**II. Analysis of the international business situation**

1. **Economic, political and legal analysis of the trading country**
   1. **Describe the trading country’s economic system, economic information important to your proposed business/ product/ service, the level of foreign investment in that country:**
2. Germany has a Social market economy, combining some capitalism principles and a strong social economy. Germany’s economy is not completely dictated by the government but very structured and very successful for the German population. The nation as a whole has some very large sectors in their economy that include Automobile manufacturing, Machinery, Technology and software. Since the German economy is very structured there’s little government interference in all industries so that no industry is the full backbone in the German economy. An example is Volkswagen, which is one of the largest car manufactures in the world. The government controls about 60% so that they are able to make laws and make sure that other car manufacturers like Porsche cannot take over by purchasing much of its stock. The strongest economy in Europe is Germany who is also in fourth for highest GDP in the world. The once dominating middle class of the economy has been shrinking for years and the rich are steadily increasing. This is creating inequality and making life for the low income people tougher year by year. Although the middle class is slowly declining it’s still doing very well and businesses with affordable options will keep the middle class going. This social “gap” could really hurt the nation’s economy in the future because many middle class workers are in the service and manufacturing sectors which account for more than 70% of the economies GDP and success in the economy.(Economy in Germany) Since manufacturing workers mainly come from the middle class a cheap, good tasting food place would benefit them if they don’t have the time to cook at home. A lot of the middle class population is single people who might not want to cook but rather grab a quick bite to eat at a cheap food place. Since education won’t always open up the greatest job opportunity jobs will be necessary for the middle and lower class that can sustain healthy living habits for the citizens. That’s were our company, a twenty four hour taco bell will come into play.

In our business idea, we are bringing a twenty four hour taco bell to Germany. Our company will provide jobs for the lower class and the middle class which will help the decrease in middle class slowly turn back around. The fast food popularity has been shooting up the last couple of years and making it a very popular market. Because much of the working force is still the middle class and the lifestyle is fast paced in the German economy fast food has a opportunity to become very successful. The current unemployment rate is at 4.5% which is .5% lower than that of last year. This shows that the economy is growing and eliminating joblessness. The fast food business which we are investing in has really grown in the economy for working people always on the go and the younger population who don’t have the money to go dine somewhere fancy. Since our business is known for its good quality of products but cheap cost we could really contribute to the fast food industry and the economy by saving the middle class money. The top fast food place in Germany is McDonalds and they have almost no competition but our twenty four hour taco bell is able to create competition and therefore grow the economy. The average age working in a McDonalds is late teens through middle twenties. Since you need a good education to be in higher paying jobs fast food places serve as an alternative and place for the younger population to make money.

* 1. **Describe the trading country’s governmental structure and stability, how the government controls trade and private business:**

Germany has a social market economy and is has one of the strongest economies in Europe. The country is run by a federal republic which is a group of states run by democratic policies. Political groups include Christian Democratic Union or CDU run by Angela Merkel, Free Democratic Party or FDP run by Philipp Roeslar, Social Democratic Party or SPD lead by Sigmar Gabrial. The leader of Germany is Angela Merkel who’s run it for multiple years. She gets directly chosen by the people through a ballot so who you vote for is who you get. Germany has been run by democratic policies and as a federal republic for the last fifty years. Germany’s corruption score is 7.9/10 making them the 15th best for low corruption in the world. Currently the free of corruption level is at 78 out of 90 which is one of the best scores they have had. Corruption is well contained in the borders of Germany compared to other countries where it’s really bad. The political risk score currently is 83 making Germany 9th in its region out of 17 countries, the number one is Norway with a score of 90/90. The score has been between 80 and 83 in the last five years. Political stability is extremely well maintained and Germany stays being the most influential country in the European Union. The government has a lot of influence in Germany’s trade. It has established many policies and rules for certain products what you need to import it into the country. Imports from non European Union member are taxed pretty highly. It’s very difficult to enter the market because of so many regulations and policies set on certain goods. Non European Union countries need a Eori number to import and export things. Political globalization in Germany is getting a lot more popular because some things Germans do other countries in the European Union are doing too. The level of business freedom is something that is slowly increasing in Germany, the government is trying to increase to freedom of business to increase standard of living and help grow the economy. To start a business in Germany you have to be aware of all the taxes that will have to be paid, hiring employees, and maybe becoming a corporation because it’s the easiest and saves your business some taxes you otherwise have to pay. The Mittlestand is extremely important for business in the German economy. It helps run and keep the companies staying successful and doing well.

* 1. **Describe laws and/or government agencies that affect your business /**

**product / service:**

There are many trade laws and agreements that may impact us trading and trying to sell in Germany.  Specific laws include taxes on imports and exports.  There is a tax on goods imported from non EU states called the turnover tax.  This tax may be deducted, but is hard to do so because you must have specific documents on what you are importing.  Another regulation of Germany importing and exporting is the Integrated Tariff of the community, also known as the TARIC.  The TARIC shows rules applying to what can and what cannot be imported to the this country and is referenced to if you need to know if certain products need to be licensed.  For many years now there has been an agreement on customs and trading called the MRA known as Mutual Recognition Arrangement between the U.S and E.U.  There are also labor laws in Germany that are made to protect employees from unfair practices.  Every employer in Germany must have a contract that states their salary, the date they started, and other important information.  Most jobs in Germany are five-days a week, monday through friday, and sometimes saturdays depending on the job and they exclude holidays.  The amount of hours of work per week is usually around thirty five to forty hours.  The law says you cannot have work on sundays or holidays and you have four weeks for vacation from your job.  A good thing for women is that you cannot get fired during time of pregnancy or a certain amount of weeks after that.  Most employment laws in Germany are set up to help and benefit you as an employee.

**B. Trade area and cultural analysis**

1. **Geographic and demographic information, important customs and traditions, other pertinent cultural information, competitive advantages and disadvantages of the proposed product and/or service.**

Germany is located in central Europe, between the Netherlands and Poland. It borders the Baltic Sea and North Sea. There is a population of about 80 million and an area of about 137,000 square miles. Germany has cold and wet winters and summers. It’s natural resources include coal, lignite, natural gas, iron ore, copper, nickel, uranium, salt, timber, arable land, and a few others. It’s neighboring countries include Austria, Belgium, the Czech Republic, Denmark, France, Luxembourg, the Netherlands, Poland, and Switzerland. Berlin is the largest city and capital of Germany with about 3.4 million people. There is about 48% of agricultural land used, about 31% forests used, and about 21% of other land used in Germany. Germany has the largest economy and is considered the second most populated country in Europe. The net migration rate in Germany is .89 per 1000 people, the birth rate is 8.37 per 1000 people, and the death rate is 11.17 per 1000 people. Germany has a very low fertility rate being 1.42 children per woman, resulting in a declining population size. There is a high literacy rate though which is 99%. The life expectancy for males is about 78 years and for females it is about 83 years. The average life expectancy rate for everyone in Germany though, is about 80 years. Ethnic groups include 91.5% German, 2.4% Turkish, and 6.1% of others. German is the official language but others include Danish, Frisian, Sorbian, and Romany. Religions include 34% Protestant, 34% Roman Catholic, 3.7% Muslim, and 28.3% are not or are other. Customs and traditions in Germany are mostly different when it comes to food, drink and arts. The main beverage in Germany is beer and this country is where a variety of beers were made. As for food, pork is the mostly consumed meat and dish in Germany. Germany is big on arts and music traditions. They also have a known tradition of printmaking through engraving.

**2. Market segment analysis target market (age, income level, population estimate, other specific demographic and economic information) customer buying behavior related to the proposed product and or service.**

For our product the twenty four hour taco bell we decided the perfect target market would be 15-30 year olds. Even though this isn't the largest amount of the population which is in the fifties it's still a large percentage and the people who will use our product. Our target market is the people who are working all the time and are always in a rush to get a snack and drink when traveling around. Our company would give them a quick and easy option to grab something to eat and it be good quality. The average amount of kids a family has in Germany is 1.4. These kids will need money and something to start them off as they go through there 12 years of school plus college after. The average German citizen gets paid around 2,600 euros a month which is efficient enough for a good quality lifestyle in the German economy. Our target amount includes a very large amount of youths and the unemployment rate for youths is at 7%. Taco bell can decrease this percent because it will attract young workers who are looking for a job to make money because they will not need a college certification to work there like they would for many other jobs. Germany’s population has become extremely diverse. The population in the city consists of many turkish people who are the minorities of Germany. Taco Bell would have a large impact on them because it's affordable and good food. The Turks would have a chance to work at the taco Bell’s and make money that they could use for other things they weren’t able to afford. The average German child attends school for 12 years and then decides if he wants to get a degree in college or do something else. During school our company could provide kids in school good place to go out to eat and obtain money for other uses.

1. **Analysis of the potential location—importance and requirements of each trade document required by the U.S.A. and/or Canada and the country of choice**