage, the hourly rates in eastern Germany rose more steeply than in western Germany. However, because at the same time working hours were reduced, gross monthly pay did not go up to the same extent. Regarding minimum wages, the average hourly wage increased between April 2014 and April 2016 by about 14% and average monthly wages by only 4%. In eastern Germany the difference between hourly and monthly wages was smaller; the average hourly wage in the minimum wage range went up by over 20%, and average monthly wages by about 14%.

A number of analyses have been conducted regarding the short-term effect of minimum wage on employment. As summarized in the Minimum Wage Commission’s second report, these studies all found that in comparison to a situation without minimum wage, there was a drop only in jobs not subject to social insurance. The decline in jobs took place in both western and eastern Germany. Regarding growth in employment subject to social insurance, the studies varied in their results, showing both negative and positive effects – these are marginal, however, in view of the total number of such jobs. Negative effects include the fact that there were fewer jobs created than would have been the case in a situation without minimum wage. There was therefore no loss of existing jobs with compulsory social security coverage. To the contrary, since 2010 there has been steady growth in jobs, even after the minimum wage was introduced. The majority of studies shows a slightly negative effect on overall employment due to introduction of the minimum wage, which is attributable especially to the lower number of jobs not subject to social insurance.

Minimum sector wages above the statutory minimum wage negotiated by the collective bargaining partners continue to hold their own. In July 2019 eleven sectors had sector-specific minimum wages negotiated by the collective bargaining parties.

These were declared to be generally binding under the Posted Workers Act, the Collective Bargaining Act and the Temporary Employment Act, and are thus binding on all employers in those sectors. Table 12 shows the status as of 1 July 2019 for the collective bargained sector-specific minimum wages. There are considerable differences between east and west in sectoral minimum wages in half of the sectors listed. Increases were recorded in most sectors compared to the previous year.

### Table 12: Minimum collectively bargained wages under the Posted Workers Act, the Collective Agreements Act and the Temporary Employment Act in € per hour

<table>
<thead>
<tr>
<th>Sector</th>
<th>Employees/salary group</th>
<th>1 July 2019</th>
<th>Next level</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construction industry</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>Worker</td>
<td>12.20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Skilled worker</td>
<td>15.20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Berlin: 15.05</td>
<td></td>
<td></td>
</tr>
<tr>
<td>East</td>
<td></td>
<td>12.20</td>
<td></td>
</tr>
<tr>
<td><strong>Training and further education</strong></td>
<td></td>
<td>from 01/2020</td>
<td></td>
</tr>
<tr>
<td>Educational employee</td>
<td></td>
<td>15.72</td>
<td>16.19</td>
</tr>
<tr>
<td>Educational employee with qualifications listed in the Appendix of the AusbDienstLArbbV5 Ordnance (Fifth ordinance on the requirements for training and further education under the Third Book of the Social Code)</td>
<td>15.79</td>
<td>16.39</td>
<td></td>
</tr>
<tr>
<td><strong>Roofing trade</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unskilled worker</td>
<td></td>
<td>12.20</td>
<td></td>
</tr>
<tr>
<td>Skilled worker</td>
<td></td>
<td>13.20</td>
<td></td>
</tr>
<tr>
<td><strong>Electrical crafts</strong></td>
<td></td>
<td>11.40</td>
<td></td>
</tr>
<tr>
<td><strong>Industrial cleaning</strong></td>
<td></td>
<td>as of 01/20</td>
<td></td>
</tr>
<tr>
<td>West (including Berlin)</td>
<td>Inside and upkeep cleaning</td>
<td>10.56</td>
<td>10.80</td>
</tr>
<tr>
<td></td>
<td>Glass and façade cleaning</td>
<td>13.82</td>
<td>14.10</td>
</tr>
<tr>
<td>East</td>
<td>Inside and upkeep cleaning</td>
<td>10.05</td>
<td>10.55</td>
</tr>
<tr>
<td></td>
<td>Glass and façade cleaning</td>
<td>12.83</td>
<td>13.50</td>
</tr>
<tr>
<td><strong>Scaffolding trade</strong></td>
<td></td>
<td>11.88</td>
<td></td>
</tr>
<tr>
<td><strong>Painting and decorating trade</strong></td>
<td></td>
<td>as of 05/2020</td>
<td></td>
</tr>
<tr>
<td>Nationwide</td>
<td>Unskilled worker</td>
<td>10.85</td>
<td>11.10</td>
</tr>
<tr>
<td>West (including Berlin)</td>
<td>Journeyman</td>
<td>13.30</td>
<td>13.50</td>
</tr>
<tr>
<td>East</td>
<td>Journeyman</td>
<td>12.95</td>
<td>13.50</td>
</tr>
<tr>
<td><strong>Nursing care sector</strong></td>
<td></td>
<td>as of 01/2020</td>
<td></td>
</tr>
<tr>
<td>West (including Berlin)</td>
<td></td>
<td>11.05</td>
<td>11.35</td>
</tr>
<tr>
<td>East</td>
<td></td>
<td>10.55</td>
<td>10.85</td>
</tr>
<tr>
<td><strong>Temporary agency workers</strong></td>
<td></td>
<td>as of 10/2019</td>
<td></td>
</tr>
<tr>
<td>West</td>
<td></td>
<td>9.79</td>
<td>9.96</td>
</tr>
<tr>
<td>East (with Berlin)</td>
<td></td>
<td>9.49</td>
<td>9.66</td>
</tr>
</tbody>
</table>

Source: In-house calculations and presentations.
6.2. Collective bargaining coverage

According to figures of the IAB Establishment Panel\(^{46}\), in 2018 about 27% of western German businesses and 17% of eastern German business had sector collective bargaining agreements (see Table 13). Approx. 49% of western German employees worked in these businesses, and 35% of eastern German employees.

Wages and working conditions are not required to be regulated at a supra-company level, rather may also be defined at the company level, as a company collective wage agreement, or at the individual level in an employment contract.

As shown in Table 13, in 2018 slightly more companies in eastern Germany opted for a company collective wage agreement (3%) than in western Germany (2%). Approx. 11% of employees (eastern Germany) respectively 8% (western Germany) were employed in these businesses.

Of the businesses without collective wage agreements in 2018, about 36% of eastern German businesses and 42% of western German business used a sector collective bargaining agreement as a guide. Regarding employees, of the eastern German employees in businesses without their own collective wage agreement, 44% were employed in businesses that used sector collective wages, and in western Germany, 52%.

Assessments of the IAB Establishment Panel\(^{47}\) show that the sector collective bargaining wages in eastern and western Germany declined markedly until about 10 years ago. Whereas in the period thereafter the scope of sector collective bargaining agreements in eastern Germany was stable and only slight decreases were recorded in eastern Germany, this trend seems to have reversed. Since 2010 there has been a decline in collective bargaining agreements in the west, whereas in the east, the number has stabilized in recent years. This caused the share of sector collective bargaining wage agreements in west and east to converge slightly as compared with 2010.

6.3. Income situation of private households

The income situation of private households continues to differ between western and eastern Germany.

Following the initial strong convergence of the average equivalence-weighted annual net monthly income in the first years after reunification (see Figure 7), the convergence process came to a standstill in the mid-1990s. Following an increase in the income disparities in the first half of the 2000s, a slight narrowing of the gap since 2005 can be observed.

Table 13: Collective bargaining coverage of businesses and employees in 2018, in %

<table>
<thead>
<tr>
<th></th>
<th>Companies</th>
<th></th>
<th></th>
<th></th>
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<td>East</td>
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<td>73</td>
<td>44</td>
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<td>46</td>
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<td>36</td>
<td>41</td>
<td>52</td>
<td>44</td>
<td>51</td>
<td></td>
</tr>
</tbody>
</table>

Source: In-house calculations and presentations.

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During the weak economic period affecting the entire country in the first half of the 2000s, the at-risk-of-poverty rate rose much more significantly in the new federal states than in western Germany. Since 2005 it has been more or less constant with a slight decline in eastern Germany, yet there has been a slightly increasing trend in western Germany (Figure 8).

A look at the different poverty risk thresholds in eastern Germany and western Germany shows that the risk of poverty in eastern Germany is lower than in western Germany, since net income in the new federal states is less unequally distributed. This is illustrated by the Gini coefficient which describes the inequality of distribution on a scale of 0 to 1. The higher the value, the more unequal the distribution (see Figure 9).

6.4. Pensions and pension alignment

The Act concluding the extension of pension legislation to the East German federal states (Rentenüberleitungs-Abschlussgesetz), adopted 17 July 2017, gradually implements the full alignment of pension values in east and west up to 2024 at the latest.

In the first step, the current pension value (east) was raised as of 1 July 2018 to €30.69 and therefore to 95.82% of the western level. With effect from 1 July 2019, the current pension value (east) increased to €31.89. This is 96.5% of the same figure for the west, €33.05.

The poverty risk ratio is an indicator for a relatively low position in income distribution. In order to be able to compare the disposable income of individuals in households of different sizes and types, household incomes are needs-weighted and converted to equivalence incomes. The poverty risk ratio does not provide any information on the actual degree of individual need. It measures the share of people whose equivalence-weighted net income is less than 60% of the average income (so-called at-risk-of-poverty threshold). The effects of material benefits and services are not considered even if they lastingly improve the life of the persons affected. A frequent criticism of the poverty risk ratio is that it only reacts to relative changes and does not take gains in well-being into consideration at all.
Figure 8: Development of poverty risk ratios in eastern and western Germany with respect to an all-German poverty risk threshold

Source: Calculations made by Information und Technik Nordrhein-Westfalen on the basis of a microcensus.

Figure 9: Unequal distribution of net income in east and west (Gini coefficient)

Source: Calculations made by Information und Technik Nordrhein-Westfalen on the basis of a microcensus.
According to the Act concluding the extension of pension legislation to the East German federal states, the current pension value (east) must be at least 97.2% of the figure for the west on 1 July 2020. If, however, Eastern German wages surpass the statutory convergence level, this must be taken into consideration when adjusting the current pension value (east), and would accelerate the convergence of the pension values. In the following years, the current pension value (east) will continue to be aligned with that of the west, and on 1 July 2024, will be 100% of the current pension value. The pension alignment in fixed stages guarantees that by 1 July 2024 at the latest, a uniform current pension value will apply throughout Germany.

The contribution assessment ceiling and the basic formula applied in the east will also be increased step-by-step as of 1 January of each year in the annual ordinance on the pension calculation. The extrapolation factor for earnings in the east will be reduced in stages and will no longer apply as of 1 January 2025. Starting from this date, uniform values will apply to the calculation of pensions in east and west.
II. Creating equivalent living conditions

1. Equivalent Living Conditions Commission

The Equivalent Living Conditions Commission was created on 18 July 2018 by decision of the Federal Cabinet, and is headed by the Minister of the Federal Ministry of the Interior, Building and Community (BMI). The Federal Minister for Food and Agriculture and the Federal Minister for Family Affairs, Senior Citizens, Women and Youth were appointed co-chairs. Members of the Commission include the other federal departments, including the Federal Government Commissioner for Culture and the Media (BKM) and the Federal Government Commissioner for the New Federal States, all federal states and the three main municipal associations: the German Association of Cities, the German Association of Districts, and the German Association of Towns and Municipalities.

The goal of the Commission was to devise recommendations for action with a view to various regional developments and demographic change in Germany. These recommendations are to become effective at the end of the 19th Legislative period and beyond, and accomplish noticeable progress toward equivalent living conditions. The Commission has created six working groups that will address individual issues:

1. Old Municipal Debt
2. Business and Innovation
3. Regional Planning and Statistics
4. Technical Infrastructure
5. Public Services and Employment
6. Participation and Social Cohesion

These groups presented their analyses and recommendations together with their final reports in May 2019. On the basis of these reports the chairs drafted recommendations for active structural and regional policy, in particular, that addresses the needs of the population in various life phases (Our Plan for Germany – Equivalent Living Conditions Everywhere). On the basis of these recommendations, the Federal Government resolved on 10 July 2019 its strategy for applying the results of the Commission, some of which are intended to effect changes in this legislative period. Other programmes will not take effect until the medium term. The measures include:

- a new national funding system for structurally weak regions
- moving jobs to structurally weak regions
- expanding broadband and mobile service to cover all regions
- improving mobility and traffic infrastructure nationwide
- strengthening villages and rural areas
- promoting urban construction and subsidized housing
- finding a fair solution for old municipal debt
- strengthening commitment and voluntarism
- ensuring quality and participation in child care
- bringing about accessibility nationwide
- encouraging a sense of community among citizens in municipalities
- using the concept of equivalent living conditions as a guideline

To assist in implementing the measures a Secretaries Committee in the Federal Minister of the Interior, Building and Community was set up. Additional assistance of the federal states and municipal umbrella associations is planned for autumn of 2019.
2. Financial health of the federal states and municipalities

State and municipal tax revenues growth – and for the Federal Government – has been favourable in Germany. That being said, tax revenues in the eastern states are still significantly lower than in the western federal states. At the same time, tax revenues will decline considerably at the end of 2019, when Solidarity Pact II is phased out. Restructuring fiscal relations between the Federal Government and the federal states as from 2020 will help ensure the long-term financial health of the eastern federal states and municipalities.

2.1. Financial situation of the eastern federal states and municipalities

2.1.1. Tax revenue and income situation in the federal states

In 2018, the per capita tax revenue in the eastern non-city states\(^49\) was €1,301. This figure was €2,334 per capita in the same year in the western non-city federal states and €1,999 per capita in the financially weak western non-city federal states\(^50\). The eastern non-city states therefore generate 65% of taxes generated by the financially weak western non-city states.

Federal fiscal equalisation and the additional shares in the context of the horizontal distribution of the federal states’ share in VAT are essential for the ability of the eastern federal states and municipalities to function. When looking at additional appropriations, the picture is not the same as from the tax receipts perspective. Total revenues of the non-city federal states and municipalities in eastern Germany then go up to €6,348 per capita in 2018, exceeding those in the financially weak non-city federal states\(^51\). The eastern non-city states therefore generate 65% of taxes generated by the financially weak western non-city states.

Higher per capita allocations from the EU Structural Funds also contribute to the eastern federal states’ higher revenues. These funds are also being tapered off. In the current funding period (2014–2020), almost €9 billion will be available for the new federal states, corresponding to around 64% of funding in the previous period.

2.1.2. Financial situation of the municipalities

Municipal tax revenues of €887 per capita in the eastern non-city states equates to 69% of revenues in the western non-city states (€1,285). For this reason, investment appropriations and other ongoing federal state appropriations are highly disproportionate in the eastern German municipalities and are currently around a third higher than in the western German municipalities.

Total revenue of municipalities in the eastern non-city states of around €2,900 per capita in 2018 was about 86% of the level in the western non-city states. This shows the importance of municipal tax sharing and the numerous tax relief programs of the Federal Government that benefit the eastern German municipalities in particular.

To lessen the social services burden on the municipalities and to encourage investment, the Federal Government has also launched a series of measures within the scope of its constitutional authority. Due to their weak financial position, these benefits are particularly important for municipalities in eastern Germany.

The municipalities are totally discharged of paying for basic income support in old age and in the event of reduced earning capacity, the Federal Government is helping with expanding child-care and increasing its subsidies for lodging and heating under the Social Code II.

In order to promote investment of financially weak municipalities in municipal infrastructure, a municipal investment fund totalling €3.5 billion was set up for the years from 2015 to 2020. The fund was increased by another €3.5 billion for improving school infrastructure for the years 2017–2022. Of the investment funds in the Municipal Investment Promotion Fund totalling €7 billion, €1.4 billion goes to financially weak municipalities in the eastern German federal states.

\(^49\) Federal-state tax revenues pursuant to the preliminary 2018 annual statement of accounts before distribution of turnover tax and revenue equalisation, i.e. from income tax, corporation tax, trade tax apportionment and from federal state taxes (in delineation to the Fiscal Equalisation Act) and without VAT and primary VAT equalisation.

\(^50\) In 2018, these were Lower Saxony, North Rhine-Westphalia, Rhineland-Palatinate, Saarland and Schleswig-Holstein.

\(^51\) It should be noted that, on average, municipalities in eastern Germany are financially very weak so that they are much more dependent on financial allocations from the federal states than are municipalities in western Germany.
The Federal Government also supports the federal states and municipalities in a number of different ways regarding receiving and accommodating refugees and asylum seekers. Since 2018, the municipalities have been receiving assistance of an annual €5 billion.

2.1.3. Re-regulation of federal revenue equalisation

The Act Amending the Basic Law of July 2017 and the Act on the Restructuring of the National Fiscal Equalisation System as from 2020 and on the Modification of Budgetary Provisions of August 2017 restructure the fiscal relations between the Federation and the federal states. The Acts provide for annual relief of the federal states by the Federal Government as from 2020, initially by around €9.7 billion. Of this figure, some €2.6 billion will go to the eastern German federal states.

The agreed restructuring of the fiscal relationships between the Federal Government and the federal states abolishes the current advance equalisation of turnover tax and replaces the horizontal fiscal equalisation with financial capacity equalisation in the process of horizontal distribution of VAT. This horizontal financial capacity equalisation will in future be realised by supplements and discounts on the VAT of the federal states distributed according to number of citizens. The restructuring also provides for federal greater financial support of weak federal states than in the past, starting in 2020 with supplementary grants. With the expiry of the Solidarity Pact II funds, the parallel system of regular fiscal equalisation and the special grants to eastern Germany shall terminate at the end of 2019 as planned. Nevertheless, even after 2019 the major part of the funding provided by the equalisation system will be still be channelled to the federal states of eastern Germany.

3. Infrastructures: energy, communications, transport

Publicly accessible infrastructures such as roads, energy and communication networks provide the foundation for our everyday life and work. The focus in this area has certainly shifted since German reunification. Whilst at the beginning of the ’90s, emphasis was placed on roads, water pipelines and the local energy networks, the national energy transport and broadband supply are now moving to the fore due to the energy transition and digitalisation. However, traditional infrastructure is still important – in an increasingly complex world, infrastructure is also faced with complex requirements.

3.1. Energy infrastructure

In view of extensive investments in electricity and heat supply as part of reconstructing eastern Germany, the energy system has been thoroughly modernised since reunification. In many regions the energy industry is an important source of employment, value added and innovation. The new federal states make an important contribution to the energy transition. They have a large share of renewable energy in all of Germany. Regions with a lot of wind – Mecklenburg-Western Pomerania, Brandenburg and Saxony-Anhalt – each generate a large amount of renewable energy with wind-powered installations. In addition, the new federal states have a large amount of former military sites. Accordingly, there are proportionately more solar energy installations. Lignite also continues to be another important source of energy generation in eastern Germany, especially in Saxony and Brandenburg, where it accounts for a large part of the electricity generated there.

One of the challenges of the energy transition is rapid grid expansion, because powerful electricity grids at the distribution and transmission level are the backbone of the energy transition and are necessary to enable the increased use of renewable energies. In recent years, the expansion of transmission networks in particular fell behind that of renewable energies, such that these two must be better synchronized. The Electricity Grid Action Plan published in August 2018 provides for a double strategy: on the one hand, existing grids should be optimised using new technologies and operating strategies. On the other hand, grid expansion should be accelerated by simplifying planning procedures and utilising forward-looking controlling. Various projects to expedite the political, legal and economic effects are currently in the planning process. An initial step was taken in May 2019, when the Grid Expansion Acceleration Act (NABEG) entered into force. In particular, the approval process for network expansion measures have been streamlined and the steps in grid expansion further optimised. The planning stages of federal sectoral planning can be waived under certain conditions. In order to transport the excess electricity generated in eastern and northern Germany, in particular, to the power consumption hubs in southern Germany, more transmission networks are needed.

The Federal Government is working hard on accelerating the expansion of the power transmission grid. Of the currently 65 power grid expansion projects under the Power Grid Expansion Act (EnLAG), 15 projects with three-phase systems are planned for construction in part or wholly in eastern Germany. The planning for high-voltage direct current transmission lines with primarily underground cabling includes in particular the SuedOstLink, which starts in Saxony-Anhalt. All in all, around 1,300 kilometres of lines will be installed in the eastern federal states.
as part of network expansion and upgrading projects under the current Power Grid Expansion Act and the Federal Requirements Plan Act.

The relatively high grid fees are common for electricity grid providers in rural areas, also in eastern Germany. The Act on the Modernisation of the Grid Fee Structure adopted in summer 2017, aims to gradually reduce the regional differences in grid fees in Germany. This is accomplished first by gradually aligning the transmission grid fees by 1 January 2023, as stipulated in detail in the ordinance adopted in 2018 on the gradual introduction of uniform national transmission grid fees. The first implementation step became effective as of 1 January 2019. Secondly, steps to lower the ‘avoided grid fees’ will be taken, costs that raise grid charges especially in rural areas. The measures adopted in 2017 under the Network Charges Modernisation Act will become effective in their entirety by 1 January 2020.

Spread across model regions and over a period of four years, the funding programme “Smart Energy Showcases - Digital Agenda for the Energy Transition” (SINTEG) will test and demonstrate the feasibility of secure and efficient power generation with large proportions of intermittent wind and solar energy.

In five of these large ‘showcase regions’ expertise, experience and projects under various systems are to be combined and model solutions developed for a smart energy supply that could later serve as a blueprint for broad application.

The WindNODE showcase comprises the new federal states and Berlin. Under the auspices of the transmission network operator 50 Hertz, 43 alliance partners and another 33 associated partners work together in a consortium. This project gives rise to about €66 million in investments or costs eligible for funding, in addition to other key projects and contributions to projects from associated partners. The Federal Government is providing €37 million in the span of four years for the WindNODE showcase.

WindNODE aims to demonstrate how power generated by renewable energies can be made available in a digitally connected energy supply system, economically efficient and in the right place at the right time, to securely cover demand at all times. In addition, innovative products and services are to be developed. The outcome is that the simple business of selling electricity practised up to now will also be replaced by new valued-added options, in particular for local actors in the new federal states. In general, standards for a smart energy supply for the future and the energy transition should be set and clearly presented as ‘Made in Germany’. The new federal states hereby assume an important role in continued development of the energy transition in Germany and elsewhere.

The model region itself comprises the five new federal states and Berlin. They in fact comprise the entire regulatory zone of the eastern German transmission network. This area therefore covers both sparsely populated regions generating large volumes of wind energy and urban high-load areas. Even today, more than half of power consumption in this area is covered by power generation from renewable energies.

### 3.2. Digital infrastructure

Viable digital infrastructures are the essential basis that enables companies in east and west to develop innovative applications and remain competitive. We need access to digital infrastructures, both for landlines and in mobile service, to benefit from new applications and participate in them.

In the future, companies and private households will rely more than ever on a strong broadband network. For this reason, the Federal Government is working actively to install gigabit networks nationwide. Especially in rural areas, however, installing such networks is often challenging. It is often not feasible to expand networks, especially in rural areas of eastern Germany with a relatively low population density, so that satisfactory broadband supply is not always available. For this reason, the Federal Government supports the expansion of optical fibre networks, especially in rural areas that otherwise would have no chance to benefit from such networks. The eastern German states benefit in particular:

- With respect to the pro capita amount of funding approved, the eastern German federal states have been particularly successful in applying for funding. Mecklenburg Western-Pomerania takes first place, followed by Brandenburg, Saxony and Thuringia.

- In addition, the eastern German states recorded the highest growth in networks ≥50 Mbit/s in the second half of 2018. Brandenburg showed growth of about 13 percentage points, and Thuringia about 15 percentage points.
The Federal funding programme was largely revised in 2018, and the focus placed on funding viable optical fibre networks. The application process was also greatly simplified.

In order to provide broad gigabit networks, the Federation will increase funding of optical fibre networks. The ‘grey spots’ (areas with poor mobile service) that already have at least 30 Mbit/s but no Gigabit connections will also profit from funding.

The special Federal Programme for Industry places the focus on funding broadband coverage to businesses. Since January 2017, the government has funded connections for industry, business parks and harbours to this fast optical fibre network that allows downloads and uploads of at least 1 Gbit/s. Digital applications can substantially improve applications in the health and education fields. To ensure that schools and clinics have the required infrastructure, the Federal Government is providing funding with a special program called Schools and Hospitals, aimed specifically at providing optical fibre cable to schools and clinics.

Many citizens in East and West are also waiting for better coverage in mobile service – especially in rural areas. Providing nationwide high-performance mobile service is a key concern of the Federal Government in creating equivalent living conditions. The first step is to provide better coverage with the current LTE-/4G mobile network. The performance requirements that the Federal Network Agency has agreed to assigning frequencies in 2015 and 2019 will already bring about noticeable improvements. In addition, the Federal Government is drawing up a mobile service strategy, describing specific measures for closing coverage gaps.

The new 5G network will be created based on the LTE-/4G network. The 5G standard has special features, such as near real-time data transmission, that make it possible to use new personal or work applications unattainable with previous mobile service standards. The award of 5G frequencies was an initial, significant step in the roll-out.

Government requirements ensure, for example, that each of the future 5G mobile network operators installs at least 1,000 5G base stations and, in particular that important traffic routes are provided with mobile service that is only possible with 5G. At the same time, care is taken that mobile network operators have sufficient leeway to create a 5G network that sufficiently satisfies consumer demand and business needs.

3.3. Transport infrastructure

Between 1991 and 2018, over €322 billion from the federal budget and as part of the Municipal Transport Funding Act was invested in the German railway network, the federal trunk roads and waterways. Of this sum, €103 billion was invested in the new federal states.

German Unity Transport Projects (VDEs) account for the lion’s share of investments in the new federal states. This programme, which has funding of nearly €42 billion, includes nine railway and seven motorway projects as well as one waterway project. By the end of 2018, a total of €37.3 billion had been invested in these projects, most of which are now completed.

The focus of rail investments has been on building and expanding the link between Nuremberg and Erfurt (VDE 8.1) and in extending the route from Leipzig to Dresden (VDE 9). The Berlin to Munich route was opened in a ceremony on 8 December 2017. The completion of VDE 8.1 achieves travel times between Erfurt and Nuremberg of around 60 minutes.

Some 99% of the road projects have so far been completed or are under construction. By the end of 2018, a total of 1,945 km had been completed in the road projects whilst a further 45 km are currently under construction. The final section of VDE 1, the first section of the Berlin South Ring, from the A 9 to the A 115, will be expanded to eight lanes. This very busy section of the A 10 is to be completed at the end of 2020. The final section of VDE 13, the A 143, western ring road in Halle, was approved once again in 2018 and work on it is to be commenced soon. The link from the Rhine/Main and Rhine/Ruhr centres to Thuringia, Saxony and Poland was significantly improved in VDE project 15. The A 4 has now been transformed into an efficient west-east road link and has been fully open for traffic since 2014. Work is well under way on a new section of the A 44 between Kassel and Eisenach.

In the VDE 17 project – the waterway link between Hanover and Berlin – Magdeburg has been fully accessible up to a depth of 2.80 m since the end of 2017 after construction on the Mittelland canal. Restricted two-layered container traffic is possible through to Berlin. The project is to be completed in full by 2025.

In addition to the VDE projects, closing the gap on the A 14 between Magdeburg and Schwerin is one of the most important road construction projects currently under way in the new federal states. Work on the almost 15 km section from Tangerhütte to Lüderitz started in August 2018. Furthermore, work also started in 2018 on the last section of the A 72 (AS Rötha – AD Leipzig-Süd) that connects the supra-regional centres of Chemnitz and Leipzig. Areas in the
eastern part of Saxony (country triangle) will also be much more accessible as a result of the construction of the B 178 between Weißenberg (A 4) and the federal border between Germany and Poland. Not only eastern Germany but also Germany as a whole has benefited from the creation of more efficient transport connections between east and west.

Development and expansion of transport infrastructures will also be supported with the Federal Traffic Forecast for 2030. The shares of the federal states of Berlin, Brandenburg, Mecklenburg-Western Pomerania, Saxony, Saxony-Anhalt and Thuringia in the priority federal trunk road projects amount to around 12 percent. These include the completion of the federal motorway A 10 from motorway junction AD Havelland to AD Pankow and the construction of the A 14 – in the road area completion of the eastern corridor north, and in rail, the Uelzen – Stendal – Magdeburg – Halle rail connections.

4. Demography and equivalent living conditions

4.1. Demographic trends

Demographic change is one of the largest challenges of the 21st century. The Federal Government has made demographic shift one of its priority fields of action. As part of its demographics strategy Each Age Counts – Greater Prosperity and Quality of life for All Generations, the government has worked together with partners from civil society and at the municipal level to provide important demographic policy impetus. The goal is to create equivalent living conditions in urban and rural regions in east and west, while respecting the interests of each age group.

The population trend in Germany shows two tendencies: on the one hand, a large gap between east and west, and on the other hand, a gap between metropolitan growth centres and structurally weak regions.

Germany’s population had reached a new record as of 31 December 2018, at about 83 million people according to the Federal Statistical Office. In the new federal states (excluding Berlin), the number of inhabitants remained relatively stable over the past three years at some 12.6 million. However, on a smaller scale, larger differences emerge. For example, the cities and university towns in eastern Germany primarily attract young and well qualified people. Many of them used to live in rural areas. The migration to the towns and cities is leading to a further thinning in the rural and especially in the peripheral regions. The impact of this development can be clearly seen even today in the area of the technical and social infrastructure. A large discrepancy in quality of life is becoming visible between the prosperous regions such as Berlin and environs, Leipzig, Dresden and Erfurt on the one hand, and the economically weak migration areas on the other. Even in the western federal states the economic and demographic divide between the political regions is also on the increase.

The demographic decline and ageing of the population has progressed quite far in many regions of eastern Germany, and is an enormous challenge for municipalities in ensuring public services and creating good living and working conditions.

4.1.1. Population development

In the period 1990 to 2018, the population in eastern Germany (incl. Berlin) declined by 10.9% to 16.2 inhabitants. The eastern German non-city-states recorded large population declines (-14%), whereby the decrease in Saxony-Anhalt was the greatest (-23%). In Berlin, there was initially no consistent trend recognisable in the population after 1990. Only since 2005 has there been a steady increase in the population in Berlin, such that the population in 2018 was 6.1% higher than in 1990. In the former territory of the Federal Republic (excluding Berlin), the number of inhabitants rose by more than 8% in the same period.

Since 2015, all federal states in eastern Germany have recorded a slight rise in population for the first time since German reunification. These positive figures were primarily due to the strong influx from abroad. Since 2016, only Brandenburg reported a slight increase; all other states in eastern Germany recorded declines in population. Berlin has grown by 3.5% in this period.

Immigration is not expected to cause major changes in long-term population trends in the eastern German non-city-states, especially a demographic trend reversal – even if immigration does ameliorate these long-term trends.
By 2030, the population in the eastern German non-city-states will drop by about 0.5 million (3.9%), given a moderate demographic trend (Variation 2 of the 14th Population Projection). In the same period, the number of inhabitants in the western non-city federal states is expected to slightly rise by about 700,000 (1.1%), and for the city states a significant increase in population is expected, by about 300,000 (4.9%).

4.1.2. Population density and degree of urbanisation

At the end of 2017, the population density in the eastern federal states (excluding Berlin) was 116 inhabitants/km², much lower than in the western federal states, with 268 inhabitants/km². The federal states with the lowest population density are Mecklenburg-Western Pomerania (69 inhabitants/km²) and Brandenburg (84 inhabitants/km²).52

There are also great differences between eastern and western Germany with regard to the settlement structure or the degree of urbanisation.

In the eastern non-city states, a good third of the population live in sparsely populated regions, with the corresponding rate in western Germany being only just over one-fourth. Almost half of the population in the western non-city states live in regions with a medium settlement density, with the corresponding figure in eastern Germany being only one-third.

4.1.3. Population age structure

The shift in ratios of age groups in the coming years will be much greater in eastern Germany than in the west. The proportion of people of working age will be much smaller while the proportion of people 65 and older will rise steeply.

At the end of 2018, around 17% of the population in the new federal states (excluding Berlin) was under the age of 20 and 59% of the population was aged between 20 and under 65.

By 2030, there will be very little change in the number of young people. However, the number of working-age people will fall considerably to around 52%. The share of of older people (65 and older) will rise from one quarter to just under one third (31%) (14th Population Projection, Variation 2, moderate development). In the western non-city states and in the city states, the share of those ageing will be distinctly slower.

Table 14: Degree of urbanisation in the non-city states, in %

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<td></td>
<td>Surface area (%)</td>
<td>Population (%)</td>
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<td>Densely populated</td>
<td>3.3</td>
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<td>Medium settlement density</td>
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</tr>
<tr>
<td>Sparsely populated</td>
<td>77.7</td>
<td>34.2</td>
</tr>
</tbody>
</table>

Source: Federal Statistical Office (Destatis), 2018 (on behalf of the Statistical Offices of the Federal Government and the federal states as joint publishers), data from the List of Municipalities (territory status at 31 December 2017) and calculations of the Federal Institute for Population Research.
4.1.4. Fertility and mortality

In 2017, the birth rate in the whole of Germany amounted to 1.57 children per female, thus declining slightly for the first time after five years of growth. At an average of 1.61 children per female, this figure was higher in the new federal states than in western Germany (1.58) (each excluding Berlin). Brandenburg (1.64) and Thuringia (1.63) recorded the highest birth rates in 2017.

However, the rise in the birth rate of recent years is not sufficient to stop the long-term decline in the annual number of births. Furthermore, the expected drop in numbers of potential mothers and the rise in the average age of women when they give birth to their children also impact on the birth rate.

The trend to give birth later in life was clearly pronounced in the last five decades. In 1970, mothers were about 24 years old in western Germany and on average 22 in the former GDR. In 2017, the average age of women giving birth for the first time in Germany was 29.9 years old and 29.0 years old in the new federal states. Whilst the trend towards giving birth later in life continued in the new federal states in 2017, this trend was interrupted in western Germany in 2016, yet went up again after that. The relatively young age of foreign mothers caused this interruption, as they gave birth relatively more frequently. On the other hand, mothers with German citizenship have become increasingly older when they have children.

The ultimate rate of childlessness has not continued to rise in past years, after having increased continually after the peaceful revolution. In western Germany 21% of women 45–49 years of age have no children, and in eastern Germany, 12%. Besides this, there is a wide gap between cities and the countryside: urban regions such as Hamburg have a generally higher childlessness rate, at 31%. The proportion of women with many children (three or more) stabilized, after dropping significantly in the 1960s and 1970s, to 16% for 45–49 year-old women. For the younger age group of 40–44 year-old women, there has recently been a slight rise, to over 17%. In western Germany 18% of women in this age group have no children, and in eastern Germany, 14%.

According to the results of the 14th Population Projection, between 2018 and 2030 the number of births is expected to decline by approx. 15% in eastern German non-city states, and by approx. 7% in the western non-city states. A drop of 4% is expected in the city states.

At the same time, the relatively larger birth cohorts will reach an age in which mortality risks are greater. This means that, despite rising life expectancy, the mortality rate can be expected to increase. In 2018, there were about 71,000 more deaths than births in the new federal states (excluding Berlin). By 2030 this deficit could go up to about 93,000 persons per year.

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* Source: Federal Statistical Office, Data Report 2018
* Bujard, Martin; Brehm, Uta; Lück, Detlev; Lux, Linda; Schneider, Norbert F.; Sulak, Harun (2019) Kinderreiche Familien in Deutschland – Auslaufmodell oder Lebensentwurf für die Zukunft? (Families with many children in Germany – a thing of the past or a model for the future?) Wiesbaden: Federal Institute for Population Research BiB. https://www.bib.bund.de/Publikation/2019/pdf/Kinderreiche-Familien-in-Deutschland.html.
4.1.5. Domestic migration

In 2017, the eastern federal states (incl. Berlin) registered a surplus of 14,000 persons, after counting influx and migration between all federal states, as in previous years. A migration surplus in 2017 was reported by Berlin, Brandenburg, Mecklenburg-Western Pomerania and Saxony. In Saxony-Anhalt and Thuringia, however, the migration balance was negative.

The attractive urban centres are usually the winners when it comes to domestic migration. While big, economically strong cities in the east are likely to remain magnets in the years to come, more and more people are moving away from rural, peripheral areas.

4.1.6. Foreign migration

Many foreigners came to Germany in 2015 and also in 2016. On the whole, Germany recorded a positive foreign migration balance of around 1.1 million persons in 2015 and some 500,000 persons in 2016. In 2018, net migration of about 386,000 was on the decline for the third year in a row.

In the last few years, the migration of those seeking protection has risen perceptibly worldwide. While the influx of refugees to Germany had fallen sharply starting in the mid-1990s, around 442,000 applications for asylum were submitted in 2015 and roughly 722,000 in 2016. In 2017, the number of applications for asylum dropped again to 198,000. In 2018, the number dropped further, to 162,000.

The high level of migration from abroad has led to a rise in population in Germany as a whole and also in the new federal states. In 2015, a migration surplus from abroad totalling 195,000 persons was registered in eastern Germany (including Berlin) which, however, declined in 2016 to 121,000 persons, and to 71,000 in 2017. In 2018, the migration surplus was 73,000. This more than compensated for the difference between births and deaths in eastern Germany in the period 2015 to 2018.

However, there is still a considerable east-west gap when it comes to the share of foreigners in the population. The proportion of foreigners in 2017 totalled around 13% in the old federal states, almost twice the figure of around 7% in the eastern federal states (incl. Berlin). In rural regions, the percentage of foreigners is still much lower than in urban areas.

The influx from abroad of persons in search of protection also has no great impact on this east-west gap. The distribution of asylum seekers is based on the ‘Königstein formula’. On the basis of tax income and number of inhabitants, the formula stipulates the number of asylum seekers to be received by the individual federal states. Consequently, the eastern federal states (including Berlin) currently receive 20.5% of the asylum seekers; this share roughly corresponds to eastern Germany’s share in the total population.

It is difficult to predict how the foreign migration balance will develop in the long term. However, even the continuation of high annual net immigration from abroad to the new federal states will presumably not be able to prevent the population from declining and in particular, the age of the population from rising in the long term.

4.2. Family, living arrangements and childcare infrastructure

The family is where people of various generations take on responsibility for each other in the long term, are there for one another and take care of each other. Over 60% of adults see having their own family as being very important. Even though the percentage is somewhat lower for the younger population, since reunification the meaning of family has increased for this age group.57

For people living in both east and west, children are part of family life. The lifestyles and family formations in Germany vary greatly. There are both similarities and differences between western and eastern Germans.58 For the majority in east and west, marriage is no longer an absolute prerequisite for starting a family. About 75% of those surveyed in the former federal states and 80% of those in the new federal states have this view.

However, there are still differences in the family structure. One-fourth of families with minors in eastern Germany has a single parent, whereas in the former federal states, this ratio is one in six.\(^{59}\) Twenty years ago, the ratio was 18% in eastern Germany and 13% in western Germany.\(^{60}\) In 2017 there were 7,000 rainbow partnerships with minors in western Germany and 2,000 in eastern Germany.\(^{61}\) In 2017, 14,000 under-age children were being raised in all of Germany by same-gender parents.\(^{62}\) Furthermore, in 2017 35% of families with minors were migrants. Whereas in the east this was only 17% of families with minors, in the west there were more than twice as many families from a migrant background. Ten years ago 30% in the west came from this group and 14% in the east.\(^{63}\)

Children are still very important for people in Germany. The statement that ‘without children, something is missing in life’ was upheld by over two-thirds of those surveyed in western Germany, and even more then three-fourths in eastern Germany.\(^{64}\)

The aim of the Federal Government is to provide good education and participation opportunities for all children from the outset and to give parents possibilities to better balance family and work. Much has been achieved here by expanding childcare in all federal states. On 1 January 2019, an act to improve the quality and participation in childcare (Gute-KiTa-Gesetz) entered into force. Under this Act, the Federation is providing around €5.5 billion until 2022 for enhancing the quality of child care and to alleviate the cost burden on parents, while taking the specific needs of each federal state into consideration. By 31 August 2019 the Federal Government had concluded agreements with ten states for implementation of the act, including Brandenburg, Saxony, Mecklenburg Western-Pomerania, Saxony-Anhalt and Thuringia. In the autumn of 2019, all 16 agreements were to be signed, so that federal funding could be released to the states. To implement the findings of the Equivalent Living Conditions Commission, the Federation also resolved on 10 July 2019 that the Federation will continue to assume responsibility for improving quality and participation in child care beyond 2022, within the scope of the funds available under the federal budget and fiscal planning.


In eastern Germany the child care infrastructure is still better than in the west. In western Germany, the child care ratio for children under age three in 2018 was 29.4% and in eastern Germany 51.5%. In contrast, the ratio for child care for children aged 3–5 is the same for western and eastern Germany. In 2018 this ratio was 93.1% in western Germany and 94.1% in eastern Germany.65

There are also differences between west and east in regard to opening hours and day-care centres. Child care facilities in eastern Germany open earlier and have longer hours than in western Germany.

The need for child care for children under three years of age also differs. It was higher in the eastern German federal states in 2018 (60.6%) than in the western federal states (44.7%). The need for child care for children between three and five was almost the same in western and eastern Germany (98.4% of parents and 98% respectively).66

The Federal Government set a goal in the Coalition Agreement for the 19th legislative period to provide for all-day education and child care for all children in primary school. To this end, the Federal Government will give parents a legal entitlement to all-day child care in the primary school years, starting 2025, and will provide federal funding of €2 billion for investments to be made by the federal states and the municipalities.

Not only young families and children need care. With advancing age and vulnerability many older persons require more assistance in their daily lives, even if they are not dependent or mentally disabled. This is the case in particular for seniors over 80 who live alone and have no family nearby or available. The change in family structure will cause this group of needy persons to grow. At the same time, the number of family members acting as legal guardians in an volunteer capacity is already diminishing, and approximately 16,200 professional guardians are already taking on more cases and at the same time have problems finding young people willing to take on this task.

4.3. Urban development and urban development assistance

The National Urban Development Policy is a joint initiative of the Federal Government, the federal states and municipalities to sponsor integrated urban development and strengthen integration, social cohesion, economic and ecological efforts and cultural diversity in the municipalities. Under the umbrella of the National Urban Development Policy strategies and instruments for an integrated and sustainable urban development policy are being continually refined by policy-makers, administrative members, representatives from business, the scientific community and civic society. The towns and cities and municipalities in the eastern German federal states also benefit from the Federal Government’s urban development policy.

Urban development funding is an important instrument of the National Urban Development Policy that is effective nationwide for creating sustainable development in the municipalities and for balanced spatial development in Germany. It is effective in the regions at the local level. Urban development funding is used for projects that must be separately identified according to municipal criteria, for small areas such as city neighbourhoods or the quarter, to reduce inequalities within cities and municipalities, for instance. Within the legal framework, municipal funding is effective in strengthening the structures in areas earmarked by the municipalities for development.

Between 1990 to the end of 2018, the new federal states received a total of around €8.85 billion for all urban development programmes. This is approximately 59% of total funds. The special problems faced by the new federal states have been taken into account by committing more funds per capita in absolute terms than in the old federal states.

The Federal Government continued strong funding of the programmes in 2019 with €790 million, thereby making an important contribution to creating good opportunities in all regions of Germany, regardless of place of residence, in cities and municipalities. The urban development programmes contribute specifically to particular municipal issues.
The funds provided by the Urban Historical Preservation programme (Städtebaulicher Denkmalschutz) are earmarked for city centres of high historical, architectural and cultural value, in particular, in an effort to revive historical areas and to strengthen them as vital locations for living, working, trading, cultural and leisure activities. Between 1991 and 2018, funding was provided in around 254 municipalities in the new states and eastern Berlin. Federal Government funding totalling some €2.8 billion was available for this purpose until 2018. Of this figure, around €2.54 billion was spent in the eastern German federal states. The programme is being continued in 2019 with funding amounting to €110 million, of which €70 million is set aside for projects in the eastern federal states.

In 2017, the programmes Urban Restructuring in the New Federal States and Urban Restructuring in the West were combined into an upgraded urban development programme. The new urban restructuring programme provides nationwide for new quality of life in the cities and social stability in cities and municipalities. Federal Government funding totalling some €3.2 billion was available for this purpose until 2018 – about €1.9 billion was earmarked for the eastern German states. 502 eastern German municipalities saw 1,225 projects realized by 2018. In 2019 €260 million is available for the urban development programme. €120 million thereof has been earmarked for the new federal states.

The Socially Integrative City (Soziale Stadt) programme provides funds to socially and economically disadvantaged cities and neighbourhoods for urban development investments in the living environment, infrastructure and quality of urban living. Key aims include more intergenerational equity and more family-friendly neighbourhoods, an improvement in integration and participation and social interaction between neighbourhoods. From 1999 to 2018, the Federal Government provided funding for the programme totalling some €1.913 billion. The share of the eastern federal states (including Berlin) was around €363 million. Ninety-six municipalities in the new federal states benefited from Federal Government funding. Some €190 million is available for 2019.

With the urban development grant programme entitled Smaller Towns and Municipalities – Regional Cooperation and Networks, the Federal Government helps towns and municipalities in areas affected by demographic change. The aim is to strengthen small and medium-sized towns as centres for public services. This programme therefore primarily supports municipalities that enter into cooperation with neighbouring municipalities and implement joint strategies to secure public services and quality of life. From 2010 to 2018, the Federal Government provided funding totalling some €498 million. The portion allotted to the eastern federal states was about €120 million, sponsoring

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**Figure 12: Financial aid from the Federal Government for urban development from 1990 to 2018**

![Financial aid from the Federal Government for urban development from 1990 to 2018](source: Federal Ministry of the Interior, Building and Community.)
Since 2017, the **Green City Future** programme sponsors initiatives for improving green areas in cities. The funding can be used for urban development measures which serve the creation, refurbishing, qualification and connectivity of publicly accessible green and open spaces in order to maintain and develop city areas as healthy places worth living in. In 2017 and 2018, the Federal Government provided the programme with a total of about €100 million; approximately €16 million was for the new federal states. In 2019, the Federal Government is providing €50 million once again for the programme. To enhance the quality of life for people in the cities and in the country, funding for plantings and creating open spaces was expanded to all urban development funding programmes.

In the future, too, urban planning funding under the Coalition Agreement should be continued and retained as an “independent funding instrument that is aligned closely to problem areas”, in addition to joint tasks. At the same time the programmes should be enhanced, made more flexible and bureaucracy reduced. Items requiring more development include funding structurally weak regions and partnerships between municipalities as well as making centres and village centres more attractive. In this framework a programme structure is being developed that will take effect on 1 January 2020 and will be included in the 2020 budget. Here is the programme structure in more detail:

- **“Lively city centres”** programme
  (€0.3 billion in programme funding in 2020)

- **“Social cohesion”** programme
  (€0.2 billion in programme funding in 2020)

- **“Sustainable renewal”** programme
  (€0.29 billion in programme funding in 2020)

In addition, after Solidarity Pact II, Basket II are phased-out on 31 December 2019, a new formula will be needed for distributing funds for urban development projects. The goal is to assist cities and regions throughout Germany, regardless of their geographical location, with a view to their individual problem areas and with proper funding.

The **Social Integration in the Neighbourhood** investment package dovetails with urban renewal projects by funding construction projects for maintaining and expanding social infrastructure facilities in the residential environment. Since 2017, 440 projects nationwide have created educational and meeting spaces, to facilitate participation and integration of all residents, regardless of income, age, origin or religion. Federal Government funding of some €400 million was available for this purpose in 2017 and 2018. Of this figure, around €68 million was spent in the eastern federal States. The programme is being continued in 2019 with funding amounting to €200 million. Of this, €33.7 million alone is allotted for projects in eastern Germany.

In 2018/2019, a total of around €150 million was available for new projects from the Federal Government’s programme **Funding of Investments in National Urban Development Projects**. On the recommendation of an interdisciplinary jury, another 35 projects were accepted in April 2019 into the federal programme, 13 of them received federal subsidies of about €58.6 in the new federal states including Berlin. The projects are located in Forst, Potsdam, Berlin, Stralsund, Bad Muskau, Crimmitschau, Leipzig, Zwickau, Ilsenburg, Magdeburg and Apolda.

### 4.4. Housing and rent trends

The housing markets in eastern Germany, vary greatly. Numerous cities and rural districts are losing population and there is already a large degree of vacant housing that continues to grow. However, in some prosperous large, mid-size and small cities and in some of the surrounding areas the demand for housing has increased in past years due to population growth from migration surplus and the amount of empty houses and apartments has gone down. Demand is noticeable in cities and surrounding areas.

According to estimates of the Federal Office for Building and Regional Planning, around 2.14 million dwellings in Germany – 5.2% of the total – were vacant in 2017. In the eastern German non-city states the vacancy rate was distinctly higher (10.2%) than in Western Germany (4.4%). The vacancy rates many parts of eastern Germany have increased significantly since 2011 – by about 29% to over 723,000 vacant dwellings. The greatest percentage of vacancies at over 12% was recorded in the districts of Jericho Land, Stendal and Görlitz. A further decline in the number of residents is expected in the coming years, primarily in rural
Increased urbanisation and the growing attractiveness of some eastern German big cities and university cities, however, is attracting more and more people from both Germany and from abroad, creating a continued demand for housing in these cities. This is also reflected in lower vacancy rates. Berlin and Potsdam had vacancy rates of less than 1% in 2017. In Erfurt, Leipzig and Dresden less than 3% of residential space was vacant.

The number of completed buildings in the new federal states including Berlin has virtually doubled since 2011 to well over 51,000 residential units in 2018. The building of new dwellings has increased particularly in the cities. Building permits have been significantly above the completion figures in recent years. In 2018, the construction of well over 67,000 new dwellings was approved in eastern Germany, just under 24,400 research establishments of which were in Berlin. The number of building permits issued for multi-storey housing – for 38,000 apartments – was two and a half times as high as 2011. This new construction will take place particularly in cities with net immigration and will satisfy increased demand for housing. In the home ownership segment, permits were issued for 19,000 private accommodations. Half of permits for private accommodations was issued for Brandenburg and Mecklenburg-Western Pomerania.

In the last five years, the growing demand for dwellings in Berlin and its urban fringe, as well as in of the city of Leipzig, has resulted in sharp rises in rents of over 5% per year. In all other eastern German towns, cities and districts, the rise in rents has been moderate. By comparison with Germany as a whole, rents are below average. Overall, the average rent in eastern Germany in 2018 was €7.41/m² for new or existing leases – although high rate increases in Berlin with its large stock of rented dwellings skew this figure. The German capital recorded an average market offer rent price of €11.09/m², followed by the cities Potsdam (€10.23/m²) and Jena (€8.90/m²). Rents outside Berlin were €5.94/m², considerably below the German average of €8.41/m².

Due to sharp rises in rents in some areas for new leases, but also for existing leases, the federal states were permitted by federal law to issue ordinances for municipalities or parts of districts with very tight housing markets to enforce two housing policy measures In 2013, states were allowed to lower the ceiling on rent hikes under existing leases pursuant to Sec. 558 of the German Civil Code from 20% to 15% of the local comparative rent – and in 2015, they had the option of limiting rent at the beginning of a lease when existing apartments are re-leased to a maximum of 10% above the local comparative rent (the ‘rent control mechanism’). Both rent control and the reduced ceiling are in effect in Berlin and in 30 districts in Brandenburg, rent control only is in force in Rostock, Greifswald, Erfurt, Jena und Ahrensfelde, and in Leipzig and Dresden only the reduced ceiling applies.

Eastern German property prices have also developed to very differing degrees. In Berlin, prices have continued to increase. According to the Higher Committee of Experts in Berlin, the average purchase price for owner-occupied flats (excluding package sales) was €5,690/m² in 2018, a 10% increase on the previous year. Property prices are also rising in other prospering cities. However, price levels for land and houses outside the growing cities are well below average by national comparison.

A sufficient supply of affordable housing is an important social issue of our time. Accordingly, the Federal Government has introduced a number of new programmes since March 2018 to step up housing construction and make housing more affordable. At the housing summit (Wohn-gipfel) held on 21 September 2018 at the Federal Chancellery, a joint Housing Strategy was launched by the federal, state and local governments.

The goal of constructing 1,5 million new private accommodations in this legislative period will be realised with the following package of measures:

- investment impetuses for housing construction
- making sure that housing is affordable
- lowering construction costs and securing skilled labour

The Federal Government is providing over €13 billion in this legislative period alone for subsidized housing, building-related child benefits, housing allowances and continued high investment in urban development. To coordinate implementation of the agreed programmes, a State Secretaries Committee was created on 23 October 2018, under the auspices of the Federal Ministry of the Interior, Building and Community.

In eastern Germany too, housing assistance has been an essential element of socially responsible housing policy. Backed by social housing assistance, local housing companies, housing cooperatives and private investors provide rental homes for households requiring assistance in obtaining housing; they are primarily households whose income does not exceed certain limits and also those with difficulties accessing the housing market (e.g. single parents and people with disabilities). In growing regions, funding for new, affordable accommodations is the main priority. Funding for upgrading housing to contemporary standards, for instance through refurbishing or reconstruction, is available in all regions of Germany.
Responsibility for social housing assistance was transferred to the federal states as part of the Federalism Reform I on 1 September 2006. Since then, the federal states have had exclusive legislative and funding competence. To compensate for federal funding that the reform eliminated, the Federal Government made annual payments to the federal states (compensation funding) from 2007 to 2019. In view of the serious situation on the housing markets, the Federal Government has increased its commitment to social housing funding. For the years 2017 to 2019, compensation payments were increased by €500 million to €1.5 billion annually. As of 2014 the federal states may use the payments of the Federal Government for all investment projects (formerly: limited to housing assistance); however, the federal states have agreed to use these additional funds for 2016 to 2019 for the purposes of social housing assistance and to report to the Federal Government on the appropriation of funds.

The funding for construction of new rented accommodations went up in 2018 by 3% compared to the previous year. In 2018, funding programmes were approved for construction of 27,000 new rented accommodations with rent control and tenant control. This corresponds to an addition of some 800 dwellings compared to last year. In eastern German states construction of around 4,900 new subsidized dwellings was funded. However, they are concentrated mostly in Berlin where around 3,400 subsidized rented dwellings were built. In the east German federal states the stock of rental dwellings with rental and occupation restrictions comprises 182,000 homes (status at the end of 2018).

In 2019 the constitutional basis for paying subsidies ends. The reform of fiscal relations between the Federal and state governments stipulates that as of 2020 the states will receive additional turnover tax remittances.

The Federation can also assume responsibility in the future for subsidized housing together with the federal states. On 4 April 2019 an amendment to the Basic Law for the Federal Republic of Germany entered into force that allows the Federation, after compensation payments have been phased out, to provide financial assistance to the states for nationally important federal and local (municipal associations) investments in subsidized housing. For the years 2020 and 2021, programme funding of more than €1 billion annually has been planned. Details of financial assistance will be agreed on with the federal states in an administrative agreement.

To push home ownership and to raise the proportion of residences owned, the Federal Government introduced the Baukindergeld grant as a KfW subsidy programme. This programme started 18 September 2018. A total of €9.9 billion will be mobilised for the programme for the three funding years 2018–2020. This will assist families with medium income to achieve home ownership, both existing and new construction, in rural as in urban areas. Since the programme started, around 104,000 families applied for building-related child benefits, and of that, 17,000 families were located in the new federal states (status: 31 May 2019).

The Federal Government attaches great importance to increasing the handicapped accessibility of residential living. The KfW Age-appropriate Remodeling programme allows many seniors to at home as long as possible. Adapting residential buildings to the needs of the elderly and handicapped is currently being funded with federal investment allowances and low interest loans from KfW. The Federal Government provided €75 million in 2019. Funding for the Remodeling programme was approved at €75 million until 2021. Independently of refurbishment for the elderly, measures for deterring burglaries can also be funded under this programme. Funding will be continued beyond 2019, up to 2023 (€65 million for 2019/20, and €50 million each for 2021–2023).

Since 2009, the Federal Government and the KfW together have financed the adaptation of around 620,000 dwellings to the needs of the elderly including burglary protection (status: 31 May 2019). Of this figure, some 88,000 dwellings were adapted to the needs of the elderly in the new federal states. The Federation has provided budget funding of about €405 million for these measures (subsidies and loans).

With the Age-appropriate Remodeling subsidy programme funded by the Federal Government with the KfW, around 173,000 dwellings were remodeled (about 30,000 in the eastern federal states, without KfW loan assistance from own funds and without burglary protection measures). Some 217,000 were assisted in the programme for burglary protection (status: 31 May 2019). The programme has already reduced the number of burglaries.

To alleviate the ancillary cost burden for low-income households, the Federation and the states agreed at the Housing Summit on 21 September 2018 to reform the housing allowance as of 1 January 2020. The Federal Cabinet adopted on 8 May 2019 the revised draft prepared by the Ministry of the Interior, Building and Community for reforming the housing allowance (Wohngeldstärkungsgesetz). The reform taking place in 2020 will mean that the allowance will be adjusted more frequently.
Around 660,000 households should profit in 2020 from the reform. Of that, about 180,000 households will receive the housing allowance for the first time or repeatedly. Of these, about 25,000 households will transfer from the basic income support for job seekers programme or public welfare benefits to housing allowances. The benefits paid to existing households will go up by an average of 30%. The average housing benefit for a two-person household that would also be eligible without the reform will go up after the reform from €145 per month to an estimated €190. For the first time, along with the housing allowance reform, this allowance will be increased on a sliding scale as of 2022. It will be adjusted every two years to the current rent and income situation. The new federal states in particular benefit from this as the recipient rate, in terms of all households in the new federal states, is around 50% higher than that of the old federal states.

4.5. Rural development

Rural areas have potential

Germany’s biggest strength is its many diverse regions and its decentralized settlement and economic structure. Almost half of our economic performance is provided in rural regions of Germany, and in eastern Germany even about three-fourths.

Rural communities require both autonomy and assistance in order to ensure public services and develop their potential. However, these areas – especially those in eastern Germany – are facing special challenges due to changes in the areas of demography, globalisation and digitalisation, as well as regarding social cohesion.

Rural regions in eastern Germany vary greatly, have differing situations and each state has its own challenges – in terms of settlement structure, economic strength and supply situation, land use, natural resources and age structure of the population. Whether it be villages or small towns – whether the focus is on commerce, industry, agriculture or tourism – life and work in rural areas has many different facets.

Figure 13: The four challenges for rural development

Source: Federal Ministry of Food and Agriculture.
Some regions are flourishing and have good prospects, especially the regions surrounding Berlin and other urban centres. However, there are also many regions that are faced with the impact of structural change, peripheral location and demographic trends such as out-migration and an ageing population, lack of jobs, vacant buildings, limited municipal budgets and shortfalls in social services. This has an impact in many areas and raises the issue of how to ensure the provision of public municipal services and infrastructure. It further poses the challenge of how to provide minimum standards of basic public services, and of how to secure skilled labour and offer cultural activities for the people living in these regions.

The challenges of securing public services will continue to grow in the coming years due to the decline in the working population and the associated risks for municipal income.

Regional disparities can weaken the solidarity between people and regions. Policies that ignore the welfare of rural areas consequently neglect the needs of the majority of the German population – and endanger the stability of our country.

For this reason, the Federal Government aims to concentrate better in the future on providing citizens with goods, services, broadband, mobility and participation and fair opportunities to improve their lives, regardless of where they live.

The government also intends to assist the process of developing rural areas dynamically, technically, economically, demographically and socially with a specific focus on what is needed. The right programmes can also help municipalities, businesses and society to react better to crises and to be better prepared for the future. They can improve the resilience of villages and regions.

Municipalities can rely on valuable support in tackling challenges in the form of rural development policy under the Joint Task and other funding programmes. These programmes focus on maintaining and enhancing rural regions as living and working spaces. The goal is also to strengthen the ability of regions to act and take on responsibility.

**European Agricultural Fund**

The European Agricultural Fund for Rural Development (EAFRD) has earmarked funds for Germany amounting to around €9.44 billion for the 2014–2020 funding period. Of this figure, the eastern federal states will receive €4.4 billion, a share of 47%. The EAFRD funds will be topped up with national co-financing resources from the Federal Government, the federal states and municipalities and other federal funding. All in all, funding in Germany comes to €17.1 billion. A share in the total volume (EAFRD funding, national co-financing and additional national funds) of €5.8 billion goes to the eastern federal states. This means some €830 million per annum is available as part of the EAFRD for the promotion of the rural regions in the new federal states.

**Joint Task: Improving the Agricultural Structure and Coastal Protection (GAK)**

Rural areas define our home country with their many settlements and cultivated regions. More than half of the population lives in these regions, and the majority of SMEs are located here – they are also the source of the regional variety of our food products and the open spaces providing natural surroundings and recreation. Rural areas are economically, ecologically and socially vital and attractive environments that should be maintained – this is an important focus of policy-makers and society. Rural development provides many opportunities to improve the quality of living in rural areas in the long term, to strengthen villages, nature areas and regions, to encourage environmental protection and to promote agriculture and forestry.

Farmers and foresters cultivate 80% of Germany’s surface area, and therefore bear special responsibility for protecting nature and preserving cultivated landscapes. Because suitable funding for agriculture must meet this growing challenge, the Federal Government has joined with the states in expanding possibilities for financing programmes in the area of contracted nature preservation in agriculture and forestry, as well as climate protection and adaptation programmes.

In Germany the Joint Task for the Improvement of Agricultural Structures and Coastal Protection (GAK) is the most important national funding instrument for effective, forward-looking and competitive agriculture and forestry, for coastal protection and viable rural spaces. Together the Federation and the states provide €1.5 billion of funding annually for rural spaces and protection of coastal areas, starting in 2019. The sub-plan Rural Development provides an additional €150 million in 2019 for projects in rural development.

The goal of the Joint Task Funding Area 1 – Integrated Rural Development and the sub-plan Rural Development is to maintain and develop rural areas as a space for living, working, recreation and enjoying nature. These funds can also be used for numerous purposes, such as rural development planning, regional management, development of villages, reorganization of rural property ownership, broadband and mobile networks for rural areas, micro-businesses or facilities for providing basic services locally.
Regional budgets introduced in 2019 in the Joint Task for the Improvement of Agricultural Structures and Coastal Protection (GAK) also provide assistance for motivated and active rural development and strengthening regional identity. Saxony and Thuringia will offer a regional budget starting in 2019 as a new option for funding.

To promote the digital transformation in rural areas, existing broadband and mobile service funding was extended and adapted to modern requirements. Village development projects include plans for IT- and software-based solutions and training courses.

Following presentation of the work of the Equivalent Living Conditions Commission, the Federal Government agreed on 10 July 2019 to focus GAK funding for Rural Development on investments in accessible provision of basic services in rural areas as well as attractive and lively village centres and finding tenants for empty buildings. This will have a positive impact on living conditions in the eastern German rural regions outside of the prosperous suburban belt.

**Federal Rural Development Programme (BULE)**

Since 2015 the GAK has received constructive assistance from the Federal Rural Development Programme (BULE). The Federation uses this programme to fund important projects and initiatives of players in rural regions. The goal is to maintain and develop attractive living space in times of demographic change. Because of the basic division of competences in Germany, the Federal Government has only limited authority to sponsor rural areas, and therefore can only participate in model and demonstration projects (Modell- und Demonstrationsvorhaben: MuD). Examples of good approaches to rural development are to be tested with BULE funding, in particular to gain knowledge of the further development of the GAK programme. The Federation and the federal states decide mutually whether successful Federal Rural Development programmes such as the model multi-functional houses recently tested should be adopted in the regular funding of the Joint Task Programme. BULE is a testing ground for rural development. At the same time, the federal programme is aimed at strengthening rural areas with the transfer of knowledge gained in the projects to all interested and relevant groups of players.

The approaches tested in the federal programme reflect the range of relevant areas for action – they span from civil involvement to culture and provision of essential community services, to digitisation.

Multi-functional houses and regional projects have already received funding under the Federal Rural Development Programme as a means of maintaining regional public services local services. In promoting projects focusing on social village development, citizens in rural communities are given the opportunity to bring their interests to bear in their immediate vicinity.

The call for proposals titled “Land.Digital: Opportunities for Digitisation of Rural Areas”, provides funding to excellent digitisation projects in rural areas. The research funding bid “Rural areas in the digital age” aims to gather knowledge on the effects of digitisation in rural areas.

As part of the LandKULTUR project, pilot and innovative projects will be supported which maintain and further develop cultural participation in the rural areas. With calls for applications for funding for the “Mobile Countryside” (LandMobil), model projects will be sponsored that improve mobility for residents of rural areas.

The Land(auf)Schwung (rural recovery) pilot project was set up for structurally weak rural areas to improve the regional economic situation, the employment situation and the local provision of basic services by generating new momentum and to actively shape demographic change. Of the total of 13 model regions, the districts of Elbe-Elster, Greiz, Mittelsachsen, Stendal and Vorpommern-Rügen in eastern Germany also receive funding. The pilot project was extended by one and a half years to 31 December 2019.

The budget for the Federal Rural Development Programme increased annually, from €10 million (2015 and 2016) to €55 million for 2017 and 2018. The Bundestag provided €70 million for 2019. Since 2019, involved in implementing the federal programme were, addition to the Federal Ministry for Food and Agriculture (BMEL), also the Federal Ministry of the Interior, Building and Community (BMI), the Federal Government Commissioner for Culture and the Media (BKM) and the Federal Ministry for Justice and Consumer Protection (BMJV).

For the first time, up to €20 million were planned for projects in regional planning and social cohesion, with a special focus on rural areas. The BULE funds also facilitate implementation of pilot projects and model projects addressing the findings of the Equivalent Living Conditions Commission. BULE sponsors innovative policies, models and projects that are to help make rural and structurally weak areas requiring investment more attractive in order to strengthen them as locations for regional economic development and high quality of life.
Furthermore, the Federal Government uses this framework to support projects with national relevance that strengthen culture in rural areas, and thereby make a contribution to equivalent living conditions in rural areas. To reach this goal, a funding programme will be started in 2019 titled Culture in Rural Areas with an annual budget of €10 million from the BULE programme.

For projects for consumer policy in rural areas an initial €1.5 million in federal funding is planned for model projects. The goal is to test innovative and regionally focused information and support projects, especially in structurally weak rural regions, in order to target consumers with relevant and accessible information and give them competence regarding consumer-protection topics. They will be given information on how to access independent consumer protection organizations. A particular focus will be on involving motivated voluntary players in this process. They are most familiar with the issues facing consumers in their living environment and can help locally to transfer helpful information regarding consumer issues. Several model regions are located in the eastern federal states.

Workshop for Municipal Demography (DWK)

The Demographiewerkstatt Kommunen (workshop on demographic change in municipalities, DWK) assists selected municipalities in adjusting locally to demographic change. The cities Grabow, Riesa und Adorf and the districts Havelland and Ludwigslust Parchim are at the focus of the project, which emphasises eastern German municipalities. At the heart of funding are external consulting services that are to help establish structures and processes for addressing demographic change within the municipalities, holistically and with the assistance of various ministries. This Workshop therefore makes an important contribution to maintaining the quality of life in municipalities particularly hard-hit by demographic change.

Mobility in Rural Areas – From Plans for Broad Access to Actual Implementation

In the model project Long-term Access to Public Services and Mobility in Rural Areas, 18 model regions were assisted by the Federal Ministry of Transport and Digital Infrastructure in defining projects for ensuring accessible public services in rural regions and those particularly affected by demographic change.

The Ministry of the Interior, Building and Community created the successor project Mobility in Rural Areas – From Plans for Broad Access to Actual Implementation, which finances mobility projects of four regions under the model project (Bitburg-Prüm, Cuxhaven, Salzlandkreis, Sonneberg and Hildburghausen). These model districts will be assessed up to the end of 2019 as to how the mobility plans can be put into operation, which challenges and hurdles exist and how they can be applied to other rural regions.

4.6. Agriculture and privatisation of agricultural land

4.6.1. Common Agricultural Policy

The reform of the Common Agricultural Policy (CAP) adopted in 2013 shifted the focus toward compensation of societal services. Greening means that 30% of direct payments under CAP is to be paid to farmers for environmental practices that go beyond the cross-compliance requirements already in place.

The basic payment serves especially to stabilize income for agricultural business and to cover risks, but also as compensation for social efforts made by farmers to satisfy cross-compliance requirements, if they go beyond regulatory law.

Another important instrument in maintaining biodiversity in agriculture is the Environmental and Climate Protection Measures in Agriculture (AUKM), which are carried out in compliance with the European Agricultural Fund for Rural Development (EAFRD) Regulation regarding state programmes on rural development (RDP). If such projects fulfill the requirements stipulated by the Joint Task for the Improvement of Agricultural Structures and Coastal Protection, they also receive federal funding. Projects receiving funding include extensive crop rotation, planting flowering areas and strips, as well as measures for sponsoring organic farming and improving livestock welfare. Furthermore, the federal states offer a number of regionally-specific funding measures under the RDP that aim to increase biodiversity in general and preserve specific plants and animals.

4.6.2. Economic situation in eastern German agriculture

Agriculture plays an important role in the economy and society of rural areas, in particular in eastern Germany. Following a massive restructuring process in the 1990s, the agricultural sector has successfully established itself in these regions. The privatisation of former GDR agricultural and forestry areas has also made an important contribution in this respect. In eastern Germany, around half of the agricultural land is managed by legal entities such as cooperatives or limited liability companies with farm sizes well above the national average. In contrast, in the western federal states individual agricultural enterprises continue to dominate the rural economic landscape.
In terms of its share in gross value added of the economy as a whole, the agricultural sector has a greater weight in the new federal states than in western Germany. The share of agriculture, forestry and fisheries in the gross value added of the overall economy as an average in the years 2016 to 2018 in the new federal states was 1.5% (Germany: 0.8%). Mecklenburg-Pomerania recorded 2.5% and hence the highest share in gross value added.

**Sustainable agricultural structures**

Viable agricultural businesses and stable rural regions have been the goals since reunification of many funding projects of the states, the Federation and the EU. These measures have been successful, on the whole. Agriculture in eastern Germany is competitive and a stabilising factor in regions with partial structural weakness. However, it is alarming that operations previously run independently by owners from the area are being taken over by supraregional and in some cases non-agriculture sector investors and made part of corporations. Agriculture businesses, often in the form of partnerships or corporations, are increasing their numbers as well as the area under their control in eastern Germany, a development that has a strong impact on the eastern German agricultural structure.

Purchases by these entities are usually made in the form of a share deal and the transfers of areas cannot be recorded by the authorities due to a regulatory loophole in agricultural land law. Because there is no control over these sales, it is not possible to enforce agricultural policies such as broad dispersal of ownership, prioritizing farmers in land sales, avoiding speculative investment purchases or strengthening the regional value added with local individual agricultural enterprises. In addition to the disadvantages for the agricultural structure, the demand of investors in recent years has also contributed to a strong increase in prices for agricultural land. The high property prices constrict the ability of many businesses to expand. Some federal states have stated that they will try to close this regulatory gap in land law. Share deals not only permits buyers to circumvent pre-emptory rights for farmers, but also to avoid paying land transfer tax for the agricultural property that becomes the property of the purchasing company. Current law allows for tax exemption from land transfer tax if the buyer acquires 94.9% or less of shares in a company owning property (a partnership or private entity). The Coalition Agreement for the 19th legislative period contains a petition that must be reviewed by the Federation and the states to create an effective and legally watertight regulation to end abusive tax structures that avoid land transfer tax with share deals. Based on this petition, the Conference of Finance Ministers on 29 November 2018 adopted measures (including lowering the share threshold from 95% to 90%, extending minimum ownership periods from five to ten years) that were included in the Federal Government Bill for an Act to Change the Land Transfer Tax Law.

**4.6.3. Privatisation of agricultural land**

The privatisation of formerly state-owned agricultural and forest land in the eastern German non-city states has not yet been completed. A total of around 7,690 ha of agricultural land and around 1,270 ha of forestry land were sold in 2018, including 590 ha of agricultural land and 850 ha of forestry land sold to former owners and/or their descendants in accordance with the Compensation and Corrective Payment Act (EALG). Since 1 July 1992, approximately 869,100 ha of agricultural land and some 596,000 ha of forestry land and 81,900 ha of conversion areas have been sold. In addition, 65,000 ha of nature conservation areas were donated to nature preservation organisations. Furthermore, through sales and the reassignment of assets the BVVG (a limited company that administers sales of rural land in the new federal states) has disposed of a total of 24,750 ha of agricultural and forestry land for a broad variety of nature conservation purposes since its formation in 1992. Seventy-six ha of this land were released in the 2018 financial year.

In the same year, BVVG additionally sold around 8,900 ha of agricultural and forestry land to the states of Mecklenburg-Western Pomerania, Brandenburg and Saxony-Anhalt in a bid to implement the Water Framework Directive (WFD).

The Coalition Agreement stipulates that the "successful programme National Natural Heritage should be continued, with a fourth tranche of 30,000 ha, of that 20,000 ha from the Land Utilization and Management Company". The details must still be determined. As of 31 December 2018, the Land Utilisation and Management Company (BVVG) still held some 116,800 hectares of farming land and around 6,500 hectares of forestry land.

**4.7. Tourism**

Eastern Germany continues to be a popular travel destination for German and foreign visitors alike. A new record was reached in 2018 with some 115.4 million people in overnight stays. Compared with 2017, the tourist figures for the eastern German states including Berlin have grown by 1.0%. Berlin continues to be at the top of the list, with some 32.8 million overnight stays (up 5.5%), followed by Mecklenburg-Western Pomerania with 30.9 million overnight stays, its best result in the history of the federal state (up 4%). Similarly, reaching the mark of 20 million overnight stays (up 2.9%), Saxony recorded its best result in the statistical record since 1992.
With more than 13.5 million overnight stays (up 3.5%), Brandenburg had a new record result. Saxony-Anhalt also had a new record, with over 8 million overnight stays for the second time (up 1.2%). With some 9.9 million overnight stays, Thuringia recorded a slight decline of 0.7%. Domestic tourism is the most important pillar of tourism in eastern Germany.

The volume of foreign guest stays in Germany rose across the board in 2018 compared with the previous year. The result reflects a successful placement on the international travel market. Brandenburg recorded the highest growth at 11.1%, followed by Berlin, at plus 7.9%, Mecklenburg-Western-Pomerania at 7% and Saxony with an increase of 6.2%. The share of international overnight stays in Thuringia declined on the previous year by 7.6% and Saxony-Anhalt by 12.5%. Both countries benefited in 2017 from the Reformation Anniversary, but in 2018 demand from abroad dropped again to the previous level before the celebration.

This year, cities and regions with cultural history celebrations will attract higher numbers of foreign visitors. All across Germany, there are many events and excellent exhibitions with international reach, with the focus on the anniversary of Bauhaus architecture and classic modern. Thuringia, Saxony and Saxony-Anhalt have strong ties to the Bauhaus tradition. Brandenburg is celebrating Fontaine's 200th birthday with a wide range of events. Berlin is marketing the 30th anniversary of the fall of the Berlin Wall, among other things. Mecklenburg Western-Pomerania is continuing the international outreach it attained as a partner country last year for the international tourism convention ITB. In 2020, the state will host the Germany Travel Mart in Rostock/Warnemünde and in the state capital Schwerin. This event is held annually outside of Germany by the German National Tourist Board (DZT) on behalf of the Ministry for Economic Affairs and Energy to market the country as a tourist destination. Hosted together with rotating partner regions and cities, this event will be visited by 1,000 representatives of national and international travel organisations, including 150 international media professionals from as many as 50 countries.

4.8. Remediation of lignite sites

Immediately after reunification, one of the many challenges and tasks in eastern Germany was environmental protection. The political and economic systems of the GDR left behind massive environmental damage and turned a blind eye to pollution and its impacts on humans and nature. Environmental clean-up efforts have paved the way to dynamic economic structural changes. The gradual creation of a modern environmental protection infrastructure and installing modern manufacturing facilities with efficient environmental technology has prepared these regions for a sustainable, dynamic economic structure. Not least because of these efforts, a strong environmental protection sector has been created in the new federal states with an impact on the general level of technology.

Remediation of old industrial areas has been attributed an important role since German reunification. This includes in particular remediation of areas of the former lignite open mines. At Europe’s largest landscape remediation site – the abandoned lignite mining areas of the former GDR in the Lausitz lake district and the new Leipzig lake district – attractive natural habitats and recreational areas as well as modern sites for industry and trade have developed.

On 2 June 2017, the Federal Government and the eastern lignite federal states signed the fifth supplementary Administrative Agreement on the Continuation of Funding for the Remediation of Lignite Mining Sites (VA VI BKS). The success story of lignite site remediation can therefore be continued. This administrative treaty secures continuity in coping with tasks for the years 2018 to 2022. The overall financial framework for the federal states of Brandenburg, Saxony, Saxony-Anhalt and Thuringia is €1,230 million. It is particularly important for the Federal Government that the new Administrative Treaty now contains specific regulations on the procedure for rapid and conclusive transfer of obligations, assets and projects of the LMBV to structures that are independent of the Federal Government. Related projects were launched in 2018.

In 2018, the focus was on viable solutions for making dumping areas safe geotechnically, projects for improving water quality in the lakes formed in old mine pits and treating flowing water that has been affected by mining.

Renatured landscapes are instrumental as always in improving the quality of life in the affected various regions, creating attractive leisure activities and providing new starting points for tourism. The lakes Große Goitzschesee und der Cospudener See have become two of Germany’s most popular recreational destinations.
4.9. Health and long-term care

Medical care and health care provided by the statutory health insurance scheme

Citizens in all of Germany can rely on high quality medical care. Statutory sickness insurance provides for comprehensive treatment in case of illness. A broad variety of reforms in the health system guarantees that easily accessible, high quality medical care will be available into the future in all of Germany. Laws have been enacted to ensure high-quality, needs-based and easily accessible health care for people in rural and structurally weak regions, in particular. In light of demographic developments and the ensuing shifts in demand for insurance, as well differing needs in urban centres and structurally weak regions, this is decisive for the eastern German states in particular, because they have more serious structural problems and a higher average age than the western German states.

A particular focus is on improving patient care. Hospital care will be improved with a law to increase the number of nursing staff and improve working conditions in hospitals and senior care facilities (Pflegepersonal-Stärkungsgesetz: PpSG). In addition, a law to strengthen hospital systems established a hospital structure fund that will be continued with a focus on sponsoring projects that improve hospital structures. For example, funding has been expanded to include projects spanning several states, as well as projects on creating speciality centres with specific medical treatment for rare or serious diseases, centralised emergency care units and hospital alliances, particularly telemedicine networks. The states thereby receive assistance in adjusting their in-patient care structures to the actual care situation, even in years to come.

The law to improve services provided by health insurers (Terminservice- und Versorgungsgesetz: TSVG) effective May 2019 will make health care in Germany quicker, better and more digital. The focus is on improving scheduling services. A single point of contact is to be created for patients, and on 1 January 2020 at the latest be available around the clock. In addition, the minimum number of hours offered by statutory health insurance-affiliated physicians will be increased, from at least 20 to at least 25 hours per week. Doctors will receive extra compensation for accepting new patients and general practitioners will be paid an additional amount for arranging a specialist in an urgent situation. Regional bonuses will be paid to doctors practising in rural areas, in order to improve health care coverage in the countryside. In areas with insufficient medical services the statutory health insurance associations must set up their own facilities to ensure that the insured persons receive immediate care if there is no other option. At the same time, this law will improve health care services. This ranges from more services and more supplies, medication, vaccinations and dental prostheses to expanding the provision of at-home care for nursing patients, to paying for costs of cryopreservation for young adults with cancer and who want to have children after chemotherapy.

The scheduling and health care act will also propel the health sector into the digital age. Health insurers must offer their patients electronic health records on 1 January 2021 at the latest. It should also be possible to access medical data without an electronic health record by using a smart phone or tablet.

In the future it will be important to respond quickly to structural, demographic and social trends, and therefore additional reforms are planned.

Improve health care through telemedicine projects

Telemedical applications should help to bring down barriers between various care sectors and bridge geographical distances. For this reason, the use of telemedicine applications should be expanded and the legal and financial frameworks created. For example, online doctor visits by means of video were included in statutory health care in April 2017 and have been expanded to facilitate contact with doctors, especially in follow-up care and appointments. Removing the law prohibiting medical professionals from performing treatments by telemedicine makes it possible to expand telemedical treatments to individuals who did not previously have direct contact with doctors.

To create nationwide efficient healthcare services the diagnostic services previously limited to x-ray and CT are to be broadened to include other areas. Further telemedical services are to follow. For example, digital health services will help to improve connectivity between insured persons and health care professionals, also for telemedicine use. Sparsely populated areas will profit in particular, such as those in the new federal states.

Digitalisation and innovative care structures provide great opportunities for improving health care in Germany. The structure of the health system must be continually adapted to the speed of the digital transformation and innovative processes. The act to create better health care with digitisation and innovation (Digitale-Versorgungs-Gesetz: DVG) will take a big step in this direction. The draft legislation

Cryopreservation (from the Greek “Cryos” meaning cold) is the freezing of body cells, in this case reproductive cells or tissue, in liquid nitrogen. To be eligible for treatment under statutory sickness insurance, cryopreservation must be medically necessary due to illness and related treatment with a therapy that damages reproductive cells (e.g. cancer therapy).
was adopted by the German Parliament on 10 July 2019. This act includes an innovation fund with an annual budget of €200 million until 2024, for developing qualitative health care in Germany and financing innovative, and in particular, cross-sector forms of care and research. Furthermore, a process will be created for adapting successful pilot projects to regular care. The approximately 300 projects that had been receiving funding are now being conducted in all federal states so that patients in the new federal states can also benefit. Of the new methods for providing care currently supported by the Innovation Fund, 70% of the innovative approaches are being tested using digital and technological components which address the challenges of a nationwide, needs-based and local health care system, also with a view to the rural and structurally weak regions. The Act also contains funding to sponsor consultation among doctors by video. This will reduce travel for patients and enhance specialised health care across the regions.

Additional funding outside of the Innovation Fund is provided to projects for developing ways to use artificial intelligence in health care, including a project at a university in eastern Germany related to caring for patients with rare diseases.

Consultations of the Growth, Structural Change and Employment Commission provided the impetus for an immediate action programme for assisting the regions affected by the coal phase-out. As part of this programme, health projects using telemedicine are also to be funded.

Long-term care services

In Germany, nearly 3.9 million people (as of December 2018) require long-term care services, of which a disproportionately high number, almost 800,000 persons, live in the new federal states. Around 76 % receive that care at home from members of their own family and also from outpatient care services. Given the higher proportion of people in need of long-term care in the new federal states, ensuring care services is particularly important.

The Federal Government has made improvement of long-term care one of its priority fields of action in the past and in the current legislative period.

In this legislative period Federal Government set a specific goal of increasing the health care staff and creating better working conditions in hospitals and homes for the elderly, to combat the lack of skilled labour in the care sector and to continue improving treatment and care of patients and nursing patients. The personnel improvement act PsSG that has already partially become law is an important initial step in this direction. Under this act additional health care professionals (up to 13,000) for in-patient long-term care will be funded with additional insurance payments. The act also helps make health care professional work more attractive in rural areas, which is important not only, but to a great extent, in the new federal states. In-patient senior care and nursing services in rural areas will be enhanced with better remuneration for commute time where such care requires travel over long distances. Furthermore, the draft bill provides for care facilities that voluntarily take part in the telematics infrastructure. Any related costs will be reimbursed.

A concerted action for long-term care (Konzertierte Aktion Pflege: KAP) is a federal initiative for substantially improving working conditions in consultation with long-term care professionals. The KAP adopted various projects on 4 June 2019 for making long-term care profession more attractive, which must now be implemented by the KAP partners. The agreements involve training, qualification, personnel management, occupational safety and health and health promotion, innovative health services, digitisation, health workers from abroad and salaries.

In the area of pay, a nationwide collective wage is to be paid in the future. An agreement was reached on minimum wages according to qualification (at least for health care professionals and ancillary staff), as well as eliminating any differentiation between wages paid in west and east.

The KAP also continues efforts that were already launched by the Federal Government in past legislative periods. For example, the long-term care self-administration was given a statutory mandate under Sec. 113c of the Social Code XI introduced by the Second Act to Improve Long-term Care to ensure that, by 30 June 2020, a scientifically based procedure is developed for the uniform assessment of staffing requirements in long-term care facilities. The Federation and the states have now agreed in the KAP to mutually discuss how federal and state personnel requirements can be coordinated in the future and where appropriate, harmonised.

The reform of nursing careers will also modernise nursing training.

The Federal Government has also combated low wages in the care sector in previous legislative session by reforming the statutory framework to make payment of suitable wages possible. The First Act to Improve Long-term Care clarified regulations on contracts and payment in the long-term care insurance sector such that payment of collective bargaining wages and suitable payment in church-affiliated institutions may not be refused in negotiations between the funding providers and care facilities regarding wages or compensation as uneconomical; under the Third Act to Strengthen Long-Term Care this provision also applies to salaries in facilities not covered by collective bargaining, up to the level paid under collective bargaining agreements.
In addition, since 1 August 2010 a special minimum wage has been in force in geriatric care, which since 1 January 2015 also includes outpatient nursing care and since 1 October 2015 also explicitly includes additional care personnel (Sec. 53c in connection with Sec. 43b of the Social Code XI). The minimum wage in the care sector ensures minimum pay for people working in the long-term care sector and thus prevents wage dumping. The minimum wage in the care sector has been continually increased, and as of 2020 will be €11.35 per hour in the old federal states (including Berlin) and €10.85 per hour in the new federal states. Elderly care professionals usually earn much higher wages than the minimum care sector wage.

The long-term care insurance benefits have been greatly improved by the Long-Term Care Strengthening Acts. A key element of the reforms was the introduction of a new definition of the need for long-term care and of a new instrument:

- The previous three categories of care have been changed to five levels of care.
- All individuals in need of long-term care receive equal access to benefits of long-term care insurance since 1 January 2017, irrespective of whether they suffer from physical, mental or emotional problems.

The third Long-Term Care Strengthening Act, much of which came into effect on 1 January 2017, will strengthen the role of municipalities in the field of care and improve care services both locally and in the regions. The services provided under long-term care insurance have also been significantly expanded to support civic commitment and self-help, to promote programmes offering assistance in everyday life and to facilitate networking at the local and regional levels. The Act, part of which is already in force, also provided better financial assistance with long-term care insurance for self-help for long-term care patients and the efforts of their family.

4.10. Sports promotion

The Federal Government’s sports promotion policy and the restructuring of top-level sports promotion are geared to sports-related aspects and requirements to create optimum conditions for the top level performance of the athletes. A geographic distinction between the north and south, east and west is irrelevant for this promotion.

One focal area of the Federal Government’s sports promotion programme is the establishment of sports centres for top-level sport, which is implemented in cooperation with the sports organisations, federal states and municipalities. The funding extends to facilities of the Olympic support centres and sports facilities in training centres and federal support centres. The central aim is to meet the Olympic sports federations’ need for sports facilities.

In 2019, the Federal Government has made around €17 million in funds available for building sports facilities throughout Germany. In the preceding budget year of 2018, a total of approx. €15.5 million in funds was approved, including around €7.6 million for sports facilities for top level sport in the new federal states.

An outstanding example of successful sports promotion is Germany’s Olympic and Paralympic training centre in Kienbaum (Brandenburg). Today, it is Germany’s largest and most important facility for central training courses held by top level sports associations where national team athletes are trained for international sports events. It is one of the most advanced training centres in the world.

In 2018 budget year, a total of around €17.1 million in funding was made available for the six Olympic support centres in eastern Germany and the Olympic and Paralympic training centre in Kienbaum. This amounts to around 44% of the €38.4 million in financial support available for training centres throughout Germany.

In 2019, funding for scientific support from the Institute of Applied Training Science in Leipzig (IAT) and the Institute for Research and Development of Sports Equipment in Berlin (FES) totals €16.3 million.

It is the declared objective of the Federal Government’s sports policies to combat doping. The Institute for Doping Analysis and Sports Biochemistry in Kreischa (Saxony) supported by the Federal Government is an anti-doping laboratory certified by the World Anti-Doping Agency (WADA).

To underpin its commitment to the fight against doping in sport, the Federal Government continued financial assistance to victims of doping in the GDR, thereby offering reconciliation for the injustice committed against athletes by the former GDR. With the Second Doping Victim Assistance Act, a second fund was set up in 2016 for an amount of €10.5 million.


4.11. The promotion of culture

Promotion of cultural institutions in the new federal states

The Federal Government commits to its co-responsibility to maintain and modernise the cultural infrastructure in the new federal states. The thirtieth anniversary of the Peaceful Revolution is a good opportunity to honour the enormous achievements that have been made in the most important cultural institutions in the new federal states. The cultural flagship institutions funded by the Federal Government Commissioner for Culture and the Media (BKM) have gained immensely in popularity, and include the German Marine Museum in Stralsund, the Prussian Castles and Gardens Berlin-Brandenburg Foundation, the Fürst-Pückler Park Bad Muskau Foundation, the Franck Foundations in Halle as well as the Klassik Stiftung Weimar.

The BKM also provides some €4 million in 2019 for important cultural projects in the five eastern states from the Investments for National Cultural Institutions in Eastern Germany funding project.

Thirty projects in total are being funded, including the following:

- Bundesschule Bernau: multimedia presentation technology for a visitors’ centre of the UNESCO Bauhaus World Heritage Site
- Historical Technical Museum of Peenemünde: Refurbishing the visitors’ centre
- German Hygiene Museum Dresden: Improvements of the ventilation system for the permanent exhibition
- Mosigkau castle in Dessau: Refurbishing the gallery
- Herzogin-Anna-Amalia-Bibliothek in Weimar: Refurbishing the exhibition rooms of this famous library

In 2019, Germany will celebrate with partners all over the world to honour the 100th anniversary of the founding of the Bauhaus movement under the motto "Rethinking the world". Founded in Weimar in 1919, relocated to Dessau in 1925 and closed by the Nazis in 1933 in Berlin, the University for Design existed for only 14 years. However, its influence extends to the present and is familiar all over the world.

The 100th anniversary of Bauhaus is a special occasion for the Federal Government to put the focus on preserving its cultural heritage and to emphasise, at national and international levels, that the ideas of Bauhaus for architecture, urban development and design are still relevant today. For decades, the Federal Government Commissioner for Culture and the Media (BKM) has been working together with federal states and municipalities to promote the legacy of Bauhaus by supporting the Bauhaus Dessau Foundation and the Klassik Stiftung Weimar. On the occasion of the Bauhaus anniversary, the BKM has contributed €57 million to the construction of new Bauhaus museums in Weimar, Dessau and Berlin. To fund anniversary activities, the BKM is also providing a total of €16.5 million through the German Federal Cultural Foundation (KSB). Among others, three anniversary exhibitions in the Bauhaus institutions in Weimar, Dessau and Berlin are sponsored. In 2016 the Bauhaus Agents, an innovative, educational programme was launched. Various anniversary events are also financed with the Bauhaus Today fund.

The Federal Government Commissioner for Culture and the Media also directly supports selected projects with around €3.5 million, such as the Grand Tour of the Modern, which was launched in May in the Bundesschule Bernau, part of the UNESCO World Heritage Site.

The German Bundestag slated up to €200 million in the 2019 federal budget for a new, trans-state special investment programme for castles and gardens in mid-Germany. The funding programme is planned for eight years, and requires contributions of €100 million each from Saxony-Anhalt and Thuringia. Negotiations on implementation of these authorized budget funds are currently ongoing.

The Royal Palace in Dresden also receives financial support. Between 2013 and 2016 alone, the Federal Government paid €29 million of restoration costs. In January 2019, the State Art Collections in Dresden opened the ‘little ballroom’. A highlight of the reconstruction work at the palace was the inauguration of the parade rooms in September 2019.

The Zeitgeschichtliche Forum in Leipzig (contemporary history museum), part of the Foundation Haus der Geschichte der Bundesrepublik Deutschland, opened a new permanent exhibition on 5 November 2018 titled “Our History. Dictatorship and Democracy after 1945”. The story of divided Germany is explained in a chronological exhibition with more than 2,000 descriptive objects, pictures and films. Life under dictatorship, the Peaceful Revolution, the fall of the wall and the period after Reunification are main topics. In addition to institutional funding, the BKM is also providing €4 million for renewing the exhibition.
Preservation of historical monuments

Historical cultural monuments are the foundation of our cultural identity. With its monument protection programmes and special investment measures, the BKM supports cultural monuments that are of national importance and an essential part of our national cultural heritage, thereby preserving the cultural heritage for future generations. The historical cultural monuments being financed with BKM funds include the monastery church St. Maria im Sommerkamp in Neukloster (Mecklenburg-Western Pomerania), the main organ in the Schinkelkirche in Magdeburg (Saxony-Anhalt), the steam locomotive “Duke Arnim” in Cottbus (Brandenburg), the observatory Sonneberg (Thuringia) and the Chinese cabinet in Wildenfels castle (Saxony).

European Cultural Heritage Year

Germany was one of the initiators of the European Cultural Heritage Year 2018 declared by the European Commission. Its participation programme ran under the motto “SHARING HERITAGE”.

The goal was to bring together citizens and primarily younger people as the “heirs to the heritage” with evidence of common history and culture, thereby strengthening identification with European heritage. Focus was placed on the architectural and archaeological heritage. Among the projects funded by the BKM, most of which were completed in 2019, there are also numerous projects in eastern Germany, such as the Hallenhäuser (hall houses) on the Via Regina in Görlitz and the “Sharing Heritage – Sharing Work – Sharing Community” project of the association for German half-timber technology in Quedlinburg, in which children, young people and young adults can learning traditional craftsman techniques.

Cultural promotion in Germany’s capital

The most important project in the German capital city is currently the Humboldt Forum located in the Berlin Palace. It will provide a new forum for partners in the art, cultural and scientific communities: the Museum for Asian Art and the Ethnological Museum will move from Dahlem to the heart of Berlin; the Berlin campus of the Humboldt University and the City Museum Berlin Foundation will open offices in the palace. This institution stands for the tradition of the enlightenment— in particular however for the confident and cosmopolitan interchange between peoples and the ideal of dialogue of equality between various world cultures. The forum is scheduled to open in September 2020. The Federal Government Commissioner for Cultural Affairs and the Media in the Federal Chancellor’s Office also funds the Prussian Cultural Assets Foundation with its museums, libraries and archives as well as related construction work, for example refurbishing the museums on Museum Island and the major restoration of the national library Unter den Linden. Also noteworthy is the funding provided for the Jewish Museum, the International Film Festivals, the Academy of Arts and the Barenboim-Said Akademie. In the coming years, the Federal Government will also be investing up to €200 million in the second special investment programme for the Prussian Palaces and Gardens Foundation Berlin Brandenburg. In 2019 alone, 26 construction projects are to be processed. Funds from the first programme were spent on restoring the base storey of the New Palace, which was completed and celebrated in May 2019. This was the last of the building projects in the first programme, all of which were successfully completed. The Federal Government is also the largest funder of the Prussian Palaces and Gardens Foundation, providing even more financial assistance than the federal states of Brandenburg and Berlin.

German Federal Cultural Foundation

Since its inception in 2002, the German Federal Cultural Foundation has supported a total of 1,516 projects in the new federal states with funding totalling some €87 million of these projects, €7.3 million went to the Fund to Promote Civic Commitment to Culture in the New Federal States (New Federal States Fund) which will end in 2019. In addition to improving the structure and professionalism of cultural work in rural and structurally weak regions, the New Federal States Fund aims in particular to strengthen civic involvement on a lasting basis. In total, the New Federal States Fund has supported around 350 projects in the visual and performing arts, music, film, new media, photography, literature and social culture. Almost all clubs receiving funding continue to be active in their regions.

4.12. Natural landscapes and cultural regions

The eastern federal states boast outstanding natural and cultural landscapes that include five national parks, seven biosphere reserves and 32 nature reserves. On the anniversary of the fall of the Wall – 9 November 2018 – the Thuringia state parliament decided to declare the Grüne Band Thüringen (green strip in Thuringia) a National Nature Monument. The largest stretch of the former inner-German border strip has become a unifying symbol. The former death zone along the inner German border is now a central lifeline with a unique plant and animal world. The Green Strip is a site of mutual remembrance and a symbol of the growing-together of the old and new federal states. It borders on nine states and is a central element of the trans-state biotope network in Germany. These protected areas
make a decisive contribution to maintaining biological diversity throughout Germany and provide a good basis for sustainable development in rural areas. The challenge moving forward for the eastern German states will be to maintain this natural wealth while making nature accessible to the public. Nature areas and cultural landscapes make rural regions more attractive and offer valuable points of attraction for tourism. This is of special importance in the economically and structurally weak regions.

4.13. Development of eastern Germany – a contribution to the objectives of federal sustainability strategy

The basis for today’s federal sustainable policy is the Agenda 2030 for sustainable development, titled “Transforming our world”. Agenda 2030 was adopted in New York on 25 September 2015 by the heads of state and government of the 193 Member States of the United Nations. It comprises 17 global Sustainable Development Goals (SDGs) and 169 targets. These are to be met by 2030 and apply universally, that is, to all countries equally. On 11 January 2017, the Federal Government decided to once again revisit its Sustainability Strategy, a decision that would lead to the most important update of this strategy since it was first adopted in 2002. This was the first step and also set a framework for implementing the Agenda 2030 for Sustainable Development. In the Coalition Agreement of March 2018, the Christian Democratic Union of Germany, the Christian Social Union and the Social Democratic Party of Germany recognised the ambitious projects of Agenda 2030 with its 17 global sustainability goals for achieving sustainable development as a yardstick for government action. It is the guiding principle for German policy.

Even if at least initially the primary goal of reunification and reconstruction was not the transforming the economy and society in eastern Germany, these processes have in some areas made a noticeable contribution to more sustainability. The environment has improved tremendously and life expectancy has gone up significantly. The number of people in seriously hazardous professions continues to go down, progress has been made in reducing pollution, urban development and renewal of small town centres is progressing and inner cities are attractive and bustling.

This Annual Report on the Status of German Unity contains many indications that the projects that have been carried out have successfully formed the transformation processes and at the same time have brought the goals of the German Sustainable Development Strategy closer to fruition.

However, the work of the Commission for Equivalent Living Conditions and the well-documented Deutschlandatlas also show that eastern redevelopment is still far from complete. The population is ageing much more quickly in eastern Germany, as evidenced by statistics, and the trends documented in the 14th Population Projection indicate that long-term socio-political action must be stepped up in the new federal states. Whether encouraging civic involvement, accessibility, nursing care, more child care, or strengthening factors that maintain the working population or encourage individuals to return – the 17 SDGs contain important areas for action, especially for the eastern section of Germany.

Because practically all areas of life are involved in the transformation processes in eastern Germany and their effects on western Germany, the following is a partial list of projects and results related to goals of the German Sustainability Strategy:

- **Reducing poverty (Goal 1)**
  Whereas basic income support for the elderly is paid only to a limited extent in the eastern non-city states (Deutschland Atlas), in view of the currently high unemployment rate (Deutschland Atlas) and the related drop in income in old age, there is a risk of old age poverty. The situation becomes more dire if in some particularly structurally weak regions real property held as a provision for old age declines in value.

- **Health and well-being (Goal 3)**
  The average life expectancy in eastern Germany has risen significantly and in the meantime has reached the level of the old federal states for women, and expectancy for men is only slightly behind.

- **Inclusive, fair and qualitative education (Goal 4)**
  The aim of the Federal Government is to provide good education and participation opportunities for all children, young people and adults and to improve possibilities to better balance family and work. Along with strengthening existing childcare infrastructure available in eastern Germany even before reunification and improving this infrastructure nationwide, as well as introducing and further developing the parent allowance, much progress has been made all over Germany. (See Chap. I.5.2.3. Inclusion, and Chap. II.4.2.)

- **Gender equality (Goal 5)**
  Regarding gross earnings (see Chapter I.6.1) and pensions, harmonization of pensions for women and men has progressed further in eastern Germany than in Western Germany. The proportion of women in jobs in eastern Germany is still higher than in western Germany (see Chapter I.5.2.2).
PART B: REPORT

- **Clean energy (Goal 7)**
  Eastern Germany has attained a reputation as a Champion of clean energy. Notable is the increased construction of ground-mounted solar installations and onshore wind parks in windy regions such as Mecklenburg Western-Pomerania, Brandenburg and Saxony-Anhalt (see Chap. II.3.1.). One example of particularly innovative projects for the energy transmission are the WindNODE: showcase for smart energy (see Chap. II.3.1.) or the CLEANTECH Initiative Eastern Germany (CIO) (see Chap. I.2.6.).

- **Permanent, broadly targeted and sustainable economic growth, good and secure jobs (Goal 8)**
  Targeted funding of investments, new companies, innovation and internationalization. (See Chap. I.2.) and the impact of the European Structural Fund (see chapter I.3 point) have had a substantial impact on the economic development of Eastern Germany and the trend in jobs (see Chapter I.5.1.1.) and reducing unemployment in past years, especially in eastern Germany (see Chap. I.5.1.2.), including projects for integrating the long-term unemployed into the labour market (see Chapter I.5.2.1.).

- **Industry, infrastructure and innovation (Goal 9)**
  Here the German Unity Transport Projects play an important role (see Chapter II.3.3.). Another example is the transition to a bio-based economy. In eastern Germany much research is being conducted for resource-efficient processes, for example in the BioEconomyCluster Mid-Germany, which combines partners from industry and the research community in projects for exploiting the material and energy of non-food biomass.

- **Sustainable cities and municipalities (Goal 11)**
  Urban development policy and all urban development funding programmes have achieved remarkable results in eastern Germany toward integrative urban development and sustainable development of municipalities (see Chap. II.4.3.). Initiatives that focus on public welfare – such as co-operatives – have a particularly important function in this aspect. Ensuring sufficient and affordable housing is also an important goal of federal, state and municipal housing policy in eastern Germany.

- **Climate protection (Goal 13)**
  The federal programme Future of the Coal Regions (Zukunft Revier) is one of the efforts to help the coal regions manage structural change (see Chap. I.4.).

- **Nature conservation, sustainable use and management (Goal 15)**
  Remediation of former lignite mining sites has made a significant contribution, especially in eastern Germany (see chapter II.4.8.). The European Agricultural Fund for Rural Development (EAFRD), the Joint Task “Improving the Agricultural Structure and Coastal Protection” (GAK) and the Federal Rural Development Programme (BULE) support responsible agricultural development (including sustainable management of nature, cultural and recreation areas) and improve the basic conditions for living and working in the countryside (see Chap. II.4.5.). Financial assistance for tourism in eastern Germany is also aligned with these goals.

- **Peace, fairness, institutions based on the rule of law, participation (Goal 16)**
  Major cornerstones for achieving continued unification and strengthening inner unity include a peaceful and inclusive society, upholding strong institutions based on the rule of law, political participation of all citizens, encouraging civil involvement and voluntary service, strengthening the civic community, combating racism and anti-Semitism and enhancing political education (see Chap. III.).

**Outlook**

Of the tasks facing us in the process of deepening inner unity, sustainable development is one of the main goals of the Federal Government.

“We will attain a sustainable Germany only if no one is left behind. The commitment to ‘leave no one behind’ is a cornerstone of the 2030 Agenda for Sustainable Development. It is the promise to consider our efforts successful only if all goals of the Agenda 2030 have been achieved for all members of the population – in particular those who have been left the furthest behind. To leave no one behind means in Germany, for example, that participating in the overall prosperity of society is possible for individuals based on their own efforts, which should also apply to those who cannot achieve the sociocultural subsistence level on their own power. This means that society must ensure that individuals living under certain circumstances receive assistance from the government. Furthermore, the welfare state must also be capable of assisting individuals in (once more) achieving independence and enabling all members of society to have the same opportunities. Achievements and individual capabilities, not origin, should be decisive for a person’s future.” (DNS 2018, p. 16).
III. The continued process of facing up to the past and fostering a strong social fabric

2019 was the 30th anniversary of the fall of the Wall, the Peaceful Revolution in the GDR, and 2020 will be the 30th anniversary of German Reunification. These anniversaries exhort us in particular to be actively involved in strengthening inner unity and social cohesion. The Federal Government sees this as its responsibility. A strong social fabric is reflective of a well-functioning community rooted in solidarity. This cohesion helps to ensure that our society is worth living in and is ready for the future. Societal cohesion is based on an understanding of values that is shaped by our free democratic basic order. The Federal Government promotes democratic structures, works to prevent violence and extremism, and supports civic involvement.

1. Taking a critical look at the history of the GDR

The Federal Government assists in many ways the reappraisal of the SED dictatorship, with funding for memorial sites, research projects, archives, publications and various types of types of historical and political education. Considerable work is being carried out by the Federal Commissioner for the Files of the State Security Service of the Former German Democratic Republic (BStU) and the Federal Foundation for the Critical Appraisal of the SED Dictatorship.

In the autumn of 2019, the 30th anniversary of the Peaceful Revolution in the GDR and the fall of the Wall were commemorated. This was an opportunity to reflect on how well Germany has come to terms with the injustice practised by the SED and the consequences of 40 years of SED dictatorship in the GDR, which are still felt today. There will be a multitude of projects run by various institutions and players for dealing with the past, aimed at various target groups.

At the same time, it is valuable to heed the continuing historicisation of events nearly three decades after official reunification. This involves for example the issue of future handling of the documents of the Ministry of State Security, or the plans for outreach to and working with young people who are too young to have had any personal experience or connections with a dictatorship.

The programme “Youth remembers” instigated by the Federal Government in 2019 for strengthening long-term education in history and politics for young target groups and multipliers will contain its own funding for supporting projects that deal with the injustices of the SED.

1.1. Handling of State Security files in the future

On 13 March 2019 the Expert Commission on the Future of the Agency of the Federal Commissioner for the Files of the State Security Service of the former German Democratic Republic (BStU) and the President of the Federal Archives presented to the German Bundestag and the public a joint plan for permanent safekeeping of Stasi documents by combining the Stasi Document Archives into the Federal Archives. This plan recognises the requirements and recommendations presented on 9 June 2016 by the Bundestag committee Systematic Continuation of Reappraisal of the SED Dictatorship, and converts them into a realistic plan for action. This provides a basis for long-term continued confrontation with SED injustices and a foundation for further discussion in the German Bundestag. To quickly implement this, the Stasi Records Act and Federal Archives Act must be amended. The German Bundestag will decide on the plan, which includes sites selection and construction and remodelling work which will take several years and requires funding. The Bundestag will also define the future tasks of the BStU.

1.2. Centre of information on dictatorship and resistance

In its resolution of June 2016 on Systematic Continuation of Reappraisal of the SED Dictatorship, the German Bundestag endorsed the further development of the former State Security Headquarters in the Normannenstraße in Berlin as a centre of information on dictatorship and resistance. Important steps include finding a site for the Robert-Havemann-Gesellschaft and the presentation of its open air exhibition (which has since taken place) as well as the move of the headquarters of the BStU to the same site.

The joint plans presented by the BStU and the President of the Federal Archives on 13 March 2019 also include establishment of a Central Archive of the SED Dictatorship (working title) on the site of the former Stasi headquarters in Berlin Lichtenberg. These plans are another important step toward creating a place for awareness raising regarding dictatorship and resistance.
1.3. Fund for Institutionalised Children in the GDR from 1949 to 1990

Between 1949 and 1990, around 495,000 children and youths were accommodated in homes in the GDR, including 135,000 girls and boys who were in special institutions which were known for their particularly cruel methods of "re-education". Those who lived in these homes still suffer today from the consequences. The Federal Government and the eastern German federal states jointly set up the fund for Persons Mistreated as Children in East German Orphanages Between 1949 and 1990 in July 2012 to assist victims with individual counselling and financial support to ameliorate the ongoing effects of staying in these orphanages. Up to €364 million were made available, divided evenly between the Federation and the eastern German states.

The fund was discontinued as planned on 31 December 2018. Around 23,000 former GDR orphanage residents received financial aid of approximately €264 million. Almost 87,000 consultations took place regarding dealing with the past in orphanages and providing individual assistance. The steering Committees of the fund for Persons Mistreated as Children in West German Orphanages Between 1949 and 1975 and Persons Mistreated as Children in East German Orphanages Between 1949 and 1990 prepared a joint final report. On 14 August 2019, the Federal Cabinet resolved the observations of the Federal Government on the final report of the steering committee for the funds "persons mistreated as children in Federal Republic of Germany orphanages between 1949 and 1975" and "persons mistreated as children in East German orphanages between 1949 and 1990" and recognised the report. The Federal Government declared the funds to be a component of the parliamentary and political process of confronting the issue of orphanage mistreatment that has been under way since 2006, and linked the funds to decisions made by the Bundestag at that time. The government emphasises that the funds have accomplished the goal of recognition, reconciliation and amelioration of consequences of orphanage treatment for a majority of those affected.

1.4. Institutionalised Children research projects

The project Access to Documents on Institutionalized Children in the Former GDR sponsored by the German Institute for Research on Institutionalised Children made access to documents easier for former residents of orphanages in the GDR. The background is that in the territory of the former GDR there are about 1,000 archives in addition to the federal states archives and district archives as well as institutions that still operate children’s homes.

The information collected is entered in a directory that will be included in the medium term in the “Heimatlas” (a directory of homes: www.jahrhundertkind.de). Persons concerned, centres of first contact and advisory centres as well as courts and scientists can benefit from this directory. The project was completed in the summer of 2018.

Furthermore, a project entitled Documentation of Re-education in the Lives of Institutionalised Children in the GDR – Establishment of an Eye Witness Archive of former GDR Institutionalised Children/Publication that was sponsored by a group addressing a former closed youth work yard (Geschlossener Jugendwerkhof Torgau e.V.), has set up an eye witness archive of former GDR children in institutionalised care based on interviews in which the eye witnesses report on their experiences in the special homes. The so-called special homes in the former GDR served the purposes of socialist re-education. The interviews are prepared in the memorial in the former closed youth work yard Torgau as audio files and transcribed for scientific purposes, archived in an eye witness database and evaluated.

The goal is to continuously supplement the eye witness archive of the former GDR children in institutionalised care even after the project has ended and to make it accessible on a permanent basis in the memorial in compliance with data protection requirements. A data publication ensures the permanent safeguarding and availability of eye witness interviews with the most recent group of victims of the SED regime on their life history for the purposes of research, science and education.

1.5. Research project on forced adoption in the GDR

Although individual cases of forced adoptions in the GDR are documented, there are no definite findings of systematic unlawfulness by the SED here. In order to close gaps in the historical analysis of GDR unlawfulness, the question as to whether there is evidence of such systematic unlawfulness will be investigated, and as to what the extent of this might be in figures and whether it is indeed possible to verify GDR unlawfulness in a sound, scientific manner. With this aim in mind, a preliminary study was commissioned in February 2017, a certain percentage of which is co-financed by the State of Brandenburg. The study is entitled ‘Dimension and scientific verifiability of political motivation in GDR adoption procedures, 1965–1990’. This preliminary study generated an initial structure for investigating the subject and developed a research design for a main study. This approach was agreed upon by the Federal Commissioner for the Files of the State Security Service of the former German Democratic Republic, the state commissioners for state security files, the Central Adoption Offices in the new federal states, the Federal Foundation for the Critical specialist policy objectives of the SED Dictatorship, the
Union of Associations of Victims of Communist Tyranny (UOKG) and the competent federal and state ministries. The data protection requirements for scientific investigation of alleged forced adoptions in the GDR are currently being assessed.

1.6. Dialogue Forum on Political Victims of the GDR Dictatorship

The Dialogue Forum on Political Victims of the GDR Dictatorship, which was established in 2016 by the Federal Government Commissioner for the New Federal States, was continued by the acting Federal Government Commissioner for the New Federal States in 2018 and can therefore continue its successful work. In addition to UOKG, members of the Federal Foundation for the Critical Appraisal of the SED Dictatorship, Office of the Federal Commissioner for the Records of the State Security Service of the former German Democratic Republic and representatives of the state commissioners for critical appraisal of the SED dictatorship also take part in the semi-annual meetings. The aim of the Forum is to provide victims and their representatives a further opportunity to speak with the Federal Government. The exchange of views on ways in which the situation of the victims of the GDR can be improved serves to provide each side with new information and to promote an understanding of the positions of the various sides involved.

1.7. Establishment of an assistance system – the Recognition and Assistance Foundation

The Recognition and Assistance Foundation (fund volume of €288 million) was set up by the Federal Government, the federal states and the churches on 1 January 2017. Assistance is now also being given to people who, as children and young people, endured suffering and wrongs in inpatient facilities for the disabled and psychiatric facilities from 1949 to 1975 (Federal Republic of Germany) and from 1949 to 1990 (GDR). The Foundation will discontinue on 31 December 2021. Applications for assistance will be received up to 31 December 2020. As with the funds for institutionalised children, the period of time in which suffering and wrongs took place that is relevant in the context of the foundation is shorter for the Federal Republic of Germany than for the GDR. This period ended in the Federal Republic of Germany as early as 1975, when the recommendations of the psychiatry enquiry were implemented here starting in late 1975 and the Victims Compensation Act (OEG) came into force in 1976.

Within the context of the Foundation, a comprehensive study is being conducted into what exactly happened in the inpatient disabled and psychiatric facilities. This study will also take into account the political and ideological back-grounds at the time, as well as the different paths of development across the two German states.

Initial preliminary findings were presented at an event for public recognition of the suffering and injustice that children and juveniles experienced in the past in inpatient disabled and psychiatric facilities.

1.8. Strengthening research on the history and heritage of the GDR

An extensive funding measure will anchor research into the history and heritage of the GDR more firmly in German universities again. This is being used to support 14 research alliances between universities, non-university research institutes and other partners such as memorials and institutions of political education, initially for four years with funding of nearly €41 million in the form of 54 individual projects. The goal is that these research alliances establish themselves in the structure of the scientific community. In order to foster new and innovative research, the work of the alliances covers a wide range of subjects, disciplines and methodological approaches which are not restricted to a set list. The topics range from scientific reappraisal of unjust treatment by the SED regime – for instance in prisons, juvenile homes, in health care and against citizens wishing to emigrate – to every day life and society in the GDR and to barriers to modernisation in politics, the economy and the sciences. Several networks look at the after-effects of the GDR and of the transformation process since 1989/90 on current social developments. Particular emphasis is put on involving young scientists in the research and disseminating the findings especially to young people and the general public.

1.9. Research project: Military History of East and West Germany from 1970 to 1990

The Bundeswehr Centre for Military History and Social Sciences (ZMSBw) continues its basic research in the military history of the GDR. The research findings are incorporated into the history of the Federal Republic of Germany and in components for history education. The large research project “German-German Military History from 1970 to 1990” was launched in 2014 and is about to finish its work. Some of the findings will be made public for the first time in September 2019. The history of the GDR and its armed institutions is also one of the permanent exhibits of the Bundeswehr Military History Museum in Dresden (MHM).
1.10. Work with eye witnesses

The personal memories of eye witnesses are particularly impelling in coming to terms with history. The Minister of State for Culture initiated the eye witness portal launched by the Haus der Geschichte der Bundesrepublik Deutschland Foundation to make them available to as many people in Germany as possible. The online platform records and systematically organizes thousands of interviews with eye witnesses from the past decades and safeguards these impressions for the coming generations.

The Coordinating Eye Witness Office funded by the Federal Government liaises with eye witnesses of the SED wrongs to have them appear in schools and non-school educational establishments. The Office is a joint service centre of the Berlin Hohenschönhausen Memorial Foundation, the Foundation for the Critical Appraisal of the SED Dictatorship and the Berlin Wall Foundation. So far, over 225,000 young people have been reached with the services of the Eye Witness Office.

1.11. Federal Foundation for the Study of the Communist Dictatorship in Germany

The Federal Foundation for the Study of the Communist Dictatorship in Germany, founded in 1998 is tasked with ensuring the long-term critical examination of the causes, the history and consequences of the communist dictatorship and the German and European division. The Foundation uses project funding and its own events, educational material, online information and publications. Since 1998 over 3,400 projects have been funded, many of which could not have been possible without financial assistance.

Under the title #RevolutionTransformation# the Foundation placed its focus in 2019-20 on a critical examination of overcoming the dictatorship in 1989. It addresses the topic of how Germans and Europeans remember events. In 2019 the focus of the Foundation’s efforts are on placing the Peaceful Revolution in the long historical time line of democracy and dictatorship in Germany. In the following year, from a perspective of European comparison, the focus will be on critical assessment of the communist dictatorships with all their facets. In addition, in 2019/20 studies will concentrate on comparative world history on the one hand and European perspectives on the other.

The peaceful revolutions in 1989-90 serve as a symbol for the various democratic emergences in the decades thereafter that initially nurtured hope that a global democratic order would emerge, and later failed in many places, or transitioned into a shift to authoritarian regimes. It is also important to critically reflect on the history both of the Peaceful Revolution in the GDR in 1989–90 and of German Unity and the transformation processes since 1990.

1.12. Restoration of the prison building of the Berlin-Hohenschönhausen Memorial Foundation

The former central remand centre of the Ministry of State Security in Berlin-Hohenschönhausen is a prominent authentic memorial site that condemns SED injustice. The 2017 Federal Budget contains funds for federal participation in a second construction phase to safeguard and restore the memorial site. The site comprises the prison building constructed in the 1960s with the cells and interrogation wing, day-release cells and the prison hospital. The construction began in the summer of 2019.

In March 2019 a well-received multimedia special exhibit was opened in Hohenschönhausen, on the topics of topography and logistics of communist repression in Berlin. Titled “Stasi in Berlin”, it is a sobering display of the persistence and intensity of State Security Service activities in both parts of the city.

1.13. Berlin Wall Foundation

In addition to incorporating new formats for historic-political presentation for educational purposes – in particular to comply with handicapped access and inclusion requirements – the main focus of the Berlin Wall Foundation is to prepare and hold events to commemorate the 30th anniversary of the fall of the Berlin Wall. With the help of special funding from the Federal Government Commissioner for Cultural Affairs and the Media in the Federal Chancellor’s Office (BKM) a multi-faceted event programme has been prepared with the aim of preparing for the anniversary and reviewing events from a chronological perspective. The main commemorative event will take place on 9 November, as part of a comprehensive programme. This event is titled “My Europe – Our Shared Europe” and specifically includes young people from various European countries. The overall programme is jointly presented with the Kulturprojekten Berlin projects, and forms part of the programmes offered by the Berlin municipality.

1.14. Monument to Freedom and Unity

Following an intense public debate, the German Bundestag once again committed to the Berlin Monument to Freedom and Unity on 1 June 2017. The goal of creating the Freedom and Unity Monument has always been to create an optimistic place of remembrance to commemorate the Peaceful Revolution in 1989 and reunification, which are possibly the best moments of our recent German history. After the House Ways and Means Committee of the German Bundestag approved of the revised financing plan presented by the Federal Government in September 2018, work on the winning design ‘Citizens in Motion’ by Milla and Partner
was resumed in early autumn of 2019, such that work on the monument should be visible to the public on the 30th anniversary of the opening of the Wall on 9 November 2019.

2. Variety of civic engagement activities

Voluntary service and involvement are important components of an active community in the cities and in the country. They contribute in a large measure to citizens feeling content in their home country, identifying with it and leading a meaningful life. Civil commitment strengthens social participation. In rural regions hard hit by demographic change, in the eastern part of Germany in particular, social cohesion depends on an increasing degree on people getting involved and contributing to the public good and diverse recreational and cultural programmes. Active associations and the possibility of getting involved is what makes areas attractive, especially for young people, and should be recognised as a valuable factor influencing the attractiveness of such areas as a business location. Especially nowadays it is important to show appreciation for those who voluntarily get involved in public life.

2.1. Trends in civic engagement

Around 30 million people are involved in Germany every year. A special focus is placed on sports, with around 8 million volunteers. In 2018 there were 92,000 sports clubs. Over 100 organisations of the German Olympic Sports Confederation have over 27 million members. The main areas of civic engagement are sports and mobility, followed by schools and nursery schools, culture and music, then social services and churches or religious areas. An estimated 2.5 to 3 million citizens provide voluntary services in initiatives, aid organisations and self-help group run by charitable associations. Germany has 1.8 million voluntary helpers trained in assisting in disaster control with around 1 million volunteers in voluntary fire services. They all prove their competence in daily duties all over Germany as one of the most important active resources in civil protection, also in the Technisches Hilfswerk (Germany’s disaster relief agency) and other organisations. The tradition of voluntary work in eastern Germany has a different history than in western Germany. Structures are not as rigid but there is less money. However, the willingness to help in the community is widespread. According to numbers provided by the Fourth Voluntary Service Survey in 201469, proportionately more citizens volunteer their services in western Germany than in eastern Germany. This applies to all age groups. In younger years, these differences are smaller, however. Involvement in activities such as neighbourhood assistance or doing odd jobs around the house, or childcare for unrelated persons is roughly equal in eastern and western Germany. Findings of the Fifth version of the German Volunteer Services Survey will be available in late 2020.

2.2. Foundation for Involvement and Voluntarism

The German Federal Government approved in a cabinet decision of 10 July 2019 the establishment of a German Foundation for Involvement and Voluntarism as a foundation under public law to encourage civic involvement and voluntary service in Germany.

The foundation will be established in 2019 and will address topics such as ‘Assistance in Organising Civic Involvement and Voluntarism’ and ‘Digitisation’, and in particular, coordinating with current federal programmes, will strengthen involvement and voluntary service in structurally weak areas and rural areas. The Foundation will be located in the eastern Germany non-city-states.

2.3. Measures for strengthening civic involvement

The Federal Government supports civic involvement – which is important for a functioning society – by strengthening the framework conditions and fostering a culture of recognition for such involvement.

strengthening the infrastructure for civic involvement

In order to strengthen the infrastructure for civic involvement, the Federal Government provides funding for the following programmes, as an example:

- The National Network for Civil Society (BBE), the National Work Group for Volunteer Agencies (bagfa) and the Bürgerstiftungswerkstatt (community workshop) of the Association of German Foundations.

- The network Involved City has been active since 2015 in cities of 10,000 to 100,000 population, assisting civil volunteer service and the partnerships between public authorities, civil society and local businesses necessary to do this. This network entered into the second phase in early 2018. Of the 47 cities receiving funding, 18 are in the new federal states.

As part of the model project Houses of Resources, institutions receive funding for use in supporting small migrant organizations and initiatives, that may still be in the initial phases, in their efforts to strengthen empowerment (consultations and qualification efforts), networking (creating networking possibilities and cooperation), infrastructure (providing the necessary equipment and co-working spaces) and sponsorship (enabling organizations to apply for funding for projects and protected learning areas), and to improve their capacity to be successful in their integration efforts. Four of the Houses of Resources offices are located in the new federal states (Bautzen and Dresden in Saxony as well as Halle/Saale and Magedeburg in Saxony-Anhalt).

The participation centre of Engagement Global gGmbH advises individuals and organizations on possibilities for involvement in the area of development work and the financing required, further education and professional networks. In 2018, 8,700 initial contacts were made. This organization has a nationwide consultation network using telephone, email correspondence and event assistance, and as of 2019, also webinars.

The Federal Rural Development Programme (BULE) was initiated in 2015 by the Federal Ministry of Food and Agriculture (BMEL) to create attractive living and working conditions in the countryside. Many of the 1,300 projects sponsored up to now depend on civil involvement and are supportive of voluntary service in various areas. These topics include development of societal structures in villages, LandKultur, 500 LandInitiatives, Land.Digital, Land(auf)Schwung (Upswing for the country) and consumer policy programmes as part of the federal programme. 421 of around 1,300 BULE projects receiving funding (as of April 2019) are being implemented in the new federal states.

The programme LEADER has also gained importance in the new federal states as a method for regional development under the EAFRD ordinance, and is now a central component of development of rural areas. It enables citizens to help design regional processes locally, and to further develop rural areas in a joint effort. In the LEADER regions, local work groups (LAG) create local development strategies with the involvement of the local population to provide a basis for projects that could be eligible for funding. The work groups and projects funded by LEADER depend largely on voluntary work. For the 2014-2020 funding period, 321 LAGs were recognised in Germany, 96 of them in the new federal states. They cover nearly the entire area of the new federal states. The work groups receive assistance from the German Networking Unit (DVS), which is run by the Federal Office for Agriculture and Food. The DVS regularly underlines the topic of voluntary service in events and publications, and strengthens exchange of information between members of the voluntary community.

Community foundations: The Federal Government Commissioner for the New Federal States finds it important to raise the visibility of the efforts of community foundations in eastern Germany and wishes to provide funding. The Commissioner is sponsoring the project Strengthening Community Foundations in the New Federal States run by the Association of German Foundations. The goal is to give community foundations more publicity and to increase their effectiveness and impact on strengthening the local community. As part of the funding project, five regional information and networking events have been held in the eastern Germany states and a pilot concept for service and advising facilities for community foundations has been developed.

Strengthening recognition for civic involvement

In order to strengthen recognition for civic involvement, the Federal Government awards prizes and stages competitions. Examples of these are as follows:

The German Civic Involvement Prize which has been awarded since 2009. The organisers of these more than 700 regional and supraregional prizes for civic involvement can submit nominations for the German Commitment Award. The ‘prize of all prizes’ is the German Civic Involvement Prize, which also provides service to the organisers of involvement prizes. Ninety-eight of the some 546 regional prizes are awarded in the new federal states (excluding Berlin).

The National Network for Civil Society (BBE) holds an annual Week of Civic Involvement. Under the motto “Involvement is Strength” (Engagement macht stark!), initiatives, clubs, associations, government institutions and business participate in this national volunteer campaign.

With the Helping Hand Award, prizes have been awarded every year since 2009 to ideas and strategies to awaken people’s interest in volunteering as part of civil protection initiatives. Members of aid organizations or businesses that are involved in voluntary services for the purpose of civil protection or who support the voluntary efforts of their employees may apply for this prize offered by the Federal Ministry for the Interior, Building and Community.
The nationwide **A Municipality Moves the World** competition: This programme is designed to foster and raise the visibility of civic involvement of migrants who, together with players promoting the One World concept, work to help achieve development policy goals at the municipal level.

The federal competition **Living Together Hand in Hand – Shaping Communities** is aimed at initiating, identifying, honouring and making public the outstanding local activities for integrating migrants and fostering cohesion in the local population. Cooperation between municipalities and other partners, for example from the area of organised civic involvement of the charity associations, sports clubs, migrant organisations etc., are explicitly desired.

The national **Acting Democratically** competition: The competition aims to strengthen the democratic attitudes and democratic culture in the everyday life of schools and youth work. This competition honours young people in western and eastern Germany who actively address democratic processes in their projects.

**People and Success** competition which has been run since 2011 honours and raises public awareness for successful involvement for safeguarding and improving infrastructure in rural areas. The 2019 competition People and Success – Liveable Cities and Villages in Rural Areas intends to demonstrate how local citizens can create qualitative and modern living in small cities in rural areas and invigorate village centres.

One main element of the Federal Rural Development Programme (BULE) is the federal competition **Our Village Has a Future**. It is one of the biggest citizens’ movements in Germany and after reunification has established itself in eastern Germany as an instrument of recognition and support for active and sustainable village development. 1,851 villages in all of Germany participated in the current round of competition at the district level, of these, 324 were in the new federal states. This competition encourages local players to recognise the opportunities available to their municipality and to take the future in their own hands. In a variety of initiative groups they develop specific plans for the future of their villages and put these into practice.

**The Maecenas Prize** has been hosted by the Arbeitskreis selbstständiger Kulturinstitute e.V. (Working Group of Independent Cultural Institutes AsKI) since 1989 and honours civic involvement of public figures who help sponsor art and culture. The federally funded working group continues the tradition of private initiatives in sponsoring cultural needs of its 37 members. The Maecenas Prize recognizes volunteer work in the cultural area, which is an important component of the modern and diverse cultural landscape in Germany.

**The 2019 idea competition Machen! (Do it!)** sponsored by the Federal Government Commissioner for the New Federal States aims to raise the visibility of the efforts of civic involvement in eastern Germany, to honour and support it. The volunteering tradition in the new federal states is different than in the rest of Germany for historic reasons, and is often hindered by laws and institutions. Structures are not as rigid but there is less money. This competition is aimed in particular at small initiatives and clubs in villages and small cities that increase quality of life with creative ideas and strengthen local cohesion.

**The programme Culture Makes You Strong. Alliances for Education** will provide funding from 2018 to 2020 of up to €250 million for non-school cultural education projects for educationally disadvantaged children and youth. These projects are created by local alliances consisting of cultural and educational institutions and community players and are carried out with the help of volunteers. Up to now, volunteers have participated in about 70% of these alliances, whereby the programme assists the volunteers in their efforts.

An important area for making good use of volunteer work is elderly-friendly communal and intergenerational living. Cooperatives, neighbourhood organisations and other participative project groups are well suited to combine the experience, knowledge and potential of older citizens, in particular, to plan and create modern, elderly-friends and self-organised services. The Federal Government provides support for innovative and exemplary projects on the topic **At Home in Old Age**. Milestones include the **Communal Living Projects STRAZE in Greifswald and RO 70 in Weimar**, as well as advisory and other services such as the **Geromobile** initiated by the Ucker-Randow Volkssolidarität organisation (community solidarity). The project **Hof-Prádkow** located in the Märkisch Oderland district in Brandenburg aims to gradually develop the site into a model location for communal life and residences and also be opened to the public with a visitors’ centre.

**The Multi-generational Houses Federal Programme** currently sponsors about 540 houses throughout the Federal Republic that provide low-threshold, community-oriented and local services for social cohesion, participation and quality of life that can improve the long-term attractiveness of areas in structurally weak regions. These houses invigorate social interaction in the neighbourhood, volunteer work and social cohesion and help to lessen loneliness. As such, they are an important building block in meeting the multiple challenges faced by structurally weak rural areas in the new federal states in particular.
Around one quarter of all multi-generation houses are located in the eastern non-city states. 80% of which are in the rural areas. As a central meeting point for all citizens, they contribute to social cohesion with low threshold services, provide an important impetus and provide public services and other service previously unavailable. This is made possible with the help of full-time employees and resourceful use of volunteers. In each of the new states, six full-time employees and 40 volunteers on average are active in each House; an average of 95 visitors daily benefit from their efforts. Seventy-two percent of the services provided by the Multi-generational Houses in eastern Germany are made possible by the work of volunteers.

Almost 80% of the Multi-generational Houses in rural areas in the new federal states also provide services for integrating people with an immigrant or refugee background. With an average of over 20 cooperation partners from local government and administration in the new federal states and numerous other network partners, the Multi-generation Houses focus on the social environment, thereby supporting the municipalities in shaping demographic change.

The federal project Self-determination in Old Age! – Preventive Care as Teamwork was set up in 15 sites with 150 volunteers who have been trained and qualified in providing preventive care before formal supervised care starts. Professional training and assistance of the volunteers is absolutely essential, and is provided by the senior citizens’ offices, often well networked with service clubs and care agencies. This new type of voluntary work of seniors for seniors in their immediate vicinity provides services before seniors require statutory care and, in all cases, has proven to be a supplementary help service that partially or completely replaced statutory care.

2.4. Federal Volunteer Service and Youth Volunteer Service

The Federal Volunteer Service (BFD) was launched in 2011 following the suspension of civilian service and military service. Voluntary civic involvement was sustainably strengthened and placed on a broad footing. People who take part in Federal Volunteer Service work primarily in social areas, but the service also offers placements in sport, integration, environmental protection, culture and education as well as in civil protection and disaster relief.

Men and women of any age (after finishing their compulsory school education) can get involved in the Federal Volunteer Service. In 2018, an average of 41,190 volunteers were in service. Throughout Germany, the “older” volunteers (aged 27+) currently make up a very satisfactory proportion of all volunteers in Germany - almost 30%. Flexible arrangements, particularly the option to work part-time, serve to increase the attractiveness of the BFD. For those under 27 the part-time option was introduced in May 2019 with the Act to Introduce the Option of Working Part-time in Youth Volunteer Services and in Federal Volunteer Services for individuals Under 27 Years of Age. This law allows young people under 27 to work part-time for more than 20 hours per week during their voluntary service scheme (for those 27 and older this was already possible). This should open up the voluntary service scheme to additional individuals, in particular to young people with physical or psychological impairments, but also to young people with important personal reasons due to family, educational or care-giving obligations.

The Federal Volunteer Service is accepted equally in western and eastern Germany alike. In the eastern part of the country, a considerably higher number of older people are involved in this service.

Due to the huge potential that civic participation offers when it comes to integrating refugees who have come to Germany, and to the high level of willingness among the general public to get involved in this work, the Federal Government financed additional positions in a programme called Federal Volunteer Service with Refugees, up to its expiration on 31 December 2018. A total of 13,159 agreements were signed, of that 5,312 (about 40%) with asylum seekers. This special programme was approved by the Bundestag in the autumn of 2015 as an exception, and limited to the period 2016–2018. The Federal Ministry for Family Affairs, Senior Citizens, Women and Youth therefore cooperated with many employers and sponsors of these special jobs to ensure that, as of 2019, as many of the newly created positions as possible could continue to be part of the regular Federal Volunteer Service programme. These valuable integration efforts should be incorporated as a normal component of both the Youth Volunteer Service and the regular Federal Volunteer Service. Many of the partners who have joined the new Federal Volunteer Service with Refugees are interested in continuing their efforts in the regular Federal Volunteer Service.

Within the Youth Volunteer Service (involving a year of voluntary service in the social or environmental sphere in Germany, or as part of the International Youth Volunteer Service, Kulturweit or Weltwärts), more than 60,000 young people from western and eastern Germany are involved in services that benefit public welfare and social cohesion within our society. They work in welfare facilities, childcare, youth care or healthcare facilities, in culture, sport, nature and environmental protection or in the service of peace and reconciliation work abroad.
2.5. Voluntary military service

On 1 January 1996 the option of serving up to 23 months with the Bundeswehr as Voluntary Military Service Draftees (FWDL) was made available to citizens subject to compulsory military service.

After the universal draft was abolished in 2011, all women and men fit to serve may participate up to 23 months in voluntary military service starting at the age of 17. These individuals must be Germans within the meaning of the Basic Law of the Federal Republic of Germany.

This extended voluntary military service is a way of serving the public and elevating the public image of the Bundeswehr. Volunteers also take on the myriad tasks of the Bundeswehr. Voluntary military service is a low-threshold entry for a limited period to serving in the military. It allows participants to be able to assess the advantages and disadvantages of working for the Bundeswehr based on personal experience and to align personal, professional societal and security interests.

A level of participation of up to 12,500 volunteers is planned. As of 31 December 2018, the Bundeswehr had 8,252 volunteers. Many volunteers are suited to attaining high level jobs, up to the officer career path. In 2018, 2,265 volunteers moved to a temporary-career volunteer path, of that 240 to an officer career path and 330 to petty officer and sergeant training, thereby helping to cover the personnel needs in the Bundeswehr.

2.6. Strengthening the integration of migrants

There are numerous programmes with which projects can be supported for the integration of migrants. More recent programmes are as follows, for example:

- The Structural Support of Migrant Organisations programme: Since 2017, the Federal Office for Migration and Refugees (BAMF) has supported seven migrant organisations working in refugee aid, in the development of their umbrella structures and to make their work more professional. The programme permits them to set up their own branches and to strengthen their role as points of contact and representatives of interest at a national level. For example, the structural assistance of BAMF ensures that the expertise of migrant organisations can be used and is made visible for nationwide integration work. Based in Halle/Saale (Saxony-Anhalt), the umbrella association of the migrant organisations in eastern Germany (DaMOst e.V.) supports exclusively migrant organisations from the new federal states with specific migration and integration issues in eastern Germany. In view of the fact that there is no systematic labour migration and migration to the former GDR is generally lower, DaMOst e.V. is aimed in particular at the joint representation of interests and strengthening existing structures of migrant self-organisations in the new federal states.

- Culture Makes You Strong. Alliances for Education programme. With this programme the Federal Ministry for Education and Research supports non-school programmes for cultural education for educationally disadvantaged children and youths, thereby making an important contribution to breaking down the link between social origins and successful education. Various partners in the alliances at a local level develop projects for cultural education for children and young people, implemented by community players with the assistance of volunteers. Up to €250 million is earmarked for this between 2018 and 2022.

- The Integration Through Sport programme is being implemented throughout Germany by BAMF together with the German Olympic Sports Federation (DOSB), state sport federations (LSB) and local sports clubs. The aim of the programme is to encourage people with a migrant background to become actively involved at all levels of club life – both as active members and as volunteers. Training is also provided for volunteers and officials on how to deal with interculturalism in sport. The programme was extended in 2015 to cover all asylum seekers and persons with temporary suspension of deportation, regardless of origin and prospects of being allowed to stay in Germany. In 2018, 1,300 services and programmes were carried out in the new federal states. Of the 4,800 participants (and of that, 3,400 sponsored clubs), some 1,100 project-related clubs in the new federal states receive funding.

- Funding by the German Islam Conference (DIK): Muslim initiatives and facilities are an important source of information, for the large number of Muslim migrants, and can serve as a bridge for integration and assistance in social cohesion. The DIK has sponsored projects for professionalising such efforts since 2017, mainly volunteer work, in mosque communities as well as in Muslim initiatives and migrant organisations, in order to both strengthen such efforts in providing social services and assist them in opening up to the community, forming networks and cooperation in the municipal community. Furthermore, funding is provided for projects regarding intercultural and religious dialogue with and political education for Muslim migrants.
The sponsorship programme People Helping People: The Federal Ministry for Family Affairs, Senior Citizens, Women and Youth initiated this programme in 2016 to strengthen social cohesion, improve participation and facilitate integration into society. By the end of 2018, over 71,000 sponsorships had been set up with about 30 programme participants. With the help of volunteers, not only refugees will receive help but also individuals without good prospects for the future who are also hard to reach. The goal is to integrate these individuals into society and offer them a chance to be treated as equals. The programme will be expanded to include young people in particular who have no school certificate or only rudimentary education and live under difficult personal circumstances.

The programme mainly provides funding to sponsors that assist with the volunteering infrastructure at a local level by providing financial resources or expertise. It benefits many organisations in eastern Germany that are working at the local level to initiate, accompany and supervise mentoring tandems.

3. Preventing extremism and promoting democracy

3.1. Critical examination of extremism and xenophobia

Germany is a cosmopolitan, democratic and pluralist country located in the centre of Europe. Not only does our country have a liberal democracy, a government based on the rule of law, and functioning institutions, it also has highly developed structures for democratic civil engagement and distinctive forms of co-determination. This is an important prerequisite for social cohesion.

Nevertheless, xenophobia, race discrimination, stereotypes, prejudice and violence also exist in Germany, as was shown by the events in Chemnitz and Köthen. Right-wing radicalism and other forms of group-focused enmity are a big problem in eastern Germany. Both the government and society must take a stance when democracy, freedom and rule of law are attacked. The state can create an environment conducive to strengthening social cohesion. This includes both security policy and preventive measures to strengthen democratic processes, reduce group-focused hate and combat ideological radicalization processes. Violence against members of society and the government, against active citizens, police officers and fire brigade and rescue service employees must be stopped at all levels. This requires that we acknowledge the common values rooted in our constitution and especially show each other mutual respect. Ensuring a cohesive society depends on many factors, but above all on having shared values and a strong level of solidarity within the community, at work, in our clubs and associations, in the neighbourhood and in the family. The task of the Federal Government is to work with the federal states and society to prevent extremist trends in the long term and sustainably and to promote a peaceful democratic society.

3.2. Strengthening our democracy

As the task of dealing with and tackling extremism is complex, the Federal Government accordingly pursues a multi-pronged approach, involving both preventive and combative activities. The Federal Government bases its prevention efforts on programmes and measures that promote and maintain social cohesion. The focus is on concepts that start with people where they live – in the east and west.

In addition to the federal programmes Living Democracy! (Federal Ministry for Family Affairs, Senior Citizens, Women and Youth) and Cohesion through Participation (Federal Ministry of the Interior, Building and Community), the Federal Government adopted the Federal Government’s Strategy to Prevent Extremism and Promote Democracy (July 2016), the National Action Plan on Countering Racism – Positions and Measures to Deal with Ideologies and Inequalities and Related Discrimination (June 2017) as well as producing a Report on Work and Efficacy of Federal Programmes on the Prevention of Extremism (June 2017) that outlines federal efforts in these subject areas. The National Prevention Programme against Islamist Extremism was also adopted.

The topic “Encouraging Democracy” was also addressed by the Equivalent Living Conditions Commission. The goal is to present proposals for fair distribution of resources and creating possibilities for everyone living in Germany. Creating equivalent living conditions is especially important for structurally weak regions in the eastern German states. This is a task that should be addressed at the national level to ensure that Germany is modern and successful.

The Cohesion through Participation programme

Since 2010, the Federal Government has been supporting civic involvement to foster democracy and combat extremism through its Cohesion through Participation programme. The main objective of the programme is to support those involved in association and club work by providing training that will help them to make their structures even more democratic and by creating new opportunities for consulting, conflict management and participation within the association. Associations and clubs wishing to strengthen their democratic structures in this manner will then generate strong momentum for democratic interaction at the local level. Cohesion through Participation therefore also helps to counteract extremist and anti-constitutional trends.
The Cohesion through Participation Programme was initially aimed at the eastern German states only. However, as a result of relevant need in western Germany as well, funding was extended to the whole of the country in 2017. From 2017, the focus of existing projects will also will be placed on strengthening democracy at the municipal level, with a view to fostering democratic participation in the local community. The aim is to enable members of associations to use the experience and abilities they have gained from the project thus far to shape democratic participation structures more effectively at the local level. In addition, the Cohesion through Participation programme supports pilot projects focusing on “concepts, methods and instruments of intercultural learning in clubs and associations” that involve cooperation between a project-executing agency specialising in intercultural education and a state association in the area of sport, the fire brigade or the Federal Agency for Technical Relief (THW). The aim is to work together to develop and implement a tailor-made concept for intercultural learning for the different association structures. In addition to developing their intercultural skills, the clubs are then to be provided with support to help get them ready for accepting migrants as members. The annual budget set aside for the programme is currently €12 million.

The Federal Government’s Living Democracy! programme

Launched in 2015, the Federal Government’s Living Democracy! programme provides support at the nationwide, regional and local level to clubs, projects and initiatives that are dedicated to strengthening democracy and diversity and that work against all forms of right-wing extremism.

The budget allocated to the programme will be continued for the funding years 2018 and 2019. Of the €115.5 million of funding available in 2019, around €23 million (19.1%) has been allocated to eastern Germany (not including Berlin). Living Democracy! has almost €30 million to sponsor 300 local Partnerships for Democracy throughout the Federal Republic; 102 of them are in eastern Germany and are funded with around €10 million, mainly to help reinforce their efforts against right-wing extremism.

At the 16 Centres for Democracy spread across Germany, the mobilisation of right-wing sympathisers in many areas has led to an increase in cases for the mobile advisory teams and for victim support services. Attacks on those involved in the civic society are regrettably on the increase. Of the €18.5 million in approved funding for the Centres for Democracy for 2019, around €5.2 million (28.1%) will go to the five eastern states.

Thirty-five agencies also receive funding of some €10.8 million from the Federal Government’s programme to develop their structures and to provide them with a more professional approach and consolidate their expertise in a broad range of subjects – from democracy work with young educationally disadvantaged people to the empowerment of migrants and anti-discrimination advice, to prevention of radicalisation regarding right-wing extremism and Islamist extremism. Some €900,000 of the funds allocated for this purpose will go to eastern Germany.

Lastly, support is provided for new and innovative approaches to strengthen democracy and prevent extremism in pilot projects. Of the more than €11 million for projects to combat group-focused enmity and strengthening democracy in rural areas, €2.5 million are allotted to eastern Germany. Of total funding of nearly €9 million for pilot projects to prevent radicalisation, over €1 million goes to eastern Germany.

In other programme areas, funding is provided for pilot projects on the topics of involvement and diversity in the working and corporate world (2019: almost €2.3 million, of which some €640,000 goes to the eastern German states), living together in an immigration society (2019: over €6 million, of which some €500,000 goes to eastern German states), strengthening of involvement in the internet – against hatred in the internet (2019: over €5.5 million, of which €350,000 goes to eastern German states) as well as prevention and deradicalisation in prison and probation service (2019: over €5 million, of which €900,000 goes to eastern German states).

3.3. Political education

The experience of German history gives rise to a special responsibility for Germany to raise public awareness for values such as democracy, pluralism and tolerance.

The Federal Agency for Civic Education (BpB) is tasked with promoting an understanding of political issues, strengthening awareness for the importance of democracy at all levels of society, and encouraging people to become involved in politics. It provides a range of different services that serve to help improve democratic participation and prevent extremism. These include events, print products, audiovisual and online products which deal with both current and historical topics alike. These educational services are designed to motivate and empower citizens to think critically about different political and social issues – whether by revisiting ideas considered as ‘absolute truths’ or conspiracy theories, rejecting violence in the political debate or gathering and processing arguments that legitimise a pluralistic society and that can be brought wherever this concept is called into question.
The educational services provided by BpB for multipliers and interested citizens range from printed publications, seminars and conferences, digital documents, to specialist articles and eyewitness accounts as printed publications or on DVD, as well as on the websites www.chronik-der-mauer.de, www.jugendopposition.de and the online dossier www.bpb.de. An important goal in this educational work is to awaken an interest, especially in young people, to view critically the SED dictatorship and the relations between the two Germanys. By deepening public understanding of the historical context in this way, their awareness of freedom, democracy and respect for human rights should be heightened.

Another important task of the BpB is to provide educational services for the prevention of extremism and promotion of democracy. The aim is to support local players in their work in these areas and to empower them to recognise and actively combat structures that foster violence in their own social space. These measures are implemented in close coordination with local initiatives and educational institutions in the local area.

The Bundeswehr is also intensively involved in the area of political education. It explores, processes and delivers information on interrelationships in the political world in general and in security policy in particular, as well as working to counter extremist ideas. In these ways, it makes a significant contribution to strengthening an awareness for democracy. At the Bundeswehr Centre for Public Information in Strausberg in Brandenburg, the Bundeswehr hosts seminars on issues of security policy. These not only explore socio-political topics, but especially look at current security and defence policy issues. The Jugendoffiziere (youth officers) of the Bundeswehr help to foster the discourse on security policy in our country and thus make a significant contribution to political education in this field and provide the public with information on security policy.
Part C:

Economic data of the new federal states
(current as of August 2019)

As a result of a need to update past data, there may also be changes in this section for the years before 2018.

The following section uses the same regional divisions as those used in the first two sections of the report (see p. 9), whereby the short, easy-to-understand terms listed below are used in the tables and charts. Any deviations are explained in footnotes.

New federal states = Brandenburg, Mecklenburg-Western Pomerania, Saxony, Saxony-Anhalt, Thuringia
Eastern Germany = new federal states including Berlin
Western Germany = old federal states excluding Berlin
1. Economic development as a whole and by sector

1.1 Gross domestic product (GDP) in real terms and per capita

Gross domestic product in current prices per capita

| Year | Berlin | Brandenburg | Mecklenburg-Western Pomerania | Saxony | Saxony-Anhalt | Thuringia | Western Germany | Eastern Germany | New federal states | Germany | New federal states/Western Germany | Eastern Germany/Western Germany |
|------|--------|-------------|-------------------------------|--------|---------------|===========|----------------|----------------|-------------------|---------|-------------------------------|-----------------------------|
|      |        |             |                               |        |               |            |                |                 |                   |         |                               |                             |
| in € | in %   |             |                               |        |               |            |                |                 |                   |         |                               |                             |
| 1991 | 19,744 | 7,643       | 7,377                         | 7,729  | 7,142         | 6,534      | 22,687         | 9,701          | 7,342            | 19,754  | 32                            | 43                          |
| 1995 | 24,965 | 14,940      | 14,497                        | 15,400 | 13,971        | 13,708     | 25,206         | 16,645         | 14,626           | 23,354  | 58                            | 66                          |
| 2000 | 25,869 | 17,315      | 16,455                        | 17,157 | 16,232        | 16,385     | 27,959         | 18,539         | 16,785           | 25,983  | 60                            | 66                          |
| 2005 | 26,761 | 19,239      | 18,204                        | 20,044 | 18,689        | 18,629     | 30,226         | 20,660         | 19,155           | 28,288  | 63                            | 68                          |
| 2010 | 31,547 | 22,720      | 21,587                        | 23,309 | 22,241        | 21,883     | 34,059         | 24,382         | 22,532           | 32,137  | 66                            | 72                          |
| 2013 | 33,133 | 24,815      | 23,807                        | 25,745 | 24,502        | 24,802     | 37,101         | 26,681         | 24,929           | 35,045  | 67                            | 72                          |
| 2014 | 34,223 | 26,148      | 24,786                        | 27,012 | 25,224        | 26,275     | 38,352         | 27,863         | 26,110           | 36,287  | 68                            | 73                          |
| 2015 | 35,837 | 26,756      | 25,232                        | 28,040 | 25,929        | 27,009     | 39,401         | 28,826         | 26,873           | 37,324  | 68                            | 73                          |
| 2016 | 37,662 | 27,526      | 25,722                        | 29,012 | 26,674        | 27,877     | 40,443         | 29,867         | 27,670           | 38,370  | 68                            | 74                          |
| 2018 | 40,568 | 29,411      | 27,905                        | 31,008 | 28,685        | 29,739     | 42,971         | 32,108         | 29,664           | 40,851  | 69                            | 75                          |

Gross Domestic Product (price-adjusted, chain-linked)

| Year | Berlin | Brandenburg | Mecklenburg-Western Pomerania | Saxony | Saxony-Anhalt | Thuringia | Western Germany | Eastern Germany | New federal states | Germany | New federal states/Western Germany | Eastern Germany/Western Germany |
|------|--------|-------------|-------------------------------|--------|---------------|===========|----------------|----------------|-------------------|---------|-------------------------------|-----------------------------|
|      |        |             |                               |        |               |            |                |                 |                   |         |                               |                             |
| Change year-on-year, in % |        |             |                               |        |               |            |                |                 |                   |         |                               |                             |
| 1992 | 3.4    | 8.5         | 7.6                           | 9.1    | 8.8           | 17.0      | 1.2            | 7.5             | 10.0              | 1.9     |                               |                             |
| 1995 | 1.8    | 8.2         | 7.7                           | 8.2    | 4.3           | 4.0       | 1.1            | 5.2             | 6.7               | 1.7     |                               |                             |
| 2000 | 1.5    | 3.1         | 0.4                           | 0.4    | 1.1           | 1.9       | 3.3            | 1.4             | 1.3               | 3.0     |                               |                             |
| 2005 | 1.7    | 0.8         | -0.1                          | -0.5   | -0.5          | -0.3      | 0.8            | 0.3             | -0.2              | 0.7     |                               |                             |
| 2010 | 2.8    | 2.8         | -0.2                          | 3.1    | 4.3           | 4.7       | 4.3            | 3.1             | 3.1               | 4.1     |                               |                             |
| 2011 | 3.6    | 0.8         | 1.9                           | 3.3    | -0.9          | 4.3       | 3.9            | 2.5             | 2.1               | 3.7     |                               |                             |
| 2012 | -0.0   | 0.7         | -0.4                          | 0.6    | 2.4           | -0.3      | 0.5            | 0.5             | 0.7               | 0.5     |                               |                             |
| 2013 | 0.0    | 0.7         | 0.5                           | 0.1    | -0.7          | 1.4       | 0.5            | 0.3             | 0.3               | 0.5     |                               |                             |
| 2014 | 2.5    | 4.1         | 2.6                           | 3.3    | 1.4           | 4.2       | 2.0            | 3.0             | 3.2               | 2.2     |                               |                             |
| 2015 | 4.1    | 1.5         | 0.5                           | 2.4    | 1.4           | 1.4       | 1.6            | 2.3             | 1.6               | 1.7     |                               |                             |
| 2016 | 5.1    | 2.5         | 1.3                           | 2.3    | 1.8           | 1.4       | 2.1            | 2.8             | 2.0               | 2.2     |                               |                             |
| 2017 | 3.1    | 1.9         | 3.1                           | 1.6    | 1.1           | 1.6       | 2.2            | 2.1             | 1.7               | 2.2     |                               |                             |
| 2018 | 3.1    | 1.4         | 0.7                           | 1.2    | 0.9           | 0.5       | 1.4            | 1.6             | 1.0               | 1.4     |                               |                             |

ECONOMIC DATA OF THE NEW FEDERAL STATES

Change in GDP (in real terms) over preceding year, in %

Gross domestic product in current prices per capita, in €

### 1.2 Gross value added (GVA) overall and per sector

**Gross value added (price-adjusted, chain-linked)**

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**Gross value added in the new federal states in 2018 according to economic sector, in %**

In-house calculations and presentations.

All data under ‘Services’ from 2017.


In-house calculations and presentations.
### 1.3 Labour productivity in the overall economy and in the goods-producing sector

Gross domestic product in current prices per gainfully active person, per working hour (productivity)

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**Gross Domestic Product (price-adjusted, chain-linked) per gainfully active person (domestic)**

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<td>0.9</td>
<td>0.7</td>
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<tr>
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<td>0.3</td>
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</table>

### 1.4 Investments in the overall economy and in the goods-producing sector

Investments in the overall economy and in the goods-producing sector per capita, in current prices

<table>
<thead>
<tr>
<th>Year</th>
<th>Overall economy</th>
<th>Goods-producing sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New equipment and other plant</td>
<td>New buildings</td>
</tr>
<tr>
<td></td>
<td>new federal states</td>
<td>Western Germany</td>
</tr>
<tr>
<td></td>
<td>(€)</td>
<td></td>
</tr>
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</tr>
<tr>
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</tr>
<tr>
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</tr>
<tr>
<td>2016</td>
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Investment per capita in the overall economy

Investments in goods-producing sector per capita

### 1.5 Export rate in the overall economy and in the goods-producing sector

Export rate in the overall economy and in the goods-producing sector, in %

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<thead>
<tr>
<th>Year</th>
<th>Overall economy</th>
<th>Goods-producing sector</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>new federal states</td>
<td>Western Germany</td>
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</tr>
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<td>1996</td>
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<td>19.7</td>
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<tr>
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<td>21.8</td>
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<td>1998</td>
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<td>22.8</td>
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<td>30.2</td>
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<td>2006</td>
<td>19.5</td>
<td>32.3</td>
</tr>
<tr>
<td>2007</td>
<td>21.9</td>
<td>33.2</td>
</tr>
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<td>2008</td>
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<td>2009</td>
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<td>2011</td>
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<tr>
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<tr>
<td>2018²</td>
<td>24.9</td>
<td>31.7</td>
</tr>
</tbody>
</table>

Western Germany: Due to revised operating reports, only limited comparisons can be made between the sales figures for the economic sector 08-2910 from 2014 onwards incl. the higher level aggregates and previous periods.

2. Figures for overall economy in 2018 are preliminary.

Western Germany: Due to revised operating reports, only limited comparisons can be made between the sales figures for the economic sector 08-2910 from 2014 onwards incl. the higher level aggregates and previous periods.


### 1.6 Start-ups and liquidations

#### Commercial start-ups and company liquidations

<table>
<thead>
<tr>
<th>Jahr</th>
<th>Overall economy</th>
<th>Goods-producing sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Commercial start-ups¹</td>
<td>Company liquidations¹</td>
</tr>
<tr>
<td></td>
<td>New federal states²</td>
<td>Western Germany³</td>
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<td>391,000</td>
</tr>
<tr>
<td>1992¹</td>
<td>96,000</td>
<td>398,000</td>
</tr>
<tr>
<td>1993¹</td>
<td>79,000</td>
<td>407,000</td>
</tr>
<tr>
<td>1994¹</td>
<td>74,000</td>
<td>419,000</td>
</tr>
<tr>
<td>1995¹</td>
<td>76,000</td>
<td>452,000</td>
</tr>
<tr>
<td>1996¹</td>
<td>86,000</td>
<td>421,000</td>
</tr>
<tr>
<td>1997¹</td>
<td>72,700</td>
<td>355,600</td>
</tr>
<tr>
<td>1998</td>
<td>76,600</td>
<td>358,100</td>
</tr>
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<td>327,000</td>
</tr>
<tr>
<td>2002</td>
<td>60,300</td>
<td>328,700</td>
</tr>
<tr>
<td>2003¹</td>
<td>76,200</td>
<td>346,700</td>
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<tr>
<td>2004</td>
<td>91,700</td>
<td>391,800</td>
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<tr>
<td>2005</td>
<td>70,800</td>
<td>345,200</td>
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<td>2006</td>
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<tr>
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<td>2008¹</td>
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<td>2011</td>
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<td>245,100</td>
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<td>2014</td>
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</tr>
<tr>
<td>2018</td>
<td>25,500</td>
<td>189,600</td>
</tr>
</tbody>
</table>

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1. Excluding the ‘liberal’ professions, agriculture/forestry and other ‘independent, non-commercial activities’.
4. Estimate by the IfM Bonn based on the business registrations from several federal states.
5. Since 1997, figures recalculated based on the number of business registrations and removals of businesses from the business register maintained by the Federal Statistical Office.
6. Due to changes in the IfM calculation method in 2003, data from previous years can only be compared to a limited extent.
7. The new statistical classification of economic activity (WZ) in place since 2008, therefore data from previous years can only be compared to a limited extent.

Source: IfM Bonn (based on business registration statistics kept by the Federal Statistical Office). In-house calculation and table.
Change in the number of businesses in the overall economy per 100,000 inhabitants

Change in the number of businesses in the goods-producing sector

Source: IfM Bonn (based on business registration statistics kept by the Federal Statistical Office). In-house calculation and table.
### 1.7 Private and public R&D&I expenditure/R&D personnel in research institutes

#### Private and public R&D&I expenditure/R&D personnel in research institutes

<table>
<thead>
<tr>
<th>2017</th>
<th>State, private non-profit institutions</th>
<th>Higher education institutions</th>
<th>Commerce</th>
<th>Total</th>
<th>State, private non-profit institutions</th>
<th>Higher education institutions</th>
<th>Commerce</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ million</td>
<td>Share of total in Germany as a whole in %</td>
<td>Per 10,000 citizens</td>
<td>Per 10,000 persons gainfully active</td>
<td>Gap in R&amp;D potential as a percentage of number of persons gainfully active</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Berlin</td>
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<td>1,189</td>
<td>1,897</td>
<td>4,746</td>
<td>1.19</td>
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<td>1.36</td>
<td>3.40</td>
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<td>0.57</td>
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<td>2.76</td>
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#### Yearly R&D personnel

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<tr>
<th>Year</th>
<th>Western Germany</th>
<th>new federal states</th>
<th>Total</th>
<th>Share from business</th>
<th>Share of total in Germany as a whole</th>
<th>Per 10,000 citizens</th>
<th>Per 10,000 persons gainfully active</th>
<th>Gap in R&amp;D potential as a percentage of number of persons gainfully active</th>
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</thead>
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<td>405,168</td>
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</table>

1. Including data that cannot be divided up.
2. Surveys conducted by federal state only in uneven years, in even years the distribution across federal states is made by percent in the previous year.
3. In full-time equivalents.

Share of R&D expenditure (total) in GDP in the non-city states in %

<table>
<thead>
<tr>
<th>Year</th>
<th>Berlin Brandenburg</th>
<th>Mecklenburg Western-Pomerania</th>
<th>Saxony</th>
<th>Saxony-Anhalt</th>
<th>Thuringia</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
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<tr>
<td>2017</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>5.62</td>
</tr>
</tbody>
</table>

Share of research & development expenditure in GDP in 2017, in %

- **Total**
- **Of that, by business**

Source: Federal Statistical Office (DESTATIS); Stifterverband-Wissenschaftsstatistik; Working Group for National Accounts of the Federal States.
In-house calculations and presentations.
1.8 Fragmented economy in eastern Germany: Number of gainfully active persons subject to the payment of social security contributions in the goods-producing sector, according to size of operations

Fragmentation: Number of gainfully active persons subject to the payment of social security contributions in the manufacturing sector in western (WG) and eastern Germany (EG), according to size of operations.

<table>
<thead>
<tr>
<th>Year</th>
<th>1 – 5</th>
<th>6 – 9</th>
<th>10 – 19</th>
<th>20 – 49</th>
<th>50 – 99</th>
<th>100 – 199</th>
<th>200 – 499</th>
<th>500 – 999</th>
<th>1,000 and more*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total no. employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>WG 222,636</td>
<td>175,016</td>
<td>321,106</td>
<td>571,309</td>
<td>557,344</td>
<td>696,498</td>
<td>1,067,569</td>
<td>668,218</td>
<td>1,507,171</td>
</tr>
<tr>
<td></td>
<td>EG 49,195</td>
<td>40,760</td>
<td>77,193</td>
<td>133,534</td>
<td>128,613</td>
<td>134,799</td>
<td>144,135</td>
<td>57,133</td>
<td>80,131</td>
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<td>WG 218,238</td>
<td>172,324</td>
<td>317,419</td>
<td>568,298</td>
<td>557,427</td>
<td>705,070</td>
<td>1,049,378</td>
<td>643,077</td>
<td>1,490,301</td>
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<tr>
<td></td>
<td>EG 47,759</td>
<td>39,333</td>
<td>75,389</td>
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<td>133,183</td>
<td>139,791</td>
<td>143,111</td>
<td>62,385</td>
<td>80,440</td>
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<tr>
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<td>WG 215,122</td>
<td>170,067</td>
<td>318,052</td>
<td>579,662</td>
<td>576,627</td>
<td>717,006</td>
<td>1,076,609</td>
<td>651,796</td>
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<td>76,634</td>
<td>135,719</td>
<td>136,889</td>
<td>151,261</td>
<td>156,853</td>
<td>61,666</td>
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<tr>
<td>2008</td>
<td>WG 193,125</td>
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<td>297,852</td>
<td>551,129</td>
<td>557,714</td>
<td>701,153</td>
<td>1,058,643</td>
<td>657,274</td>
<td>1,477,363</td>
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<tr>
<td></td>
<td>EG 42,151</td>
<td>35,549</td>
<td>69,195</td>
<td>133,497</td>
<td>133,973</td>
<td>152,043</td>
<td>163,178</td>
<td>63,856</td>
<td>85,716</td>
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<tr>
<td>2009</td>
<td>WG 189,166</td>
<td>153,448</td>
<td>291,005</td>
<td>547,800</td>
<td>546,178</td>
<td>682,917</td>
<td>1,031,916</td>
<td>639,773</td>
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<tr>
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<td>EG 41,811</td>
<td>35,387</td>
<td>66,969</td>
<td>131,652</td>
<td>132,505</td>
<td>151,885</td>
<td>161,284</td>
<td>60,357</td>
<td>83,768</td>
</tr>
<tr>
<td>2010</td>
<td>WG 186,334</td>
<td>152,261</td>
<td>289,623</td>
<td>544,332</td>
<td>538,280</td>
<td>674,521</td>
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<td>EG 41,426</td>
<td>35,059</td>
<td>66,989</td>
<td>132,108</td>
<td>132,275</td>
<td>152,036</td>
<td>159,785</td>
<td>65,041</td>
<td>76,588</td>
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<tr>
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<td>WG 182,181</td>
<td>149,811</td>
<td>289,108</td>
<td>550,077</td>
<td>547,922</td>
<td>695,960</td>
<td>1,032,720</td>
<td>631,786</td>
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<td>EG 40,716</td>
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<td>68,219</td>
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<td>132,500</td>
<td>160,064</td>
<td>165,185</td>
<td>73,424</td>
<td>83,319</td>
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<td>290,025</td>
<td>551,016</td>
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<td>706,820</td>
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<td>1,482,197</td>
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<td>132,040</td>
<td>134,515</td>
<td>159,954</td>
<td>173,580</td>
<td>75,678</td>
<td>89,574</td>
</tr>
<tr>
<td>2013</td>
<td>WG 173,539</td>
<td>146,965</td>
<td>285,412</td>
<td>551,240</td>
<td>554,888</td>
<td>696,208</td>
<td>1,070,661</td>
<td>659,253</td>
<td>1,497,891</td>
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<tr>
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<td>32,968</td>
<td>66,270</td>
<td>131,789</td>
<td>133,388</td>
<td>157,731</td>
<td>178,750</td>
<td>77,004</td>
<td>90,556</td>
</tr>
<tr>
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<td>WG 170,540</td>
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<td>282,585</td>
<td>549,610</td>
<td>561,134</td>
<td>700,525</td>
<td>1,077,663</td>
<td>676,040</td>
<td>1,531,504</td>
</tr>
<tr>
<td></td>
<td>EG 38,622</td>
<td>32,610</td>
<td>66,409</td>
<td>131,625</td>
<td>131,575</td>
<td>158,782</td>
<td>182,507</td>
<td>83,723</td>
<td>92,304</td>
</tr>
<tr>
<td>2015</td>
<td>WG 166,642</td>
<td>143,864</td>
<td>283,975</td>
<td>552,430</td>
<td>559,397</td>
<td>715,630</td>
<td>1,081,445</td>
<td>673,688</td>
<td>1,566,857</td>
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<tr>
<td></td>
<td>EG 37,994</td>
<td>31,887</td>
<td>65,353</td>
<td>131,698</td>
<td>129,045</td>
<td>158,807</td>
<td>188,419</td>
<td>72,649</td>
<td>106,495</td>
</tr>
<tr>
<td>2016</td>
<td>WG 163,123</td>
<td>142,675</td>
<td>281,478</td>
<td>554,755</td>
<td>564,500</td>
<td>726,101</td>
<td>1,092,655</td>
<td>699,347</td>
<td>1,572,043</td>
</tr>
<tr>
<td></td>
<td>EG 36,967</td>
<td>31,723</td>
<td>64,888</td>
<td>131,949</td>
<td>128,045</td>
<td>161,769</td>
<td>191,200</td>
<td>75,822</td>
<td>104,221</td>
</tr>
<tr>
<td>2017</td>
<td>WG 160,288</td>
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<td>281,035</td>
<td>557,476</td>
<td>571,013</td>
<td>727,359</td>
<td>1,113,714</td>
<td>726,522</td>
<td>1,584,746</td>
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<tr>
<td></td>
<td>EG 36,169</td>
<td>31,767</td>
<td>64,274</td>
<td>130,841</td>
<td>128,458</td>
<td>165,190</td>
<td>191,436</td>
<td>84,789</td>
<td>102,053</td>
</tr>
<tr>
<td>2018</td>
<td>WG 155,798</td>
<td>137,406</td>
<td>278,515</td>
<td>560,339</td>
<td>576,056</td>
<td>746,379</td>
<td>1,131,649</td>
<td>738,908</td>
<td>1,655,658</td>
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<tr>
<td></td>
<td>EG 35,479</td>
<td>31,162</td>
<td>63,399</td>
<td>130,121</td>
<td>126,486</td>
<td>168,155</td>
<td>200,903</td>
<td>90,472</td>
<td>103,934</td>
</tr>
</tbody>
</table>

1 Due to the retrospective revisions of the employment statistics, these data may differ from the previously published data.
Share of gainfully active persons in the goods-producing sector in 2018 according to size of operations, in %

Western Germany  Eastern Germany

## 2. Labour market data

### 2.1 Number of persons unemployed, unemployment rate and underemployment rate in eastern Germany

<table>
<thead>
<tr>
<th>Attribute</th>
<th>2019 (Unemployment/under-employment rate in preceding year)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June</td>
</tr>
<tr>
<td><strong>Gainful employment</strong></td>
<td></td>
</tr>
<tr>
<td>Gainfully active persons (monthly average; in Germany)</td>
<td>-</td>
</tr>
<tr>
<td>Gainfully active persons subject to the payment of social security (actual, estimated)</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>May</td>
</tr>
<tr>
<td>6,169,100</td>
<td>6,145,700</td>
</tr>
<tr>
<td><strong>Registered unemployment within the meaning of Section 16 of the German Social Code III (SGB III)</strong></td>
<td></td>
</tr>
<tr>
<td>Of which 30.4% under SGB III</td>
<td>528,653</td>
</tr>
<tr>
<td>Of which 69.6% under SGB II</td>
<td>297,357</td>
</tr>
<tr>
<td>6.1% under SGB II</td>
<td>31,938</td>
</tr>
<tr>
<td>18.3% foreigners</td>
<td>96,931</td>
</tr>
<tr>
<td>81.1% Germans</td>
<td>428,771</td>
</tr>
<tr>
<td><strong>Unemployment rate as a percentage of the civilian labour force</strong></td>
<td></td>
</tr>
<tr>
<td>Of that</td>
<td>6.2</td>
</tr>
<tr>
<td>Men</td>
<td>6.6</td>
</tr>
<tr>
<td>Women</td>
<td>5.8</td>
</tr>
<tr>
<td>15 to under 25 years</td>
<td>6.8</td>
</tr>
<tr>
<td>15 to under 20 years</td>
<td>5.7</td>
</tr>
<tr>
<td>55 to under 65 years</td>
<td>6.6</td>
</tr>
<tr>
<td>Foreigners</td>
<td>16.0</td>
</tr>
<tr>
<td>Germans</td>
<td>5.4</td>
</tr>
<tr>
<td>Total of dependent, gainfully active persons in the civil labour force</td>
<td>6.9</td>
</tr>
<tr>
<td><strong>Underemployment</strong></td>
<td></td>
</tr>
<tr>
<td>Unemployment in the wider sense</td>
<td>615,109</td>
</tr>
<tr>
<td>Underemployment in the narrower sense</td>
<td>760,215</td>
</tr>
<tr>
<td>Underemployment excl. short-time employment</td>
<td>765,602</td>
</tr>
<tr>
<td>Underemployment rate (excl. short-term work)</td>
<td>8.8</td>
</tr>
<tr>
<td><strong>Persons receiving benefits</strong></td>
<td></td>
</tr>
<tr>
<td>Unemployment benefit in the case of unemployment</td>
<td>144,980</td>
</tr>
<tr>
<td>Persons fit for employment and entitled to receive benefits</td>
<td>1,017,104</td>
</tr>
<tr>
<td>Persons not fit for employment and entitled to receive benefits</td>
<td>366,195</td>
</tr>
<tr>
<td>Percentage of persons fit for work who are entitled to receive benefits</td>
<td>9.8</td>
</tr>
</tbody>
</table>
### Attribute 2019 Change over monthly figure in preceding year (Unemployment/under-employment rate in preceding year)

<table>
<thead>
<tr>
<th>Attribute</th>
<th>June</th>
<th>May</th>
<th>April</th>
<th>March</th>
<th>June</th>
<th>May</th>
<th>April</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered vacancies</td>
<td>35,566</td>
<td>31,794</td>
<td>36,487</td>
<td>40,861</td>
<td>-1,881</td>
<td>-5.0</td>
<td>-21.6</td>
</tr>
<tr>
<td>Monthly increase</td>
<td>31,794</td>
<td>36,487</td>
<td>40,861</td>
<td>-1,881</td>
<td>-5.0</td>
<td>-21.6</td>
<td>3.3</td>
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<tr>
<td>Increase since start of the year</td>
<td>220,472</td>
<td>184,906</td>
<td>153,112</td>
<td>116,625</td>
<td>-7,593</td>
<td>-3.3</td>
<td>-3.0</td>
</tr>
<tr>
<td>Total vacancies</td>
<td>153,830</td>
<td>152,906</td>
<td>154,639</td>
<td>156,826</td>
<td>972</td>
<td>0.6</td>
<td>0.8</td>
</tr>
<tr>
<td>BA (BA-X) job index</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Participants in selected active labour-market measures</td>
<td>226,351</td>
<td>225,267</td>
<td>221,150</td>
<td>211,448</td>
<td>13,043</td>
<td>6.1</td>
<td>4.7</td>
</tr>
<tr>
<td>of which Activation and integration into employment</td>
<td>44,696</td>
<td>44,679</td>
<td>44,962</td>
<td>42,603</td>
<td>8,338</td>
<td>22.9</td>
<td>19.8</td>
</tr>
<tr>
<td>Career choice and vocational training</td>
<td>39,086</td>
<td>39,670</td>
<td>39,857</td>
<td>39,815</td>
<td>-325</td>
<td>-0.8</td>
<td>-1.6</td>
</tr>
<tr>
<td>Advanced vocational training</td>
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<td>44,436</td>
<td>44,627</td>
<td>44,310</td>
<td>1,460</td>
<td>3.5</td>
<td>3.9</td>
</tr>
<tr>
<td>Taking up gainful activity</td>
<td>42,522</td>
<td>41,289</td>
<td>40,231</td>
<td>37,989</td>
<td>1,695</td>
<td>4.2</td>
<td>1.2</td>
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<tr>
<td>Special measures to integrate disabled persons</td>
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<td>14,964</td>
<td>14,839</td>
<td>14,742</td>
<td>-25</td>
<td>-0.2</td>
<td>0.5</td>
</tr>
<tr>
<td>Job-creation measures</td>
<td>40,616</td>
<td>38,583</td>
<td>35,012</td>
<td>30,369</td>
<td>2,014</td>
<td>5.2</td>
<td>2.9</td>
</tr>
<tr>
<td>of which Taking up gainful activity</td>
<td>3,679</td>
<td>2,231</td>
<td>1,829</td>
<td>1,517</td>
<td>-262</td>
<td>-6.4</td>
<td>-3.8</td>
</tr>
<tr>
<td>Grants that can be freely allocated/other grants</td>
<td>1,529</td>
<td>1,556</td>
<td>1,562</td>
<td>1,567</td>
<td>13</td>
<td>0.8</td>
<td>0.7</td>
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<tr>
<td>Seasonally adjusted development compared with the previous month</td>
<td>Jun 18</td>
<td>May 18</td>
<td>Apr 18</td>
<td>Mar 18</td>
<td>Feb 18</td>
<td>Jan 18</td>
<td>Dec 17</td>
</tr>
<tr>
<td>Gainfully active persons (in Germany)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Employees subject to the payment of social security contributions</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Unemployed</td>
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<td>-2,000</td>
<td>-2,000</td>
<td>-2,000</td>
<td>-5,000</td>
<td>-8,000</td>
<td>-8,000</td>
</tr>
<tr>
<td>Underemployment (excl. short-time employment)</td>
<td>-4,000</td>
<td>-5,000</td>
<td>-5,000</td>
<td>-6,000</td>
<td>-8,000</td>
<td>-10,000</td>
<td>-8,000</td>
</tr>
<tr>
<td>Registered vacancies</td>
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<td>1,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,000</td>
</tr>
<tr>
<td>Unemployment rate based on total civilian labour force</td>
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<td>6.9</td>
<td>7.0</td>
<td>7.0</td>
<td>7.1</td>
<td>7.1</td>
<td>7.2</td>
</tr>
</tbody>
</table>

1 Source: Federal Statistical Office.
2 Since 1 January 2017, the allocation of support for those receiving both unemployment benefit and unemployment benefit II at the same time has been managed by the employment agencies. Such persons will in future be counted as unemployed under SGB III (formerly under SGB II). This must be taken into account when looking at comparisons with periods before this date.
3 Final values are only determined after a waiting period. Most of the latest data can be extrapolated based on previous values. The value for Germany also includes the number of beneficiaries receiving this employment benefit abroad.
4 According to the IAB Job Vacancy Survey, employment agencies and job centres had reported 53.0% of total job vacancies in the first quarter of 2019. Due to different survey concepts used, it is not possible to extrapolate the number of registered vacancies using the inverse reporting quota to obtain the number of vacancies in the overall economy.

2.2 Unemployment in eastern and western Germany over time

2.3. Selected labour-market instruments in the new federal states

<table>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>For information only: Unemployed</td>
<td>581</td>
<td>639</td>
<td>712</td>
<td>774</td>
<td>824</td>
<td>870</td>
<td>897</td>
<td>950</td>
<td>1,011</td>
<td>1,101</td>
<td>1,120</td>
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<tr>
<td>Activation and integration into employment</td>
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<td>38</td>
<td>40</td>
<td>40</td>
<td>34</td>
<td>40</td>
<td>51</td>
<td>64</td>
<td>33</td>
</tr>
<tr>
<td>Measures for activation and integration into employment</td>
<td>36</td>
<td>43</td>
<td>43</td>
<td>38</td>
<td>39</td>
<td>40</td>
<td>34</td>
<td>39</td>
<td>50</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>of which measures with an employer</td>
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<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Trial employment of disabled persons</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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## Labour-market instruments

**Promoting self-employment**
- 6
- 7
- 8
- 9
- 10
- 10
- 21
- 33
- 37
- 39
- 56

**Back-to-work bonus for self-employed persons**
- 1
- 1
- 1
- 1
- 2
- 2
- 3
- 4
- 5
- 6
- 8

**Services to integrate the self-employed**
- 1
- 1
- 1
- 1
- 2
- 2
- 2
- 1
- –
- –
- –

**Start-up grant**
- 5
- 5
- 6
- 6
- 6
- 5
- 17
- 29
- 32
- 30
- 31

**Transition allowance for self-employed persons**
- –
- –
- –
- –
- –
- –
- –
- –
- –

**Business start-up grant (one-person business)**
- –
- –
- –
- –
- –
- –
- –
- 3
- 17

## Special measures for inclusion of disabled persons

- **Special measures for further training**
  - 2
  - 1
  - 1
  - 1
  - 2
  - 3
  - 3
  - 3
  - 3
  - 3
  - 4

- **Vocational assessment/career choice**
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  - 0
  - 0
  - 0
  - 0
  - 0
  - 0
  - 0
  - 0
  - 0
  - 0

- **Special measures for promoting vocational training**
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  - 7
  - 8
  - 8
  - 8
  - 9
  - 10
  - 10
  - 12
  - 13
  - 14

- **Case-based support**
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  - 0
  - 0
  - 0
  - 0
  - 0
  - 0
  - 0
  - 0
  - 0

- **Individual rehabilitation measures**
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  - 4
  - 4
  - 4
  - 5
  - 5
  - 5
  - 6
  - 7
  - 7

- **Assisted employment**
  - 1
  - 1
  - 1
  - 1
  - 1
  - 1
  - 1
  - 0
  - –

## Job-creation measures

**Subsidised community work**
- 28
- 33
- 35
- 41
- 47
- 57
- 66
- 86
- 150
- 152
- 148

- **of which Types with compensation**
  - –
  - –
  - –
  - 47
  - 56
  - 60
  - 70
  - 116
  - 124
  - 135

**Promotion of jobs**
- 3
- 4
- 4
- 4
- 5
- 3
- 0
- –
- –
- –

**Federal programme for social participation in the labour market**
- 6
- 6
- 4
- 0
- –
- –
- –
- –
- –
- –

**Employment phase involving a job in the community**
- –
- –
- 0
- 11
- 17
- 16
- 6
- –
- –
- –

**Job creation measures (residual allocations)**
- –
- –
- –
- –
- –
- 0
- 0
- 2
- 13
- 32
- –

**Traditional structural adjustment measures**
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- –
- –
- –
- –
- –
- –
- –
- –
- –

**Job-creation infrastructure measures**
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- 0

**Work in social projects for the long-term unemployed**
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- –
- –
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**Subsidised community work under the Alhi initiative**
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- –
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**Special ‘Jump Plus’ programme**
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- –
- –
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- –
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- –
- –

## Grants that can be freely allocated/other grants

**Support that can be freely allocated under SGB II**
- 2
- 2
- 2
- 2
- 2
- 3
- 4
- 6
- 6
- 7
- 3
- –

**Support that can be freely allocated under SGB III**
- –
- –
- –
- –
- –
- –
- –
- 0
- 0
- 0
- 2
- 4

**Other, additional benefits**
- –
- –
- –
- –
- –
- –
- –
- –
- 0
- 0
- 1
- 6
- 34

**German language training**
- –
- –
- –
- –
- –
- –
- –
- –
- –
- –
- –

**European Globalisation Adjustment Fund**
- –
- –
- –
- 0
- 0
- 0
- 0
- 0
- –
- –
- –

## Total no. instruments

**Total number of participants**

**For information only:**

**Integration services provided by the municipalities**
- 8
- 10
- 11
- 10
- 9
- 9
- 8
- 8
- 9
- 8
- 5

**Individuals in short-time work (total of all grounds for claims)**
- 24
- 27
- 26
- 30
- 46
- 40
- 38
- 90
- 152
- 21

---

1. Revisions in the past few years may result in differences to evaluations that use earlier data.
2. It is to be assumed that the figures recorded are lower than they should be as only a certain proportion of the agencies providing data have recorded data on the use of municipal integration benefits for the respective reporting years.
3. Due to the delayed recording of measures conducted between 1 November 2009 and 30 June 2010, entries for 1,740 participants are not included in the statistics. From the reporting month of August 2010 onwards, the statistics on EGF participation show the full amount support that has been granted.
4. Contrary to the standard tables on labour market instruments in the statistics of the Federal Employment Agency displaying data on participation in careers guidance measures in accordance with Section 48 SGB III.
5. Due to incorrect entries, the number of labour market entries and exits has been over-recorded by approximately 10% nationwide.

3. Income and public finances

3.1 Disposable income

Disposable income of private households per capita

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<th>Eastern Germany</th>
<th>New federal states</th>
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<td></td>
<td>in €</td>
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Disposable income and GDP per capita as well as compensation of employees per employee (domestic) in %
(Western Germany = 100)

## 3.2 Public spending and investments, public revenue incl. tax revenue

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### Adjusted public spending per capita by federal state

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<td>-</td>
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## Tax revenue of the federal states per capita, in €

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<th>Mecklenburg-Western Pomerania</th>
<th>Saxony-Anhalt</th>
<th>Saxony</th>
<th>Thuringia</th>
<th>New federal states</th>
<th>Berlin</th>
<th>Eastern Germany</th>
<th>Western Germany</th>
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<td>517</td>
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<td>450</td>
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<td>447</td>
<td>987</td>
<td>–</td>
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<td>–</td>
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<td>902</td>
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<td>1,801</td>
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<td>2,000</td>
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<td>1,124</td>
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<td>1,146</td>
<td>1,863</td>
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<td>2017(^5)</td>
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<td>1,177</td>
<td>1,164</td>
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<td>1,235</td>
<td>1,905</td>
<td>–</td>
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<td>1,301</td>
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4. Shares of federal states in income and corporation tax as well as income from regional taxes.

5. Provisional.

4. Overview

4.1. Selected economic data on situation in new federal states

<table>
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<tr>
<th>2018</th>
<th>Berlin</th>
<th>Brandenburg</th>
<th>Meckl.-W.P.</th>
<th>Saxony-Anhalt</th>
<th>Saxony</th>
<th>Thuringia</th>
<th>New federal states</th>
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<tr>
<td>Area in km² (on 31 Dec. 2017)</td>
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<td>29,654</td>
<td>23,294</td>
<td>20,454</td>
<td>18,450</td>
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<td>Population in 1,000</td>
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<td>1,610</td>
<td>2,214</td>
<td>4,075</td>
<td>2,145</td>
<td>12,551</td>
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<td>Share of total population, in %</td>
<td>–</td>
<td>20.0</td>
<td>12.6</td>
<td>17.6</td>
<td>32.5</td>
<td>17.1</td>
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<td>Population density in persons/km²</td>
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<td>85</td>
<td>69</td>
<td>108</td>
<td>221</td>
<td>132</td>
<td>116</td>
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<td>GDP in constant prices, in € million</td>
<td>147,057</td>
<td>73,722</td>
<td>44,914</td>
<td>63,504</td>
<td>126,364</td>
<td>63,804</td>
<td>372,308</td>
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<tr>
<td>GDP per capita, in €</td>
<td>40,568</td>
<td>29,411</td>
<td>27,905</td>
<td>28,685</td>
<td>31,008</td>
<td>29,739</td>
<td>29,664</td>
</tr>
<tr>
<td>GDP per gainfully employed person in € (current prices)</td>
<td>73,404</td>
<td>65,697</td>
<td>59,139</td>
<td>62,780</td>
<td>60,895</td>
<td>60,830</td>
<td>61,874</td>
</tr>
<tr>
<td>Gross value added (GVA) in the goods-producing sector, Change over preceding year, % (price-adjusted, chain-linked)</td>
<td>3.6</td>
<td>3.1</td>
<td>-0.9</td>
<td>-0.4</td>
<td>0.8</td>
<td>1.7</td>
<td>1.0</td>
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<td>Employment rate</td>
<td>79.2</td>
<td>80.6</td>
<td>77.0</td>
<td>79.3</td>
<td>81.4</td>
<td>80.5</td>
<td>79.9</td>
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<tr>
<td>Gainfully employed at the workplace in thousands</td>
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<td>1,122</td>
<td>759</td>
<td>1,011</td>
<td>2,076</td>
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<td>Unemployed in the reporting month June 2019</td>
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<td>74,356</td>
<td>54,880</td>
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<td>111,907</td>
<td>56,748</td>
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<td>Unemployment rate in June 2019</td>
<td>7.8</td>
<td>5.6</td>
<td>6.7</td>
<td>7.0</td>
<td>5.3</td>
<td>5.1</td>
<td>6.2</td>
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<td>Registered vacancies – June 2019</td>
<td>27,418</td>
<td>24,543</td>
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<td>38,425</td>
<td>24,341</td>
<td>153,830</td>
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<td>Underemployment rate (excl. short-term work) – June 2019, provisional</td>
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<td>7.6</td>
<td>9.4</td>
<td>10.3</td>
<td>7.5</td>
<td>7.3</td>
<td>8.8</td>
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<td>Gainfully active persons subject to the payment of social security contributions – June 2019</td>
<td>1,518,100</td>
<td>852,900</td>
<td>575,100</td>
<td>799,300</td>
<td>1,616,800</td>
<td>806,500</td>
<td>6,168,700</td>
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<tr>
<td>Applicants for vocational training places without places as at 30 Sept. 2018</td>
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<td>1,192</td>
<td>474</td>
<td>329</td>
<td>796</td>
<td>383</td>
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<td>Vacant vocational training places as at 30 Sept. 2018</td>
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<td>1,479</td>
<td>1,086</td>
<td>1,986</td>
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<td>10,759</td>
<td>26,741</td>
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<tr>
<td>of which: start-ups</td>
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<td>22,093</td>
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<td>13,201</td>
<td>28,663</td>
<td>13,345</td>
<td>83,324</td>
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</tbody>
</table>

Funding programmes

Funding programmes for commercial and freelance companies from the ERP Special Fund
Cumulative commitment volume from 1990–2018 (in € million) 2,830 9,428 8,630 9,580 15,589 10,608 53,835

Joint task ‘Improving the Regional Economic Structure’ (GRW) from 1991 to 2017
Commitment amount for commercial companies (in € million) 2,070 8,417 4,503 8,804 11,975 6,978 40,678

2 Federal Statistical Office, share of the active population (gainfully active persons and unemployed persons according to ILO concept) in overall population, by gender and federal state. Sample updated on the basis of the 2011 census, persons in private households. New federal states including Berlin.
4 New federal states including Berlin. Unemployment rate based on total civilian labour force.
6 Federal Ministry for Economic Affairs and Energy, as at 31 December 2018, ERP commitments from 1990 (net amounts after deduction of waivers, reductions, cancellations), from 2004 on containing figures for Berlin as a whole.
7 Federal Office for Economic Affairs and Export Control, from January 1991 to December 2018 includes ERDF co-financing (Berlin: whole city).
8 Extrapolated figure for employees.
9 Federal Employment Agency, employment subject to the payment of social security contributions, labour market in figures, market for training places (vocational training market).

4.2 Economic and structural data of the new federal states compared to the old federal states

<table>
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<tr>
<th>Federal state</th>
<th>Population(^1) (\text{in 2018 in 1,000})</th>
<th>Gainfully active population(^2) (2018 \text{ in 1,000})</th>
<th>Unemployed (\text{2018}) (\text{in 1,000})</th>
<th>Gross domestic product (\text{2018}) ((\text{price-adj., chain linked}))</th>
<th>Tax coverage rate(^3) (\text{Actual figure 2018 in }%)</th>
<th>Tax expendi- ture ratio(^3) (\text{Actual figure 2018 in }%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meck.-WP</td>
<td>1,610</td>
<td>763</td>
<td>77.0</td>
<td>725</td>
<td>65</td>
<td>65.0</td>
</tr>
<tr>
<td>Brandenburg</td>
<td>2,507</td>
<td>1,270</td>
<td>80.6</td>
<td>1,217</td>
<td>84</td>
<td>84.0</td>
</tr>
<tr>
<td>Saxony-Anhalt</td>
<td>2,214</td>
<td>1,057</td>
<td>79.3</td>
<td>1,000</td>
<td>88</td>
<td>88.0</td>
</tr>
<tr>
<td>Thuringia</td>
<td>2,145</td>
<td>1,058</td>
<td>80.5</td>
<td>1,013</td>
<td>82</td>
<td>82.0</td>
</tr>
<tr>
<td>Saxony</td>
<td>4,075</td>
<td>1,993</td>
<td>81.4</td>
<td>1,912</td>
<td>126</td>
<td>126.0</td>
</tr>
<tr>
<td>New féd. states(^2)</td>
<td>12,551</td>
<td>6,141</td>
<td>79.9</td>
<td>5,867</td>
<td>581</td>
<td>581.0</td>
</tr>
<tr>
<td>Schleswig-Holst.</td>
<td>2,893</td>
<td>1,429</td>
<td>78.1</td>
<td>1,384</td>
<td>85</td>
<td>85.0</td>
</tr>
<tr>
<td>Hamburg</td>
<td>1,834</td>
<td>982</td>
<td>79.7</td>
<td>942</td>
<td>66</td>
<td>66.0</td>
</tr>
<tr>
<td>Lower Saxony</td>
<td>7,979</td>
<td>3,979</td>
<td>77.9</td>
<td>3,846</td>
<td>228</td>
<td>228.0</td>
</tr>
<tr>
<td>Bremen</td>
<td>681</td>
<td>331</td>
<td>74.7</td>
<td>316</td>
<td>35</td>
<td>35.0</td>
</tr>
<tr>
<td>N. Rhine-Westph.</td>
<td>17,914</td>
<td>8,829</td>
<td>75.7</td>
<td>8,484</td>
<td>651</td>
<td>651.0</td>
</tr>
<tr>
<td>Hesse</td>
<td>6,250</td>
<td>3,168</td>
<td>77.6</td>
<td>3,066</td>
<td>154</td>
<td>154.0</td>
</tr>
<tr>
<td>Rhineland-Pal.</td>
<td>4,078</td>
<td>2,053</td>
<td>78.1</td>
<td>1,988</td>
<td>99</td>
<td>99.0</td>
</tr>
<tr>
<td>Baden-Württemb.</td>
<td>11,051</td>
<td>5,837</td>
<td>80.6</td>
<td>5,690</td>
<td>195</td>
<td>195.0</td>
</tr>
<tr>
<td>Bavaria</td>
<td>13,039</td>
<td>6,921</td>
<td>81.0</td>
<td>6,769</td>
<td>214</td>
<td>214.0</td>
</tr>
<tr>
<td>Saarland</td>
<td>992</td>
<td>484</td>
<td>76.4</td>
<td>466</td>
<td>32</td>
<td>32.0</td>
</tr>
<tr>
<td>Western Germany</td>
<td>66,711</td>
<td>34,013</td>
<td>78.3</td>
<td>32,951</td>
<td>1,759</td>
<td>1,759.0</td>
</tr>
<tr>
<td>Berlin</td>
<td>3,625</td>
<td>1,910</td>
<td>79.2</td>
<td>1,792</td>
<td>156</td>
<td>156.0</td>
</tr>
<tr>
<td>Germany</td>
<td>82,887</td>
<td>42,064</td>
<td>78.6</td>
<td>40,610</td>
<td>2,340</td>
<td>2,340.0</td>
</tr>
</tbody>
</table>


\(^2\) In the case of unemployment figures, labour force participation rate, industrial turnover and companies, employees, export ratio: new federal states including Berlin.

\(^3\) Active population (= gainfully active persons + unemployed persons) aged 15–65 years (sample updated on the basis of the 2011 census, persons in private households), employment rate = share of gainfully active persons (employed and unemployed in accordance with the ILO concept) in the population at an employable age (15 to 65 years old).

\(^4\) Employed persons aged 15 to under 65 years according to federal states, results of the 2011 Microcensus. From 2016 onwards, estimations are based on the population update on the basis of the 2011 census, the results can only be compared to a limited extent with previous years.

\(^5\) Federal Employment Agency, unemployed persons according to legal groups: data as of June 2019, annual average for 2018, new federal states including Berlin, old federal states without Berlin. Rate based on total civilian labour force.

\(^6\) In manufacturing plants as well as coal and stone mining with 20 employees or more.

\(^7\) Share of foreign sales in total sales.

\(^8\) Share of total expenditure in the federal state budget (only core federal state budgets excl. extra budgets, excl. municipalities, excl. special purpose associations); instead of Germany: Federal states together. Preliminary Actual, Federal Ministry of Finance, as at July 2019.

\(^9\) Based on manufacturing plants with 20 employees or more in September 2018.

### 4.3 National accounts in an East-West comparison

<table>
<thead>
<tr>
<th></th>
<th>Western Germany</th>
<th>New federal states</th>
<th>New federal states in relation to w. Germany in %</th>
<th>Share new fed. states in Germany, total in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident population¹</td>
<td>1,000</td>
<td>61,912.5</td>
<td>66,711.3</td>
<td>14,624.7</td>
</tr>
<tr>
<td>Gainfully active persons (domestic)</td>
<td>1,000</td>
<td>30,300</td>
<td>36,818</td>
<td>6,787</td>
</tr>
<tr>
<td>Employees (domestic)</td>
<td>1,000</td>
<td>27,210</td>
<td>33,422</td>
<td>6,439</td>
</tr>
<tr>
<td>Unemployed²</td>
<td>1,000</td>
<td>1,596</td>
<td>1,759</td>
<td>1,006</td>
</tr>
<tr>
<td>Gross Domestic Product (GDP) (in current prices)</td>
<td>€ bn</td>
<td>1,404.6</td>
<td>2,866.6</td>
<td>107.4</td>
</tr>
<tr>
<td>GDP per capita (in current prices)</td>
<td>€</td>
<td>22,687</td>
<td>42,971</td>
<td>7,342</td>
</tr>
<tr>
<td>GDP per gainfully active person (in current prices)</td>
<td>€</td>
<td>46,356</td>
<td>77,861</td>
<td>15,821</td>
</tr>
<tr>
<td>GDP per gainfully active person, per hour of work (in current prices)²</td>
<td>€</td>
<td>37.62</td>
<td>57.61</td>
<td>26.40</td>
</tr>
<tr>
<td>GVA per gainfully active person, per working hour (in current prices)²</td>
<td>€</td>
<td>33.84</td>
<td>51.95</td>
<td>23.74</td>
</tr>
<tr>
<td>Compensation of employees</td>
<td>€ bn</td>
<td>731.8</td>
<td>1,473.4</td>
<td>84.8</td>
</tr>
<tr>
<td>Compensation of employees per employee</td>
<td>€</td>
<td>26,895</td>
<td>44,085</td>
<td>13,164</td>
</tr>
<tr>
<td>Compensation of employee per working hour²</td>
<td>€</td>
<td>24.28</td>
<td>34.03</td>
<td>17.61</td>
</tr>
<tr>
<td>Gross wages and salaries</td>
<td>€ bn</td>
<td>598.1</td>
<td>1,206.1</td>
<td>71.4</td>
</tr>
<tr>
<td>Total gross wages and salaries per employee</td>
<td>€</td>
<td>21,980</td>
<td>36,088</td>
<td>11,086</td>
</tr>
<tr>
<td>Gross investment in plant per capita⁴</td>
<td>€</td>
<td>5,300</td>
<td>7,800</td>
<td>3,300</td>
</tr>
<tr>
<td>Capital stock per gainfully active person⁴</td>
<td>€</td>
<td>229,251</td>
<td>410,262</td>
<td>84,608</td>
</tr>
<tr>
<td>Capital stock per capita⁵</td>
<td>€</td>
<td>112,195</td>
<td>220,822</td>
<td>39,264</td>
</tr>
<tr>
<td>New federal states/old federal states in %</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Unit wage costs² | %  | 71.75 | 65.51 | 74.18 | 67.63 | 3.4 | 3.3 | – | – |

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2. Figures for 1991 according to ESA 1995. Figures for 2017 (revision in 2014) according to ESA 2010. New federal states including Berlin. The figures according to the 2014 revision of the National Accounts are available from the year 2000 onwards and are not recalculated for any years prior to 1991.
5. 1991, 2015, here: Gross fixed assets at the end of the year at replacement prices in relation to the annual average number of gainfully active persons (calculations current as at November 2017/February 2018, WZ 2008).
7. Employee compensation per working hour in relation to gross value added per gainfully active person, per working hour, in current prices.
