

24 September 2017

# Federal Election in Germany

Facts and Figures

"The Bundestag [...] is the cornerstone  
of the German system of government."

– Encyclopædia Britannica

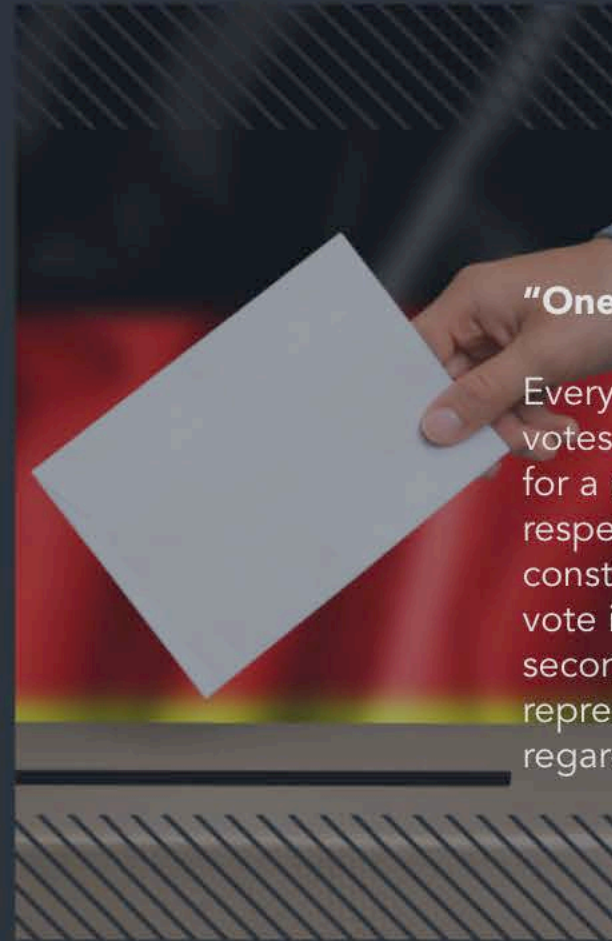


# Germany's Electoral System



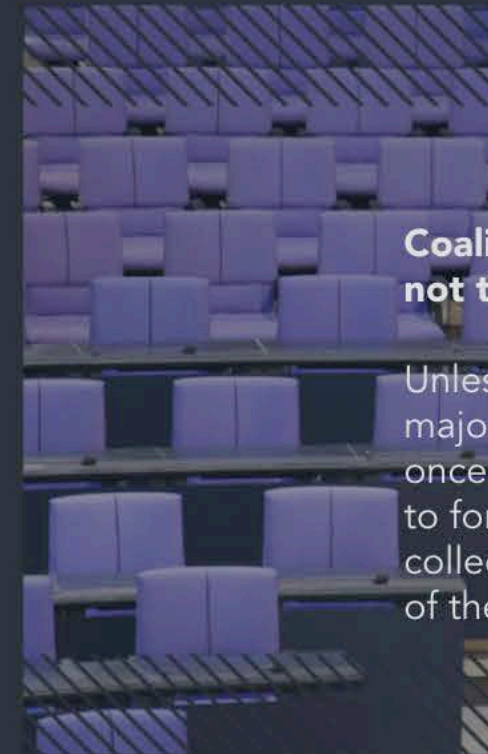
**The chancellor is not elected directly by voters**

Germans vote for the members of the Bundestag. The chancellor is then elected by a majority of MPs.



**"One man, two votes"**

Every four years Germans cast two votes on election day: the first vote is for a representative in the voter's respective constituency (there are 299 constituencies in total). The second vote is for a political party. As the second votes define the proportional representation of parties, it is regarded as the more important one.



**Coalition governments are the rule, not the exception**

Unless a single party wins an absolute majority — which has only happened once — parties will need to join forces to form a governing coalition that collectively makes up more than 50% of the members of the Bundestag.

# Most important candidates, their parties and topics



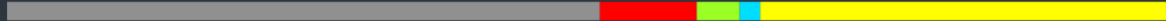


# Donations and spending for election campaigns are relatively low

## AMOUNT OF DONATIONS

for donations higher than € 50,000

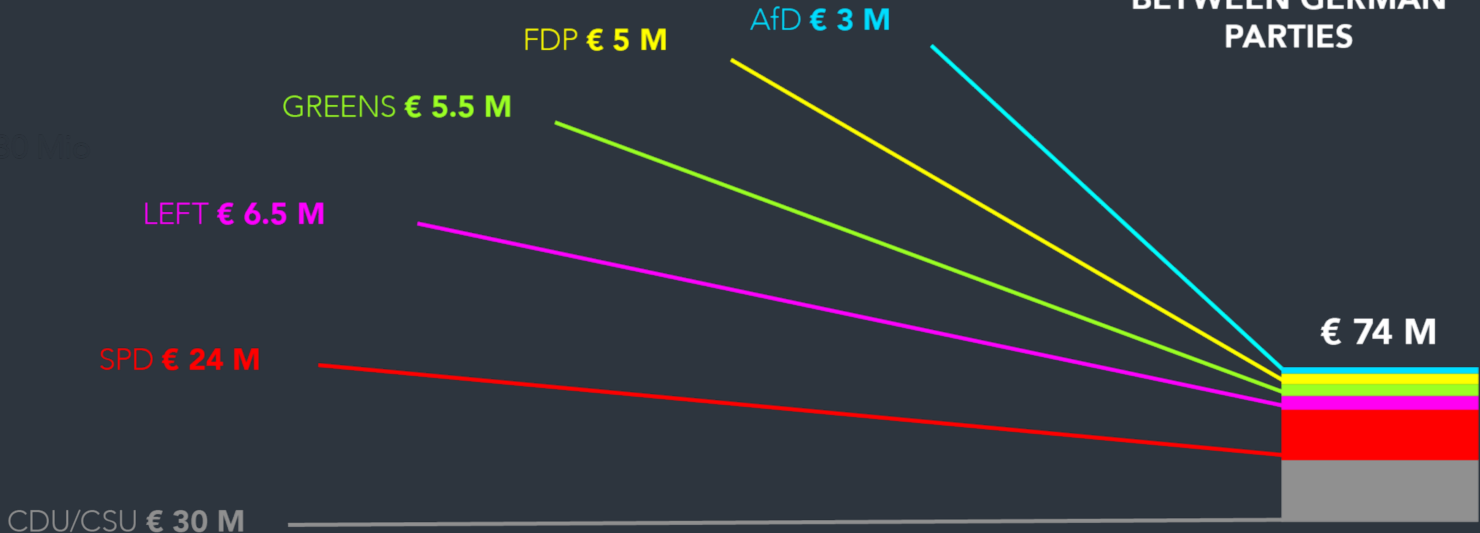
CDU/CSU € 2.9 M   SPD € 0.47 M   GREENS € 0.21 M   AfD € 0.1 M   FDP € 1.99 M



LEFT ---

Donations higher than € 50,000 must be reported to public immediately. In general, party finances rest on four pillars in Germany: state financing, membership fees, donations, other. State financing is the biggest block and depends on the votes, the party could obtain in the last election, and the amount of donations recieved.

CAMPAIGN EXPENSES  
VARY GREATLY  
BETWEEN GERMAN  
PARTIES



Germany

€ 1.178 B

Hillary Clinton's  
Campaign

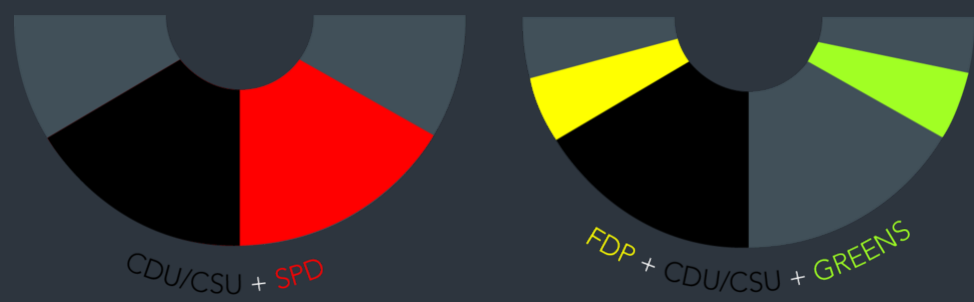
# Angela Merkel will most likely remain Chancellor



Source: current opinion poll

Angela Merkel’s CDU/CSU will almost certainly be the winner of the election. Her coalition partner could be decided on September 24 - or even after election day, as several options might be possible.

## Possible coalitions



# German politics will face several overarching challenges

## Energizing the EU

With President Macron as a partner, the EU's French-German "engine" can provide new impulses, despite Brexit and substantial problems with Poland and Hungary.



## Immigration and integration

More than one million refugees need to be integrated into the German society. In addition, cooperation with African states and Turkey is essential to limit the numbers of incoming migrants.



## Foundations for further Growth

Broadband expansion, education reform, transport infrastructure, etc. are far from top notch. Investments in Germany's future competitiveness are urgently needed.

## Demographic change

Germany's changing age structure and the rural exodus require sustainable solutions especially for the welfare system, the increasing lack of skilled workers or the increasing housing shortage in urban areas.



## Democracy and social cohesion

The rise of populism and the growing social divide need to be addressed for further political stability in the middle of Europe.

# Issues in energy policy

	CDU/CSU	SPD	Left	Greens	FDP	AfD
Coal phase-out by 2030	-	-	+	+	-	-
Adoption of a common carbon floor price to supplement the EU's Emissions Trading System	+	+	+	+	+	+
Germany remains committed to the Paris Climate Agreement	+	+	+	+	+	-
Germany will continue to use public funds to encourage the generation of renewable electricity	+	+	+	+	-	-
Market launch programme for energy storage systems	neutral	+	+	+	-	-
Expansion of transmission grid	+	+	-	+	+	neutral

## Issues in health policy

	CDU/CSU	SPD	Left	Greens	FDP	AfD
The current dual social security sytem should be reformed by introducing a single citizen's insurance ("Bürgerversicherung")	-	+	+	+	-	neutral
The current social security system should be reformed by making it easier to switch between public and private health insurance	+	-	-	-	+	neutral
An equal financing of health insurance by employees and employers should be re-established	-	+	+	+	-	neutral
In cities, medical centres should specialize on a certain area of care to provide high-quality services to patients	+	neutral	neutral	neutral	+	+
The sale of mail-order prescription drugs should be prohibited	+	-	+	-	-	neutral



## Issues in mobility policy

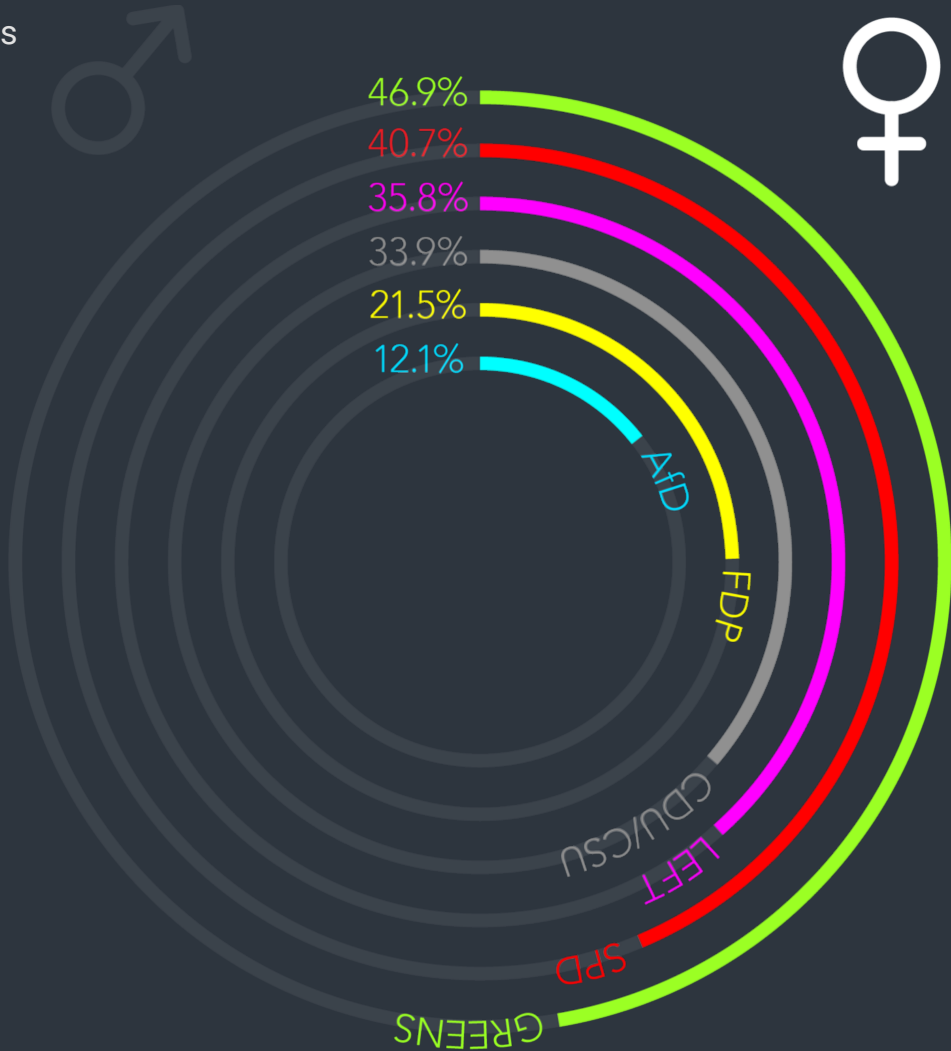
	CDU/CSU	SPD	Left	Greens	FDP	AfD
Motorway (Autobahn) tolls for non-German passenger cars should be abolished	-	+	+	+	+	+
A higher tax on diesel fuels should be introduced	-	-	+	+	-	-
Road construction should be funded via a public-private-partnership	+	+	-	-	+	-
A general speed limit on the "Autobahn" should be implemented	-	-	+	+	-	-
Government subsidies should be available for the expansion of eMobility	+	+	+	+	+	-
A mineral oil tax for airlines should be introduced	-	-	+	+	-	-
The aviation tax should be abolished	+	+	-	-	+	neutral
Parts of the "Deutsche Bahn" group, namely its railway network, should be put under state supervision	-	-	neutral	+	+	no information

# Issues in digital policy

	CDU/CSU	SPD	Left	Greens	FDP	AfD
A Ministry for Digital Policy should be created	-	neutral	neutral	neutral	+	no information
Mass data retention should be abolished	-	-	+	+	+	no information
The Government should be allowed to hack computers and smartphones for security purposes	+	+	-	-	-	no information
Social networks should have to identify and label accounts run by bots	+	+	-	+	-	no information
The procurement of software for public administrations should favor open source software	-	neutral	+	+	+	no information
Due to digitalization and automation, the state should test the implementation of an unconditional basic income	-	-	+	+	-	no information

# Gender Equality Remains a Challenge

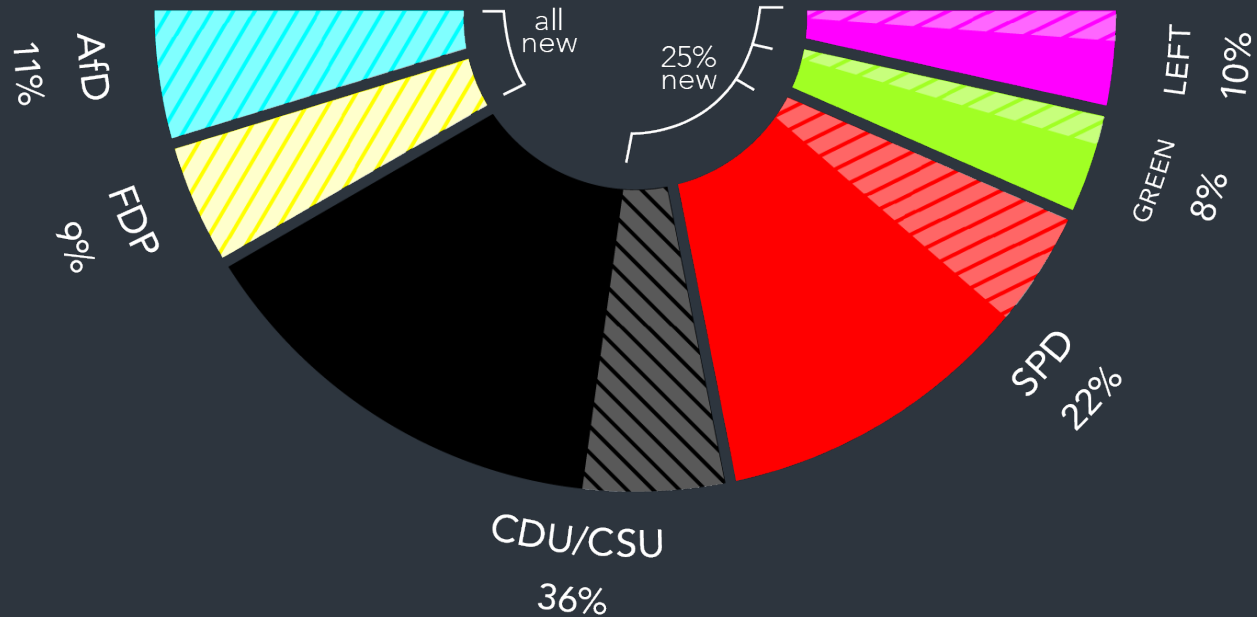
Percentage of female candidates  
to the Bundestag in each party



## One third of the MPs will be new to the Bundestag

### More than 200 MPs will be new to the Bundestag.

With the FDP returning and the AfD being new to the Bundestag, a significant number of new MPs will enter the German parliament.



# The experienced MPs will work in the most important policy areas

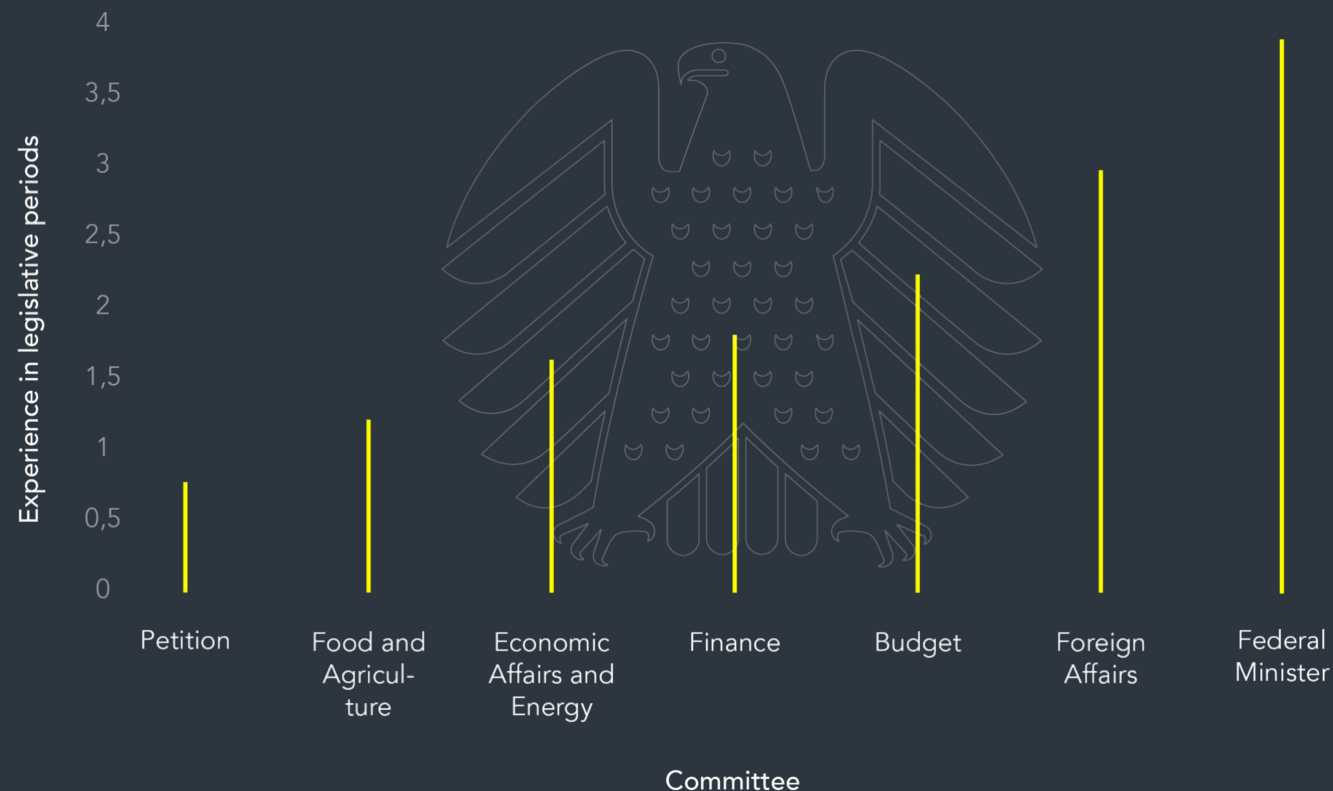
Members of the foreign and the budget committee traditionally have extensive political experience and a high seniority coefficient. On the other hand, the petition committee is filled with newcomers.

The seniority coefficient measures an MP's experience in terms of legislative periods spent in parliament before joining the respective committee.

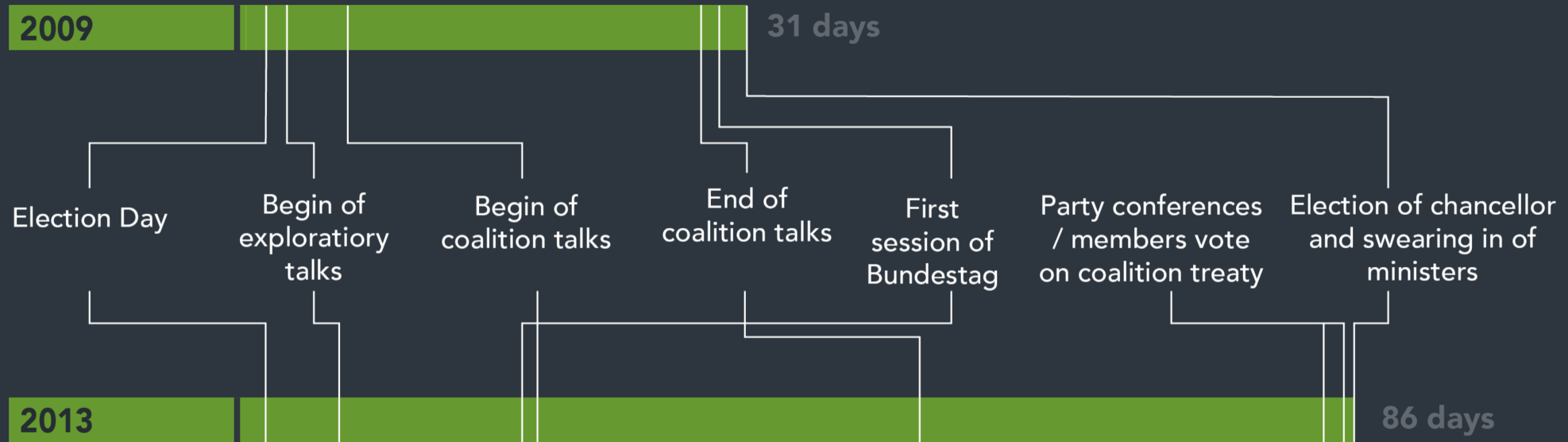
A coefficient of "2" means that the average experience of MPs is two

legislative periods when joining the committee.

When ministers are appointed they have an average experience of four legislative terms in the Bundestag (their seniority-coefficient is 3.97) - or are recruited from the regional level.




## Formation of government will require several weeks or even months



Due to political considerations, it is possible that coalition talks might start only after regional elections in the state of Lower Saxony on October 15. Therefore, the formation of a Government on the federal level might be delayed by three weeks.



# International view on German elections



Following Macron's election in France back in May 2017, the Franco-German alliance at the heart of Europe would likely be enhanced with the re-election of Angela Merkel. We expect to see new joint initiatives from the two largest countries within the EU, particularly in a context where the UK is no any longer in the game. EU governance and initiatives to support trade would be two key areas of interest, followed by defense and refugees.

**Nicolas Castex, Managing Director, APCO's Paris Office**

The UK would like to see a realistic and pragmatic approach to Brexit negotiations, which rises above the current stand-off with Brussels. I hope the new German government will pay attention to German and UK business groups who have been making a strong case for a sensible framework for our future relationship, which will work both for the UK and for the EU27.

**James Acheson-Gray, Managing Director, APCO's London Office**

We hope that the newly formed German government, jointly with like-minded Member States, will lock in steps with the EU institutions to foster economic growth within the EU and reinforce the EU's political influence, in a disrupted and unstable world.

**Claire Boussagol, Managing Director & Chair of Europe, APCO's Brussels Office**

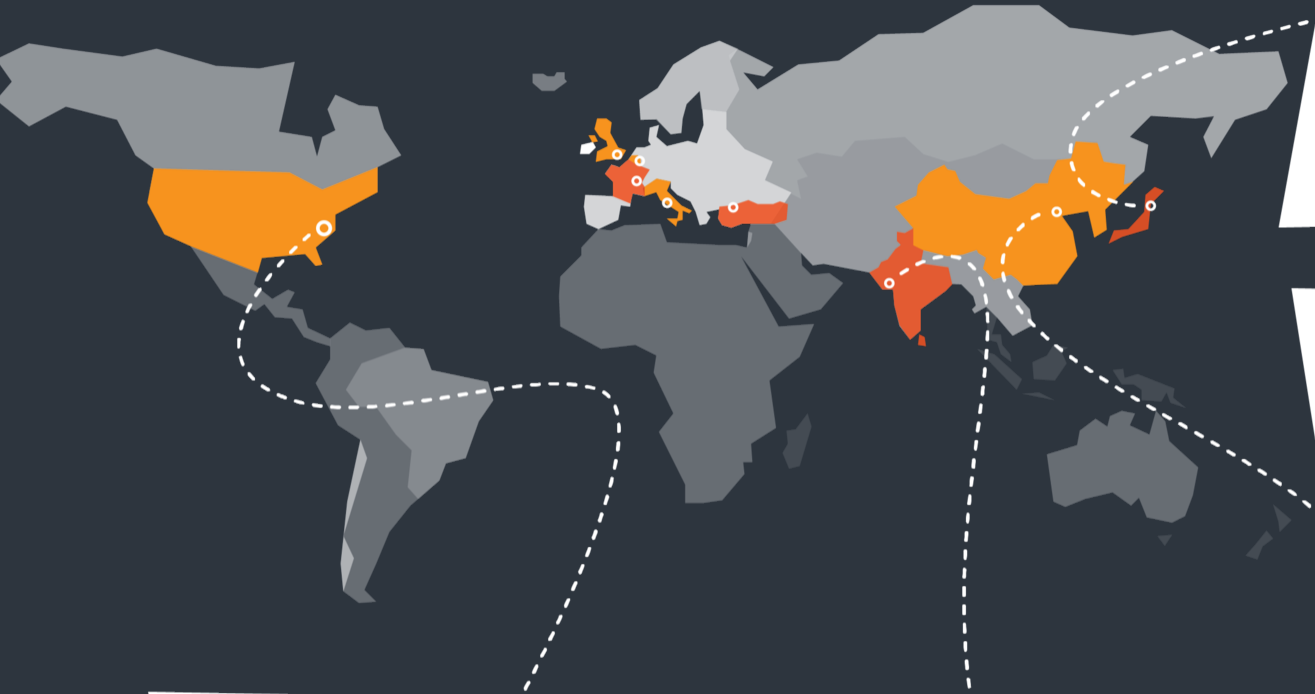
Italy will closely follow the German elections and focus, in particular, on how the new government will tackle long-term issues such as the EU reforms which lie ahead, as well as the immediate response to social international crises such as immigration. As Italy also approaches its own crucial electoral timeframe, the first few months of the new German government will have a major influence in the Italian national campaign, when all political forces will need to articulate Italy's ambitions to join Germany and France in the front seat of a relaunched European Union.

**Paolo Compostella, Managing Director, APCO's Rome Office**

We would like to see the current troubled relationship between Turkey and Germany repaired by strengthening the existing cooperative mechanisms and establishing new strategic long-term partnerships with Turkey. This is particularly important with regard to Turkey's accession to the EU, regional stability, the fight against terrorism, and the refugee crisis.

**Deniz Gungen, Director, APCO's Istanbul Office**

# International view on German elections



Japan expects Germany to play a significant role in the post-Brexit EU, so a stable German administration is certainly desirable for a strong EU-Japan relationship. Globally, Germany has provided a model for Japan and many others through a strong long-term growth strategy based on R&D and educational investment. Japan is looking to Germany to continue their focus on innovation and to serve as a reference for the future.

**Masayo Nagai, Managing Director,  
APCO's Tokyo Office**

China would like to see a continuation of the strong trading ties it has with Germany, and for the new government to continue to embrace a globalist outlook. This is especially the case following Brexit, with China seeing Germany as a stabilizing influence in Europe.

**Gary Li, Associate Director, APCO's Beijing Office**

The majority of the American people may not be closely following the German elections, but they are following the items in the news that the results will directly impact: security challenges against terrorism, the refugee crisis and Europe's future post-Brexit. Americans are looking for a partner on all of these issues, and a source of stability and leadership at a time when those qualities are in desperately short supply.

**Dr. Joshua Walker, Senior Director of Global Programs, APCO's  
Washington, D.C. Office**

Germany is currently the 7th largest investor in India and is the second-most attractive destination for Indian investment after UK in Europe. A strong and stable Germany post its elections would further strengthen the confidence and sentiment around business investments at both ends.

**Rameesh Kailasam, Acting Managing Director, APCO in India**

## Five things to take away



### **Angela Merkel will be chancellor for the fourth time.**

Merkel's Christian Democrats will almost certainly be the federal election's clear winner.



### **The kingmaker's role is not yet assigned.**

Merkel's coalition partner will be decided on September 24 or even after election day.




### **Regular government business will not start before December 2017.**

Due to coalition negotiations and a regional election, government formation will take some time.



### **Relationship building is needed.**

With more than 200 new MPs, their staff and well-known stakeholders in new positions, building new relationships over the coming months (e.g. before the 2018 budget negotiations) will be a challenge. Additionally, all stakeholders will have to define their stance towards the AfD's right-wing nationalists.



### **New options for policy strategies.**

As the Bundestag will have six parliamentary groups (compared to four until now) and the ruling coalition will consist of up to three parties, power dynamics will change.