



# GERMANY

## STAFF REPORT FOR THE 2020 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

December 17, 2020

Prepared By

European Department

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## FUND RELATIONS

(As of November 30<sup>th</sup>, 2020; unless specified otherwise)

**Mission:** November 4–18, 2020 by video conference. The concluding statement of the mission is available at

<https://www.imf.org/en/News/Articles/2020/11/18/mcs111820-germany-staff-concluding-statement-of-the-2020-article-iv-mission>

**Staff team:** Mr. Aiyar (head), Mses. Chen, Dao, Mineshima, Mr. Natal (all EUR).

**Country interlocutors:** State Secretary of the Federal Ministry of Finance Schmidt, Bundesbank President Weidmann, officials from the Federal Chancellor's office, the Finance, Economic Affairs, and Labor Ministries, the Bundesbank, the BaFin, the Federal Office for Employment, the ECB (SSM), the EIOPA, representatives from the automotive industry, hotel and restaurant industry, social partners, banks, think tanks, and academics.

**Fund relations:** The previous Article IV consultation discussions took place during May 2019 and the staff report was discussed by the Executive Board on July 8, 2019. The Executive Board's assessment and staff report are available at

<https://www.imf.org/en/Publications/CR/Issues/2019/07/09/Germany-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-47093>

**Membership Status:** Joined August 14, 1952; Article VIII.

General Resources Account:	SDR Million	Percent of Quota
Quota	26,634.40	100.00
Fund holdings of currency	20,960.40	78.70
Reserve position in Fund	5,697.31	21.39
Lending to the Fund		
New Arrangements to Borrow	615.31	

SDR Department:	SDR Million	Percent of Allocation
Net cumulative allocation	12,059.17	100.00
Holdings	11,890.01	98.60

**Outstanding Purchases and Loans:** None

**Financial Arrangements:** None

**Projected Payments to Fund** <sup>1/</sup> (SDR Million; based on existing use of resources and present holdings of SDRs):

		<u>Forthcoming</u>			
	2020	2021	2022	2023	2024
Principal					
Charges/Interest		0.38	0.38	0.38	0.38
<b>Total</b>		0.38	0.38	0.38	0.38

1/ When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

### Exchange Rate Arrangement

Germany's currency is the euro, which floats freely and independently against other currencies.

Germany is an Article VIII member and maintains an exchange system free of restrictions on payments and transfers for current international transactions. It maintains measures adopted for security reasons, which have been notified to the Fund for approval in accordance with the procedures of Decision 144 and does so solely for the preservation of national or international security.

### Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)

Germany was last assessed against the previous AML/CFT standard in 2009/10, with a follow-up in 2014. Since then, the legal and organizational framework for AML/CFT has been comprehensively restructured, including to transpose the EU's fifth Money Laundering Directive (5AMLD). A revised and restructured Anti-Money Laundering Law (Geldwäschegesetz) came into effect on June 26, 2017. In addition, the authorities introduced a Transparency Register in June 2017, to hold information on the ultimate beneficial owners of legal persons (e.g., companies, partnerships) and arrangements (trusts). The register is accessible to competent authorities, and more broadly to the general public provided that a legitimate interest can be stated on a case-by-case basis. In September 2019, the Anti-Financial Crime Alliance (AFCA) was established as the German AML public-private partnership, where BaFin is a public-sector representative on the Board alongside the Financial Intelligence Unit (FIU) and the Federal Criminal Police Office (BKA). With regard to the risk-based approach, Germany has made significant progress including the publication of the National Risk Assessment in 2019 and the finalization of several sectoral risk assessments. The ongoing FATF mutual evaluations focus on the effectiveness of AML/CFT systems (i.e., preventive measures, investigation and prosecution), as well as adjustments to the framework (e.g., measures to improve accessibility to beneficial ownership information). Germany's next FATF assessment is due to be adopted in October 2021.

## STATISTICAL ISSUES

(As of December 17, 2020)

I. Assessment of Data Adequacy for Surveillance
<p><b>General:</b> The economic database is generally comprehensive and of high quality, and data provision is adequate for surveillance.</p>
<p><b>National Accounts:</b> Germany adopted the <i>European System of Accounts 2010 (ESA2010)</i> in September 2014, with GDP calculated both annually and quarterly on a current and chained volume basis. Germany has received multiple derogations from ESA2010 requirements, most of which are scheduled to be addressed by 2020. A direct source for quarterly changes in inventories, which is an important indicator of changes in GDP over the business cycle, is lacking. Extrapolations of changes in inventories are based on the difference between the monthly production index and turnover index in manufacturing.</p>
<p><b>Government Finance Statistics:</b> Comprehensive data reporting systems support the accuracy and reliability of the government finance statistics. However, these data are based on cash accounting systems, although documentation exists to explain the differences between the general government data in the ESA2010 (noncash) classification and the general cash data on an administrative basis; Germany publishes—through Eurostat—general government revenue, expenditure, and balances on a noncash/ accrual basis on a quarterly basis (<i>ESA2010</i>) and these data are presented in a GFSM 2014 format in International Financial Statistics, albeit with delay. Germany submits annual data for publication in the <i>Government Financial Statistics Yearbook</i>, in GFSM 2014 format. Monthly data are disseminated on a cash-basis.</p>
<p><b>Monetary and Financial Statistics:</b> The ECB reporting framework is used for monetary statistics and data are reported to the IMF through a “gateway” arrangement with the ECB. The arrangement provides an efficient transmission of monetary statistics to the IMF and for publication in the <i>IFS</i>. Monetary statistics for Germany published in the <i>IFS</i> cover data on central bank and other depository corporations (ODCs) using Euro Area wide residency criterion. Data based on national residency criterion is also published as memorandum items. Germany reports data on some series and indicators of the Financial Access Survey (FAS), including the two indicators adopted by the UN to monitor Target 8.10 of the Sustainable Development Goals (SDGs).</p>
<p><b>Financial Sector Surveillance:</b> Germany participates in the IMF’s Coordinated Direct Investment Survey (CDIS), Coordinated Portfolio Investment Survey (CPIS) and financial soundness indicators (FSIs) databases. The German authorities compiled a comprehensive set of FSI data and metadata. Of the 40 FSIs, Germany reports all except net foreign exchange exposure to equity (I31). Even though Germany reports all of the 12 core FSIs, six FSIs are reported on an annual basis only: (i) NPL Net of Provisions to Capital, (ii) NPL to Total Gross Loans, (iii) Return on Assets, (iv) Return on Equity, (v) Interest Margin to Gross Income, and (vi) Non-Interest Expense to Gross Income. Plans are already underway to change the legal basis for the periodicity of deposit taking institutions’ reporting</p>

requirements. In addition, the quality of data on bank exposures submitted to the BIS needs to be improved, including provision of the data on ultimate risk basis for advanced countries.

**External Sector Statistics:** The Bundesbank compiles the balance of payments in close cooperation with the Federal Statistical Office. Balance of payments, International Investment Position statistics, and related cross-border statistics are compiled according to the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)*, and the legal requirements of the ECB and Eurostat.

## II. Data Standards and Quality

Adherent to the Special Data Dissemination Standards Plus (SDDS Plus) since February 2015.

**Implementing G-20 DGI recommendations:**

Currently disseminates a residential property price index and a commercial property price index.

Data ROSC from 2006 is available.

**Table of Common Indicators Required for Surveillance**  
(As of December 2, 2020)

	Date of latest observation	Date received	Frequency of Data <sup>7</sup>	Frequency of Reporting <sup>8</sup>	Frequency of Publication <sup>8</sup>
Exchange Rates	Dec 17, 2020	Dec 17, 2019	D	D	D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities <sup>1</sup>	Oct 2020	Nov 2020	M	M	M
Reserve/Base Money <sup>2</sup>	Oct 2020	Nov 2020	M	M	M
Broad Money <sup>2</sup>	Oct 2020	Nov 2020	M	M	M
Central Bank Balance Sheet	Oct 2020	Nov 2020	M	M	M
Consolidated Balance Sheet of the Banking System	Oct 2020	Nov 2020	M	M	M
Interest Rates <sup>3</sup>	Nov 2020	Nov 2020	M	M	M
Consumer Price Index	Nov 2020	Nov 2020	M	M	M
Revenue, Expenditure, Balance and Composition of Financing <sup>4</sup> —General Government <sup>5</sup>	Q3:2020	Nov 2020	Q	Q	Q
Stocks of General Government and Government-Guaranteed Debt <sup>6</sup>	Dec 2019	April 2020	A	A	A
External Current Account Balance	Oct 2020	Dec 2020	M	M	M
Exports and Imports of Goods and Services	Oct 2020	Dec 2020	M	M	M
GDP/GNP	Q3:2020	Oct 2020	Q	Q	Q
Gross External Debt	Q2:2020	Sep 2020	Q	Q	Q
International Investment Position <sup>7</sup>	Q2:2020	Sep 2020	Q	Q	Q

<sup>1</sup> Includes reserve assets pledged or otherwise encumbered as well as net derivative positions.

<sup>2</sup> Pertains to contribution to EMU aggregate.

<sup>3</sup> Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes, and bonds.

<sup>4</sup> Foreign, domestic bank, and domestic nonbank financing.

<sup>5</sup> The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

<sup>6</sup> Including currency and maturity composition

<sup>7</sup> Includes external gross financial asset and liability positions vis-a-vis nonresidents.

<sup>8</sup> Daily (D); weekly (W); monthly (M); quarterly (Q); annually (A); irregular (I); and not available (NA)