

Development of Strategic Global Sourcing and Identify issues & challenges

Product: EV Charger; HS Code: 85044030

Sourcing Country: Germany



Group: 02

Anil Kumar Giri (Roll No – 03)

Biswajit Dutta (Roll No – 05)

Dipankar Saha (Roll No – 09)

Subrajyoti Das (Roll No – 17)

Abstract

The electric vehicle charging stations market is expected to grow from USD 5.30 billion in 2018 and reach USD 30.41 billion by 2023, at a CAGR of 41.8% between 2018 and 2023. Availability of charging facilities at public places is the key prerequisite for adoption and rollout of electric vehicles (EV). India aims to implement EV eco-system which is estimated to replace 30% of fossil fuel vehicle. This ambition shall create emerging business for making infrastructure and equipment for Electric vehicle charging. This Paper examines various issues related to electric vehicle charging stations related to policies, standards, interoperability and business models to create complete sourcing strategy for charging station for Indian market.

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1. Company Profile

We are a EPC Company based in Kolkata who works for various smart city project in India in the segment of smart transport system. As per the requirement in smart city project, the contractor has to install Charging Systems for electric vehicle for Commercial and Private Uses. Based on various techno-commercial factors and demand pattern in the Indian market, we evaluated many countries and made a Sourcing plan of EV chargers, we have finally decided on Germany and is in the process of getting into a contract with one of the leading manufacturing firms in Germany.

2. Harmonized System Code

The HS Code for the item for Global Sourcing is **85044030**.

3. Germany as a Global Sourcing Destination :

We have selected Germany as our sourcing destination based on various factor which is majorly segregated into two factor – a) Technical factor, b) General factor.

a) Technical factor :

The Indian government released a draft report in March'2018 singling out Combo, the EV fast charging method favored by European manufacturers, as a proposed national standard for direct-current chargers with a voltage of 100 or more.

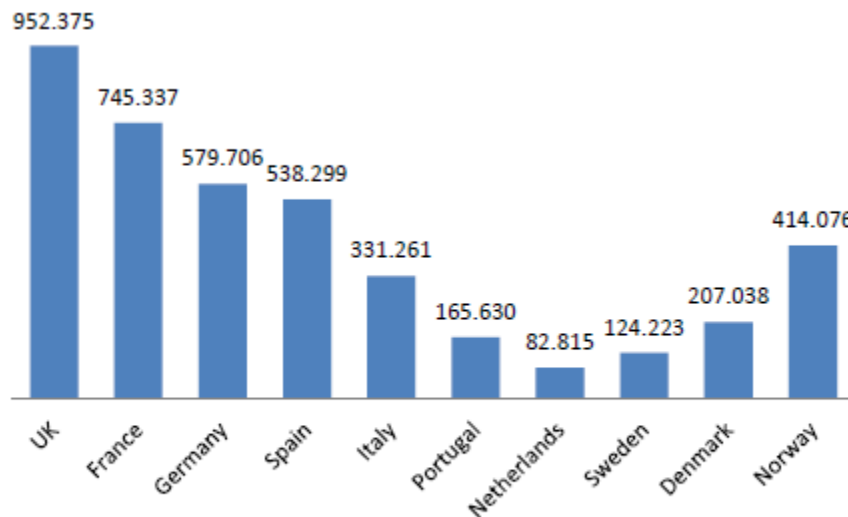
The development is a setback for Japanese and Chinese makers, which use CHAdeMO and GB/T systems, respectively. The country plans to make 30% of the cars on its roads EVs by 2030, and the decision on which system the country adopts will have a significant impact on makers' ability to establish themselves in the market, and a knock-on effect on their global expansion plans.

Charging points equipped with both CHAdeMO and Combo sockets are already widespread in the European market. However, installing multiple systems at every point comes at a considerable cost. So, this would be unrealistic in an emerging market like India, where there is a desire to minimize the costs of charging infrastructure development.

The Indian government also "fears an influx of EVs from China," said another person familiar with the matter, and has therefore "excluded GB/T and CHAdeMO," as the Chinese and Japanese standards are, to a certain extent, compatible with each other.

CHAdEMO and Combo differ both in terms of the shape of the plug they use and the communication method between the charger and the vehicle. The Japanese standard uses the CAN method, while its European counterpart uses PLC. So it is understood that the European carmakers have increasingly lobbied the Indian government to adopt their fast charging standard.

The largest market for passenger cars, Germany registered 66,674 plug-in EVs in September'2017. The country is now aiming to have a 1 million strong fleet of EVs by 2020. In trying to position herself as the market leader, Germany is focussing all its attention on making battery research a priority. The country plans to pump \$240 million into battery research and boost home production of the same. Some of the world leader manufacturer for EV charging units like Siemens, Schneider Electric etc are from Germany.



Charging station units by country in 2020. Elaborated by EURECATM based on a Frost and Sullivan analysis

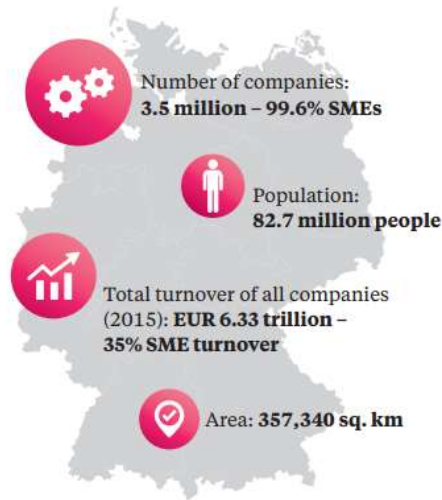
b) General factor :

Germany has a social market economy with a highly skilled labour force, a large capital stock, a low level of corruption and a high level of innovation. It is the world's third largest exporter of goods and has the largest national economy in Europe which is also the world's fourth largest by nominal GDP and the fifth one by PPP.

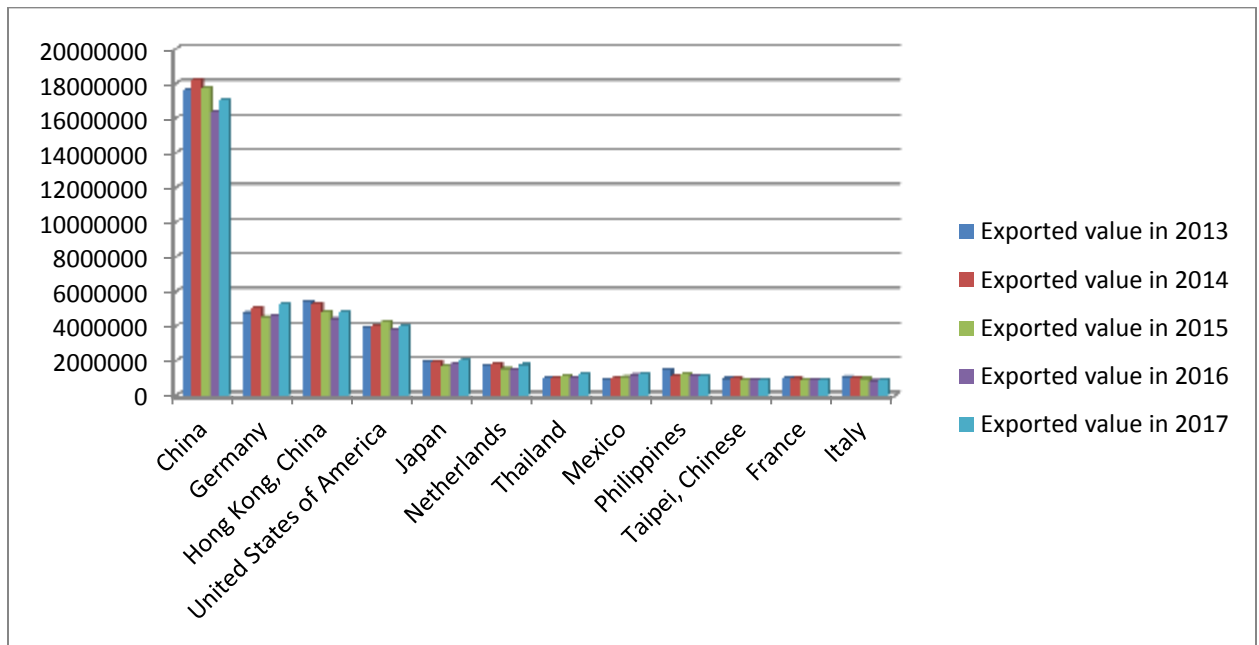
The service sector contributes approximately 71% of the total GDP (including information technology), industry 28%, and agriculture 1%. The unemployment rate published by Euro stat amounts to 4.7% in January 2015, which is the lowest rate of all 28 EU member states. With 7.1% Germany also has the lowest youth unemployment rate of all EU member states. According to the OECD Germany has one of the highest labour productivity levels in the world.

Being home to the modern car, the automotive industry in Germany is regarded as one of the most competitive and innovative in the world and is the fourth largest by production. The top 10 exports of Germany are vehicles, machinery, chemical goods, electronic products, electrical equipments, pharmaceuticals, transport equipments, basic metals, food products, and rubber and plastics.

Germany in Numbers



Export trend by top 12 countries for Battery charger & it's components (850440):



In US dollar thousand.

Source: trade map.

From the above chart, it is shown that the Germany came in a second position for net export of components and units of Charger for EV. However, in detail analysis we understand Germany is top leader for assembling and supplying complete charging station (85044030) worldwide.

4. Companies

Of the world's 500 largest stock-market-listed companies measured by revenue in 2014, the Fortune Global 500, 28 are headquartered in Germany. 30 major Germany-based companies are included in the DAX, the prime German stock market index which is operated by Frankfurt Stock Exchange of Deutsche Börse. Well-known international brands include MercedesBenz, BMW, SAP, Volkswagen, Audi, Siemens, Allianz, Adidas, Porsche, Deutsche Bahn, Deutsche Bank and Bosch. Leading OEM for EV Charging stations like Schneider Electric, Siemens, Bosch Automotive are based in Germany.

5. Industry:

The machinery and equipment sector drives the high-tech nation and leads in innovations like robotics. Germany has a proven engineering tradition and continues to offer modern manufacturing solutions. This sector has more than 6,419 employees with an ever-growing workforce that generated almost \$267 billion. The aviation sector in Germany has been on constant rise, especially over the last two decades. Germany hosts leading civil and defence aviation manufactures with projections of producing approximately 35,000 new aircrafts within the next twenty years.

The German chemical industry leads in Europe in terms of sales within Europe and exports to other continents. Germany has well-developed chemical research and development infrastructure. The country's education system also produces quality graduates ready to work and offers investors a fertile and market ready environment for chemical products. In 2016, Germany recorded the third largest sale (\$168 billion) in chemical products, behind China and the US. Of the total sale, the country exported 60% of the products to other European countries, 17% to Asia, 7% within the (North American Free Trade Agreement) NAFTA infrastructure, 3% to Latin America and 3% to the rest of the World.

Germany's consumer spending is stable because of low levels of private debt and unemployment. The country is Europe's largest consumer goods producer and market in terms of population and purchasing power. The leading consumer industries include food and beverage, textiles, garments, shoes, office supplies, computers, telecommunication

equipment, furniture, tourism, Do It Yourself (DIY), and home improvements. Textiles, garments, and shoes constitute the second largest consumer industry (generating about \$50 billion in turnover, this is mostly Mittelstand companies) after food and beverage. Germany ranks fourth globally in the export of clothes and textile products

Germany leads in the production of green energy and environmental technologies. In addition, traditional energy is steadily transiting to renewable energy. By the year 2050, Germany aims at reducing greenhouse gas emissions by 80% and increase use of renewable energy by 60%. The country also has investments in offshore wind energy, solar panels, bioenergy, photovoltaics, energy grids, and energy storage projects.

Germany has the fifth largest electrical and electronic industries in the world with an annual market value of approximately \$142.7 billion. This industry has wide-ranging products like home appliances, nanotechnology equipment, commercial lighting, automation systems, and luminaries among other products. This industry employs 29% of all Research and Development employees in Germany and accounts for over 12,000 new patents annually.

6. Foreign Trade:

Foreign Trade in EUR billion

	2015		2016		2017	
Exports	1,194	+6.2%	1,204	+0.9%	1,279	+6.3%
Imports	949	+4.3%	955	+0.6%	1,035	+8.3%
Balance	+245		+249		+244	

Ranking of the 10 largest trading nations (goods) in 2016

Exports				Imports			
Ranking	Country	bln. US-Dollar	Share in %	Ranking	Country	bln. US-Dollar	Share in %
1	PR China	2,098.2	13.2	1	USA	2,251.4	13.9
2	USA	1,504.9	9.4	2	PR China	1,587.4	9.8
3	Germany	1,454.6	9.1	3	Germany	1,054.9	6.5
4	Japan	1,339.7	8.4	4	United Kingdom	635.8	3.9
5	Netherlands	644.9	4.0	5	Japan	606.9	3.7
6	South Korea	569.7	3.6	6	France	573.0	3.5
7	Hongkong	516.7	3.2	7	Hongkong	547.3	3.4
8	France	501.3	3.1	8	Netherlands	503.4	3.1
9	United Kingdom	495.4	3.1	9	Canada	416.6	2.6
10	Italy	461.5	2.9	10	South Korea	406.2	2.5
Total		9,586.9	60.1	Total		8,582.9	52.9
EU-28		5,375.9	33.7	EU-28		5,338.6	32.9
Thereof:	EU-Intra trade	3,445.3	21.6	Thereof:	EU-Intra trade	3,445.3	21.2
	EU-Extra trade	1,930.5	12.1		EU-Extra trade	1,893.2	11.7

Source: World Trade Organisation

In 2017, Germany's main trading region for the exchange of goods continued to be Europe, which accounted for 68.1% of German exports and 68.9% of German imports. German exports from EU countries amounted to 58.6% (2000: 64.9%) and imports to EU countries stood at 57.8% (2000: 59.6%). The shares of trade with the Euro zone totalled 36.7% of exports and 37.6% of imports.

Export goods (2017):

Automotive 19%, machines 14%, chemical goods 9%, IT-hardware, electronics, optical goods 8%, electrical goods 6%, Pharmaceuticals 6%, other vehicles 5%, food and feed 4%, metals 4%, rubber and plastics 4%. Germany exported goods to the value of 1,279.0 billion euros and imported goods to the value of 1,031.0 billion euros in 2017. Based on final data, the Federal Statistical Office (Destatis) also reports that German exports increased by 6.2% and imports by 8.0% in 2017 compared with 2016. In 2017, export and import levels were higher than the previous all-time highs recorded in 2016.

Import goods (2017):

In 2017, Germany main imports were: motor vehicles, trailers and semi-trailers (11 percent of total imports); computer, electronic and optical products (11 percent); machinery and equipment (8 percent); chemicals and chemical products (8 percent); electrical equipment (6 percent); basic metals (6 percent); crude petroleum and natural gas (5 percent); basic pharmaceutical products and pharmaceutical preparations (5 percent); and food products (4 percent). Main import partners were China (10 percent of total imports), the Netherlands

(9 percent), France and the US (6 percent each), Italy and Poland (5 percent each), Czech Republic, Switzerland, Austria, Belgium and the UK (4 percent each).

7. Strategic Plan Elements

The main objective behind global sourcing for the company is to optimize Operations and Cost Efficiency through Outsourcing. This needs a clear plan, and a clear plan helps to ensure the success of an activity. The company considers outsourcing as their business strategy. The company implements a comprehensive plan in shifting to outsourcing. Since an outsourcing strategy is, visually speaking, a complicated flowchart of processes and steps, a clear and comprehensive plan needs efficient staff and dedicated tools. So, the company has made significant investments in hardware, software, and know-ware which they believe, in the long run, pay off via an effective outsourced operation.

The essential elements of the Strategic Plan are as follows:

- **Lay down the rules and the goals for outsourcing.** The company has laid down its priorities with respect to outsourcing - its rules and its principles.
- **Consider existing infrastructure.** The company has evaluated the existing infrastructure to know whether it meets customer demands or if it needs upgrading.
- **Evaluate the ability to manage outsourced providers.** The company has also evaluated whether the executives are ready to manage outsourced service providers. The company believes that Knowledge and skill in managing outsourced processes are vital in making the shift to outsourcing.
- **Consider barriers, challenges, and advantages for outsourcing.** The company has diligently evaluated whether outsourcing would really help the company. The level of government support for outsourcing also varies among countries and so this has also been taken into consideration.
- **Measure existing processes.** Data gathered from measuring existing processes has been used for evaluating for and against of outsourcing.
- **Know the outsourcing market.** Familiarity with outsourcing service providers, their service offerings, and their clients will definitely help when it comes to considering outsourcing service bids.
- **Plan multiple scenarios.** A good plan is composed of multiple plans, making up for potential failures. Never settle on just one scenario.
- **Do a risk assessment study.** For every scenario, study the risks and assess each one. In any business undertaking, there are risks involved - it all boils down to how risks are converted into opportunities.
- **Write a business plan.** Documenting all these steps, a TCS (Total Cost of Sourcing) is created, compiling the sourcing scenarios, financial impact, and other business-related details.

- **Create the blueprint for action.** With a business plan on hand, it is now time to create that blueprint to implement the plan.

The Company plans to reach their outsourcing goals with a comprehensive sourcing strategy that involves their internal capabilities combined with outsourced services. Without such a strategy, it would not be possible to fully take advantage of outsourcing as an effective business tool towards profitability.

Organizational Objectives

- **Optimize Operations and Cost Efficiency through Outsourcing** - The primary objective is to optimize operations by achieving cost efficiency. So, the major objective behind the global sourcing strategy is Cost Efficiency.
- **Efficiency with Innovation** - The Sourcing initiatives would typically focus on eliminating inefficiencies and controlling costs. However, the benefits do not stop at increased efficiency alone. New value through innovation and transformation should also be created.
- **Low Risk with Maximum Savings** - Sourcing initiatives are not just driven by a need to save costs, but also by a desire to minimize risks.
- **Quick Transitions with Minimum Disruptions** - The Company wants to complete transitions quickly with a minimal impact on their business. A quick transition helps avoid the dreaded 'bubble,' reduces risks due to attrition and helps contain media fall-out.
- **Accelerated Results without a Learning Curve** - As business needs become more critical and the urgency increases, there is intense pressure to achieve accelerated results while avoiding the pitfalls and mistakes made by past adopters of different kinds of sourcing. Companies do not have the time to go through a learning curve and they pass this pressure through the sourcing eco-system.

Advantages and Risks of Sourcing from Germany

On the positive side, Germany's population of over 83 million is relatively well educated. Per Capita GDP (PPP) is around \$30,841. Labour Government is stable, and largely supportive of business and of open markets. Internationally, Germany is well-placed on trade routes not only to the US and Europe but to growing emerging markets elsewhere in Africa. The country's origin has a lot of impact on the sourcing decisions. Germany is technologically advanced and are famous for producing latest and high quality goods.

The EU is a vehicle for addressing key global challenges. The increasingly global nature of development challenges such as climate change, peace and stability, migration, financial stability, food security and communicable diseases, clearly indicate that solutions require new forms of international cooperation with the involvement of emerging developing countries. The scale of the single currency and the euro area also brings new opportunities in the global economy. A single currency makes the euro area an attractive region for third countries to do business, thus promoting trade and investment.

In recent days, currency fluctuations have become significant consideration while making global sourcing decisions. Currency risk arises due to change in price of one country with respect to another. Euro is one of most stable currencies of the world.

The euro does not bring economic stability and growth on its own. This is achieved first through the sound management of the euro-area economy under the rules of the Treaty and the Stability and Growth Pact (SGP), a central element of Economic and Monetary Union (EMU). Second, as the key mechanism for enhancing the benefits of the single market, trade policy and political co-operation, the euro is an integral part of the economic, social and political structures of today's European Union.

There are few disadvantages like Long lead time, political reasons like BREXIT, dynamic change in rules and regulations in Germany automotive Industry. As the Electric vehicle industry is very niche there can also be changes in standards of Global electronic chargers which might lead to huge inventory, write off purchases, change in pricing structure, import duty etc.

Mitigation Plan

Mitigation Plan is to continuously evaluate Cost Efficiency of sourcing from Germany and compare it with following alternatives:

1. Sourcing from China
2. Sourcing from Japan
2. Sourcing from South Korea
4. Sourcing from Taiwan
5. Local Sourcing getting benefits of Government's "Make in India" initiative.

The Company needs to get into short term contracts so that shifting to other alternatives would be much easier.

The Company also plans to do distribute sourcing of the requirements from more than one country so that falling back to one country is much faster and easier if sourcing from Germany does not deem profitable.

8. Logistics & Transportation

Overview of German logistics:

Germany is a logistician's marvel. Rightly famous for its engineering brilliance, the country is where the world finds innovative brass-tacks solutions to satisfy its logistics needs.

Logistics is one of the key pilasters of Germany's competitiveness, paving the way for added industrial value, the movement of goods and cooperation between companies. German

logistics industry occupies the third position in the country's GDP — weighing just behind its international trade and the automotive sector.

The logistics sector employs about three million people and has an annual turnover of €200 billion, representing approximately 7 per cent of the gross domestic product.

The logistics sector also displays far-above-average growth. Around €15 billion is invested in logistics annually in Germany.

The European logistics market totals approximately €600 billion, and Germany has a massive 30 per cent market share. German logistics service providers enjoy a lofty international reputation. The German creativity, flexibility and know-how in the improvement of value-added processes are appreciated throughout the world.

German innovations in logistics — especially in telematics and navigation — are considered world-class.

There are several scientific institutes in Germany working on logistics innovations of the future. And, many universities and centers of excellence offer training and advance training programs in logistics.

Since we are importing this product from Germany we have selected the best suitable logistics corridor North South Transport Corridor (NSTC).

Overview of NSTC

The North South Transport Corridor (NSTC) intermodal network will be “cheaper and faster” than utilizing existing transport routes, according to its investors.

Investors from Azerbaijan, Iran and Russia agreed competitive transit rates in March 2016. Each of these nations plays crucial roles as major trade hubs along the proposed 3,500 kilometer intermodal route linking India to the European Union and Baltics. Transit rates are not to exceed \$3000 per container along the NSTC.

Once active, the NSTC will link Russia's St. Petersburg to Mumbai in India. Freight will be carried via rail, road and sea while passing through Azerbaijan and Iran while crucially bypassing the Suez Canal. Avoiding the Suez Canal results in a reduction of transit times by over 20 days. The traditional ocean route via the Canal to St. Petersburg takes 45 days. Once new infrastructure comes online, the NSTC will take just 14 days - greatly reducing both time and transport costs for logistics firms operating across the corridor.

Overseeing the NSTC route will be RZD Logistics, the logistics division of RZD Russian Railways. The route itself is a few years away from opening as Iran is currently constructing a \$1.5 billion dollar, 396 kilometer stretch of the Qazvin-Rasht-Astara railway. Construction is expected to conclude in 2019.

On completion, 22 new tunnels and 15 new bridges will have been built. The railway is being built in sections with the commissioning of the Qazvin-Rasht leg expected in 2017.

Building new rail routes, and updating the existing network, is a top priority for Iran as the nation begins to reposition itself as a major international trade route after the repealing of economic sanctions affecting Iran in January 2016.

The NTSC promises to be truly intermodal – creating freight opportunities for trucking companies, sea cargo operators and rail freight operators to make their mark across a huge network. From Mumbai in India, freight will initially be transported via ocean routes to the port at Bandar Abbas in Iran's southern coast.

Cargo will then be transported from Bandar Abbas by rail to each of Iran's newly commissioned rail heads (Qazvin and Rasht). It will then be forwarded by truck to the Astara-Astara crossing on the Azeri border before re-joining the rail network all the way to St. Petersburg via Moscow.

Logically, the establishment of the NSTC is fantastic news for freight operators. Reductions in both costs and transit times points towards increased higher cargo volumes travelling from India to St. Petersburg and vice versa.

While operators will have to wait a further three years until the completed route becomes active, Iran is more than ready to meet its commitments.

Speaking at the NSTC: New Directions, Development & Prospects Forum in February 2016, Iran's Vice Minister, Roads and Urban Development Chairmen of the Board and Chairman of Iranian Railways said Iran will transport 10 million tons of cargo annually.

"Qazvin-Rasht-Astara requires an investment of \$1.5 billion. But this project is a priority for Iranian government and we will ensure the necessary funds. Development of cargo transportation could give momentum to global economic recovery.

"Development of cargo transportation could give momentum to global economic recovery.

"Shortening of transit routes, cutting costs and providing transportation of goods in a short time can contribute to the world economy. Iran is ready to fulfil its commitments in this area."

Iran has launched a nationwide program of transport projects but still requires international investment in a number of vital areas to create a truly world class transport and logistics environment.

The Iranian economy presently lacks development, design, engineering and joint investment for production and export. Western businesses can find golden opportunities via investing in the above sectors and can ensure their technical skills, updated technologies and vital experience is put to good use in lucrative collaborations with emerging Iran's private sector.

Additionally, major developments, such as the NSTC, offers Western operators major routes with which to supply cargo carrying and additional logistics services.

Transporting product “battery charger” we plan to use NSTC corridor. The route will be Mumbai to St. Petersburg and then St. Petersburg to Frankfurt. This is the best logistics route.

If we import our product via this route the total logistic cost will be less. Federation of Freight Forwarders Association in India found the route is "30% cheaper and 40% shorter" than the current traditional route.

NSTC Map



Logistics Challenges

- This is a multi-country corridor, close co-operation among the participant country will be highly required.
- China's Belt and Road Initiative is a threat of this corridor.
- Logistics facilities (warehouses and distribution centers) are often situated in remote locations, far from ports and centers of manufacture.

9. Contracting & Legal systems

Germany is the third largest export nation in the world after China and the USA. German exports cover goods such as chemicals, machinery and automotive products.

The country plays a key role within the European Union. Its central geographic position offer perfect conditions for foreign businesses wishing to export from Germany. Businesses wishing to export from Germany must ensure they abide by the various national and EU regulations which are designed to prevent exports from harming Germany's and the EU's position in the global economy. Both Germany's government and the EU have laid down lists of certain goods which require authorisation in order to be exported.

Import from Germany is mostly straight forward. However, following points should be kept in our plan before making sourcing plan from German manufacturers/suppliers.

Regulatory framework

1. Germany

Exporting goods from Germany is regulated by the German Foreign Trade Act (Außenwirtschaftsgesetz). Authorisation requirements are laid down in the German Foreign Trade Regulations. These pieces of legislation aim to regulate the import and export of weapons and military equipment. In addition, the import and export of some firearms is governed by the German Firearms Regulations.

2. European Union

At European Union level, the export, transfer, brokering and transit of dual-use items is governed by regulation. Dual-use items are goods, software or technology which are normally used for civilian purposes but which could be used for military purposes.

Regulation (EC) No 428/2009, which is binding and directly applicable in all EU member states, contains lists of dual-use items for which there are common EU-wide authorisation obligations and procedures concerning their export and transfer within the EU.

Exporting from Germany to countries outside the EU

Exporting from Germany to countries outside the EU requires authorisation if the goods are listed in the annexes to the German Foreign Trade Regulations, the EU's dual-use regulation or the German Firearms Regulations.

The annexes to the German Foreign Trade Regulations and the Firearms Regulations contain lists of military equipment and firearms which require export licences.

The EU Regulation also contains lists of dual-use items from a range of categories including:

- Nuclear materials, facilities and equipment
- Special materials and related equipment
- Materials Processing
- Electronics
- Computers
- Telecommunications and "information security"
- Sensors and lasers
- Navigation and avionics
- Marine
- Aerospace and Propulsion

For most items, the national authorities are responsible for issuing export licences. In some cases however, the European Union issues export licences.

Goods which are not listed in any of the annexes mentioned above can, in certain circumstances, be subject to export controls.

This is the case if goods are designated for a use in the development, storage, maintenance or identification of chemical, biological or nuclear weapons; or if the intended use is for military purposes and the intended recipient is located in a country subject to a weapons embargo.

Brokering

The activity of brokering can also be subject to export licence requirements.

Brokering includes the negotiation or arrangement of transactions for the purchase, sale or supply of dual-use items from a third country to any other third country, or the selling or buying of dual-use items that are located in third countries for their transfer to another third country.

This definition does not include the provision of ancillary services such as transportation, financial services, insurance or re-insurance, and general advertising or promotion.

If the goods are listed in the annex to the dual-use regulation, an export licence is required. Export licences are also required for goods not listed in the annex if the exporter is informed by the competent authorities that the goods are intended for use or development as chemical, biological or nuclear weapons.

If exporters are aware that goods not listed in the annex may be intended for use as such weapons, they should inform the competent authorities, who will decide whether to issue an export licence.

When commercial companies agree across borders, it is important to agree on the conditions for the transport of the traded product. The ICC (International Chamber of Commerce) is behind the globally recognised trade terms – Incoterms – and there are a number of models for standard use in all trading across borders.

Dangerous Goods from Germany

Some specific products and product types require special attention when it comes to freight and import. As a rule, it is always a good idea to check whether a product falls under special legislation – especially food and dangerous goods. Importing and transport of these goods is a more regulated process so there it is important to be aware of the pitfalls. Read more about shipping documentation here.

The import of dangerous goods requires particular attention to transportation. It is a complicated area, and the best option is to seek advice directly from a shipping company that will ship this type cargo from Germany to India.

Our product does not fall under this category so no need to obtain any licence by German companies who intend to export the same to India.

Germany is, of course, strong in exports and wants to maintain its position as a world leader on electric mobility and exporter of highly innovative products in this field. In order to speed up developments on the market for electric mobility, the Federal Government adopted a package of measures on 18 May 2016 containing investment of close to a billion euros.

For over 60 years, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH has been working jointly with partners in India for sustainable economic, ecological, and social development. Currently 277 national and 44 international employees, and 10 integrated specialists are working in the country (as of 31.12.2017).

10. Cultural & Language issues

Cultural Issues :

Doing Business in Germany without adequate cross-cultural awareness is a risky proposition, and businesses should ensure they carry with them an appreciation of both the business landscape and the culture. Hierarchy is valued in Germany and there is often a plethora of procedures and policies which can slow things down, so having a bit of patience is crucial to the success of business negotiations.

Germany faces an unprecedented level of criticism from the US president for its trade surplus. Being called “very bad on trade” is counter-intuitive for most Germans. They take almost as much pride in the title of “world export champion” as they do in being world football champion. For many, the trade surplus reflects not only the quality of German products but also having made the right decisions to reform the labor market and not to indulge in excessive wage growth, consumption or idleness. Hence, what seems to be a mercantilist obsession also reflects cultural traits towards saving and working that are unlikely to change easily and are thus important to understand.

Cultural Considerations

- There are nine national holidays in Germany but some regions can have up to thirteen so it's good to be aware of these and plan around them for resource availability.
- It's worth remembering for business meetings that Germans do not appreciate humour in a business context and do not indulge in small talk but their culture does prioritise forward thinking and planning. Do shake hands at the start and end of meetings and be polite throughout.

- Time is managed carefully. Schedules and agendas must be adhered to. Turning up late for a meeting, even by a couple of minutes, is likely to cause offense. If you are running late it's best to call ahead to explain the situation.
- Business should be structured and follow regulations. They have a minimal degree of flexibility. It's worth remembering that work and personal lives are clearly defined and kept separate.
- In Germany environmental issues are taken very seriously. They promote energy efficiency and have become the world leader for wind energy. Unethical behaviour can reduce your chances of future business negotiations.
- Dress code is important and business attire should be formal. It is polite not remove your tie or jacket before your German colleague does so.
- Emails should be treated as a business letter, formal salutations and greetings should be included.

Language Issue:

German is the official and most spoken language in Germany. It is the native tongue of more than 100 million people. It is also one of the four official languages of Switzerland (along with French, Italian, and Romansh). German is also spoken in dialect form throughout Luxembourg and by much of the population of the regions of eastern France formerly known as Alsace and Lorraine, and in a small area of Belgium. It is further spoken in the north-Italian border regions of Tirol and Ticino (formerly parts of Austria), and in isolated communities widely scattered throughout Eastern Europe, notably in Slovenia, Slovakia, Romania (Transylvania), and Russia (Volga region). Outside Europe, dialect German continues to be spoken in large emigrant communities in southern Brazil, South Africa, Australia, and the United States. Around every tenth book that is published worldwide is written in German.

As a foreign language, German is the third most taught worldwide. It is also the second most used language on the Internet. In addition, for more than 30 years, nearly everyone in Germany has been taught at least one foreign language (primarily English) at school. Thus, more than half of the population is able to speak at least one foreign language and 1/3 is able to communicate in at least two languages other than their own. Once it comes to specific business, legal or technical terms outside of their particular area of expertise, misunderstandings are common. They may think they perfectly understand their counterpart and vice versa, when in fact both sides are entirely missing the other side's point. To avoid disputes, one should elaborate rather than rely on the other side's understanding of specific terms. Most business people in Germany have a very good command of English. Nevertheless, it is recommended to make the first contacts in writing in German – providing your German is good enough.

Legal Consideration:

- The length of the content is likely to increase by about 20-30%, as German words tend to be longer.
- Unlike some other languages the German language has four noun cases.
- Business etiquette and modes of address are very important. When communicating, it is the norm for everyone to address each other formally and by their surnames. First names are reserved for family and friends, however, it's acceptable to address children informally.

The German language frequently creates new words as the grammar enables the creation of compound nouns. For example *'rechtsschutzversicherungsgesellschaften'* is one word meaning 'insurance companies providing legal protection'.

11. National security regulations

The future of mobility will be electric. Electric mobility is an important element of a climate-friendly energy and transport policy. In the context of the National Development Plan for Electric Mobility, the Federal Government is planning to establish Germany as a lead market with at least a million vehicles by 2020. Germany is, of course, strong in exports and wants to maintain its position as a world leader on electric mobility and exporter of highly innovative products in this field. In order to speed up developments on the market for electric mobility, the Federal Government adopted a package of measures on 18 May 2016 containing investment of close to a billion euros.

Following a surge in political initiatives for stronger investment control at the German and European level, the German Federal Government recently amended the Foreign Trade and Payments Ordinance which entered into force on July 18, 2017 Pursuant to the Foreign Trade and Payments Act) together with the AWV, the Federal Ministry of Economic Affairs and Energy (the Ministry) is entitled to review inbound transactions by foreign investors based outside the European Union (EU) or the European Free Trade Association (EFTA). The Ministry may prohibit or restrict a transaction if it poses a threat to the German "public order or security" of the Federal Republic of Germany.

The 2011 Energy Industry Act brought in some essential changes, creating a legal basis for smart grids, in terms of energy law, data protection, and data security. In the context of the revision of the Energy Industry Act (in German), preconditions were put in place for grid charges to be reduced where electric vehicles are used to support the grid, thus making it possible to cut the cost of charging.

The categorisation in the Electricity Market Act of the charging stations for electric vehicles as end-users significantly improves the policy environment for the establishment of a needs-oriented charging infrastructure and ensures legal certainty for investment. In this way, investors from all sectors, and with many different motivations, will contribute

towards the installation of charging facilities in the context of fair competition. Charging stations are not subject to the strict grid operation rules, and the formation of a monopoly over the operation of the charging stations will be prevented. The obligations of the charging infrastructure operators under energy legislation will be restricted to the necessary minimum.

Apart from already existing tax incentives for private and corporate EV owners, in 2016 Germany's legislators passed an EV-incentive scheme to further subsidize electric mobility. From 2016-2020, new EV buyers will be able to apply for a EUR 4,000 (\$4,500) subsidy for purely electric cars (BEVs), and up to EUR 3,000 for plug-in hybrids (PHEVs). The funding scheme is limited to EUR 1.2 billion and subsidies are only available for EVs listed below a EUR 60,000 price tag. EVs will also be exempt from motor vehicle taxes for 10 years. The costs of the scheme will be shared between Government and the auto industry (several major OEMs have signed up so far), each putting up as much as EUR 600 million. The government is hoping that between 300,000 and 500,000 new electric cars will take to the streets of Germany thanks to the new scheme – which would be a massive increase on the roughly 25,500 BEVs (plus 130,000 HBEVs) currently registered. In addition to the buyer's premium, the German government will spend EUR 300 million to improve related infrastructure – the goal is to install as many as 15,000 new charging stations in the next three years. It will also invest 100 million euros to ensure 20% of government vehicles are electric. The government scheme intends to aid the official target to get one million electric cars onto Germany's streets by 2020. Up until this point, the scheme is heavily discussed and also criticized for various reasons and is currently under review by the European Commission and subject to approval.

12. Currency (Exchange rate and fluctuations)

Currency of Germany is EURO. Currently EUR 1 = INR 80.162

EURO vs INR fluctuations (2008 to 2018)

So, fluctuation is quite significant in the span of last few years.

So, hedging for currency fluctuations is an important part of the Sourcing plan from Germany.

This is the **Euro (EUR) to Indian Rupee (INR)** exchange rate history summary page, detailing 180 days of EUR INR historical data from **Friday 1/06/2018 to Monday 26/11/2018**

Highest: 85.8467 INR on 11 Oct 2018.

Average: 81.7018 INR over this period.

Lowest: 78.0724 INR on 03 Jun 2018.



EUR INR Historical Charts

EUR/INR 60 Day History



13. Employment issues

Labour is not cheap in Germany and so manufacturing in Germany is very costly. As a result, German made products have been able to compete only with products that are having inferior quality. Since Germany is the technological hub in Europe, hence a product having COO (Country of origin) tag will have a better acceptance in global market. However, there has been no disputes related to wages and overtime rates in Germany. Apart from these, Germany is a safe country in terms of getting quality labour for the manufacturing sector and they are the global expert in terms of knowhow. Germany is an OECD country hence the labour market conditions continue to improve. In the first quarter of 2018, the average employment rate was about 2 percentage points above its pre-crisis peak. OECD employment and unemployment rates are also projected to keep improving in 2018 and 2019.

[DOI: 10.1787/empl_outlook-2018-en](https://doi.org/10.1787/empl_outlook-2018-en)

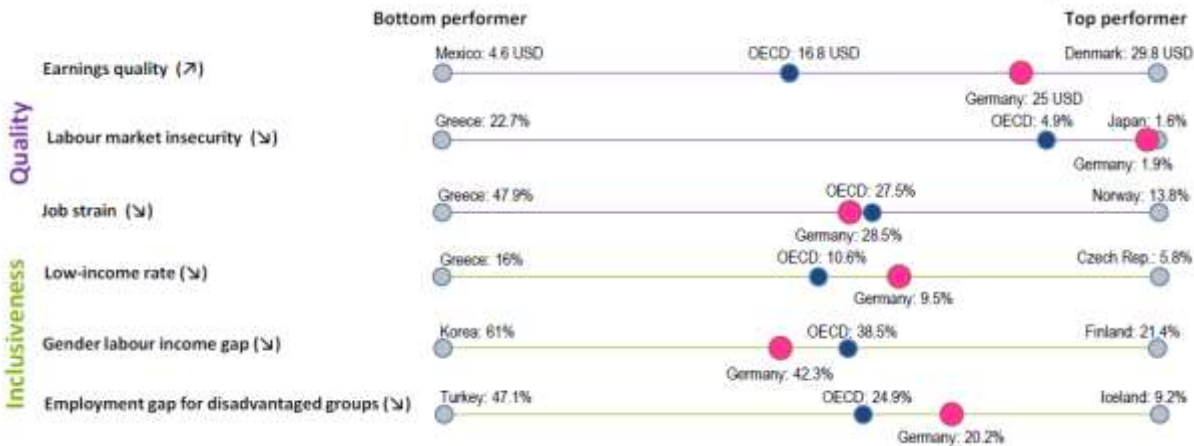


Note: OECD weighted average (based on 29 OECD countries in Panel B, not including Chile, Iceland, Korea, Mexico, New Zealand and Turkey).
Source: OECD calculations based on OECD Economic Outlook Database (No. 103), June 2018, and quarterly national accounts.

Job quality and labour market inclusiveness: key indicators for Germany in 2016-2017

Data Taken from

[DOI: 10.1787/empl_outlook-2018-en](https://doi.org/10.1787/empl_outlook-2018-en)



- **Minimum salaries**

In 2018, the national minimum wage in Germany remained fixed at 1,498 € per month, that is 17,976 euros per year, taking into account 12 payments per year.

Accordingly the national minimum wage has remained stable, while the CPI of 2017 which was 1.7%, so workers have lost purchasing power in the last year.

If we look at the ranking of the national minimum wage that we publish, Germany is in 8th, place of the 97 of the list.

- **Work permits for foreign employees**

Citizens of the European Union, as well as citizens of the United States of America, Australia, Canada, Israel, Japan, New Zealand, Switzerland, and the Republic of Korea can apply for their residence permit for work purposes after entering Germany without a visa. Citizens of other countries are required to apply and obtain a visa for work purposes before entering Germany.

After the application has been approved by the Aliens' Office and by the Work Office, the Embassy will issue you a residence permit in the form of a visa, which will include an authorization permitting you to work in Germany. You don't need to obtain no extra work permit after arriving in Germany.

Required Documents

- Two fully completed application forms
- Two passport photographs (see our page on photo requirements for more info as there are strict requirements)
- Valid national passport (more information on passport requirements)
- Employment contract or letter of intent from your future employer in Germany
- Your driver's license and/or utility bill in your name as proof of residence in the consular where you plan to apply
- You are also required to submit photocopies of all these documents, get insured and pay a visa fee of 60 Euro.

Work Permits for Non-EU Nationals

After the introduction of the new Immigration Law on January 2005 by the German Republic there are three residence permits for work purposes:

- General employment
- Specialist professional
- Self-employed

Below are the requirements for the three different residence permits:

1. General Employment

Acceptance of foreign nationals in the general employment category is based on the economic needs of the Federal Republic of Germany. The two basic conditions are:

- Vocational qualification
- A concrete offer of a contract of employment

You will need the following documentation:

- Application form for a residence permit
- Two passport size, colour photos
- Valid passport
- Two copies of your vocational qualification
- Letter of intent or contract offered to you by a company in Germany containing a detailed description of the employment

You will also need to submit two copies of each of these documents with you application.

2. Specialist Professional

The Federal Republic of Germany is interested in attracting specialist professionals to work and live in Germany. This applies particularly to:

- Graduates with special professional knowledge and experience
- University teachers with outstanding career profiles
- Experienced managers with an offer of a job carrying a salary of not less than 86.400 Euros per year

Applicants should furthermore satisfy the following criteria:

- Ability to integrate into German society
- Sufficient funds to maintain yourself
- A contract of employment

You will need the following documentation:

- Application form for a residence permit
- Two passport size color photos
- Valid passport
- Documentation of your professional knowledge and experience
- Letter of intent or contract offered to you by a German employer, including a detailed description of the employment

3. Self-Employed

To work on a self-employed basis your proposed business must:

- Fulfil the needs of Germany
- Have a beneficial economic impact
- Be fully covered by your own capital or bank loan for which there is a written confirmation

Overtime

Overtime: it must be justified and approved by the works council (if one exists). Also, overtime hours must be paid extra or cleared within a short time frame. There are more public holidays in Germany than in any other European country. Still there are controversies regarding the overtime payment. Employees across Germany do a lot more overtime work than people in most fellow eurozone nations. Fresh government figures show that an alarming number of these extra hours remains completely unpaid. Answering a question by the opposition Left party, the German government said the total number of unpaid extra hours in the country amounted to 493 million in 2016.

Social Insurance for foreign employee

Expatriates can take advantage of the generous German social security benefits while living here and even, in some cases, when they return home.

Germany has an elaborate social security system that sees to it that its citizens live comfortably even if they're sick, disabled, unemployed or retired. Expatriates can also participate in the system to a large degree. These are the insurance benefits,

Health insurance, Pension insurance, Unemployment insurance, Accident insurance & Social indemnity.

14. Trade Union laws

Trade unions:

- In Germany, trade unions are not affiliated with any political party.
- The trade unions represent the workers in various industries separately.
- On average, less than 25 % of employees are members of a trade union.
- The most important labor organization is the German Confederation of Trade Unions(Deutscher Gewerkschaftsbund, or DGB), which is the umbrella association of eight single trade unions for individual economic sectors, representing more than 6 million people as of 2014. The largest single trade union is the IG Metall, which as of

2014 organizes about 2.3 million members in metal (including automobile and machine building), electronics, steel, textile, wood and synthetics industries.

Trade union	Key branches
Industriegewerkschaft Metall (IG Metall) – Metalworkers' Union	Metal and electrical industry, steel industry, textiles and clothing, dry cleaning, wood working, automotive industry, electrical trade, joinery, plumbing, etc.
Vereinte Dienstleistungsgewerkschaft (ver.di) – United Services Union	Civil service, trade, banks and insurance companies, health care, transport, ports, media, social and educational services, printing, private services, fire brigade, etc.
Industriegewerkschaft Bergbau, Chemie, Energie (IG BCE)	Chemical industry, pharmaceutical industry, mining, energy utilities, etc.
Industriegewerkschaft Bauen-Agrar-Umwelt (IG BAU)	Construction industry, industrial cleaning, agriculture
Eisenbahn- und Verkehrsgewerkschaft (EVG)	Railways, rail transport
Gewerkschaft Erziehung und Wissenschaft (GEW) – Education and Science Workers' Union	Teachers, educators, higher education
Gewerkschaft Nahrung-Genuss-Gaststätten (NGG)	Food industry, milling, pubs, restaurants
Gewerkschaft der Polizei (GdP)	Police

Legal status:

Unions are considered to be social policy coalitions that are especially protected under the constitutionally guaranteed right of forming associations for the preservation and promotion of working and economic conditions. Agreements that restrict or obstruct this right are therefore invalid and illicit

German employment law provides for the legal relationships between individual employees and their employers, and also the legal relationships between the employees representative bodies and employers. It links the competition among entrepreneurs to the reconciliation of diverging interests within companies. Those of the collective wage agreements that were negotiated or renegotiated in the past few years were concluded in a spirit of moderation, proving that trade unions and companies alike keep the economic situation in mind in making their demands.

Rights:

In Germany, only trade unions have the right to negotiate collective agreements,

The elected members of the works council represent the interests of all employees in the enterprise or workplace. It is not a trade union body. However, cooperation between works councils and trade unions represented in a given workplace is expressly ensured by law. Works councils can be formed in all private enterprises with at least five employees and are

elected by the entire workforce. Senior executives and senior management are not represented in the works council. All legal-age employees can put themselves up for election who have been employed by the company for at least six months. The trade unions represented in the company can submit their own nominations, although lists of candidates who are independent of the trade unions can also be submitted. At most, 50 signatures are needed for this. The number of works council members depends on the size of the company. In companies with more than 200 employees one member of the works council can be entirely released from his or her work duties to perform works council tasks. Works councils have a number of rights related to information (for example, hiring new employees, classification), consultation (for example, in the case of restructuring) and codetermination (for example, beginning and end of working time). The works council can oppose dismissals, although ultimately they cannot prevent them. The works council is not entitled to conduct collective bargaining or call for strike action. It can only reach agreements that do not conflict with existing collective agreements. Analogous to the Works Constitution Act, which regulates the activities, rights and duties of works councils, the activities of staff councils in the civil service are regulated by various staff representation acts. But while the basic structure of representation rights in the civil service is the same, in specific instances staff councils may be subject to diverging legal provisions.

A Restrictive Right to Strike

Legislation on industrial action in Germany is comparatively restrictive. It does not have a statutory basis, but is rather staked out in the case law of the Federal Labour Court (Bundesarbeitsgericht – BAG) and derived from the freedom of association established in the Basic Law. The limitations set out in this case law apply not only to strikes but also to lockouts which are legal within these limits and can be employed as a weapon by both individual companies and employers' organisations. There is no individual right to strike. The law permits only walkouts called for by a trade union. Works councils expressly may not call strikes. Furthermore, strike action is permitted only in pursuit of concluding a collective agreement. In case of dispute, the courts decide what kinds of thing can be the object of collective bargaining. Although according to recent case law strike action is permissible in pursuit of a collective agreement to regulate the consequences of collective redundancies and workplace closures, it remains open how far not only the effects but also the measures themselves can be the object of a strike. Solidarity and sympathy strikes are permissible under certain circumstances. There is an obligation to »keep the industrial peace« for the duration of a collective agreement: in essence, during this period strikes are not permitted concerning anything regulated in the collective agreement. Civil servants (Beamte) have no right to strike, according to current legal interpretation. In Germany, this strike ban affects most teachers, the police and large parts of the public administration. The DGB trade unions are against this strike ban, while the Civil Servants' Association, the DBB, expressly abjures a right to strike for civil servants. In Germany, striking or locked-out trade union members usually receive substantial strike pay from their unions. This is a key trade union service associated with membership. The services union ver.di, for example, pays 2.5 times the monthly contribution as strike pay for each day a worker remains on strike (based on

working time of eight hours). Strike pay is paid only in the case of legal strikes organised by trade unions.

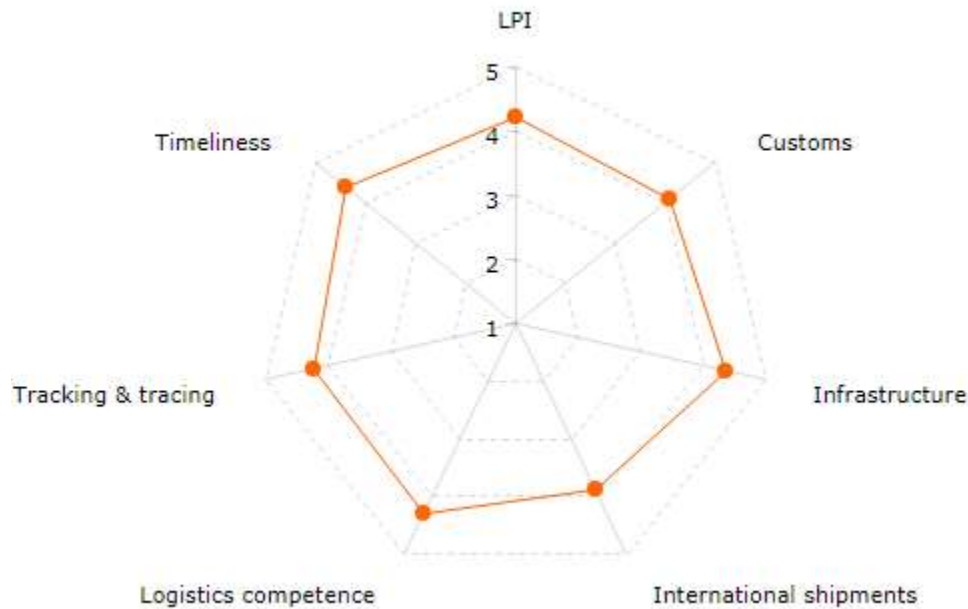
15. Lead time to source

Lead Time to source is 19 days as per our logistic plan through NSTC vs 31 days via Sea only.

As per Logistics Performance Index for 2018, Germany is ranked as 1.

Country	Year	LPI Rank	LPI Score	Customs ?	Infrastructure ?	International shipments ?	Logistics competence ?	Tracking & tracing ?	Timeliness ?
Germany	2018	1	4.20	4.09	4.37	3.86	4.31	4.24	4.39
Sweden	2018	2	4.05	4.05	4.24	3.92	3.98	3.88	4.28
Belgium	2018	3	4.04	3.66	3.98	3.99	4.13	4.05	4.41
Austria	2018	4	4.03	3.71	4.18	3.88	4.08	4.09	4.25
Japan	2018	5	4.03	3.99	4.25	3.59	4.09	4.05	4.25
Netherlands	2018	6	4.02	3.92	4.21	3.68	4.09	4.02	4.25
Singapore	2018	7	4.00	3.89	4.06	3.58	4.10	4.08	4.32
Denmark	2018	8	3.99	3.92	3.96	3.53	4.01	4.18	4.41
United Kingdom	2018	9	3.99	3.77	4.03	3.67	4.05	4.11	4.33
Finland	2018	10	3.97	3.82	4.00	3.56	3.89	4.32	4.28
India	2018	44	3.18	2.96	2.91	3.21	3.13	3.32	3.50

Germany 2018



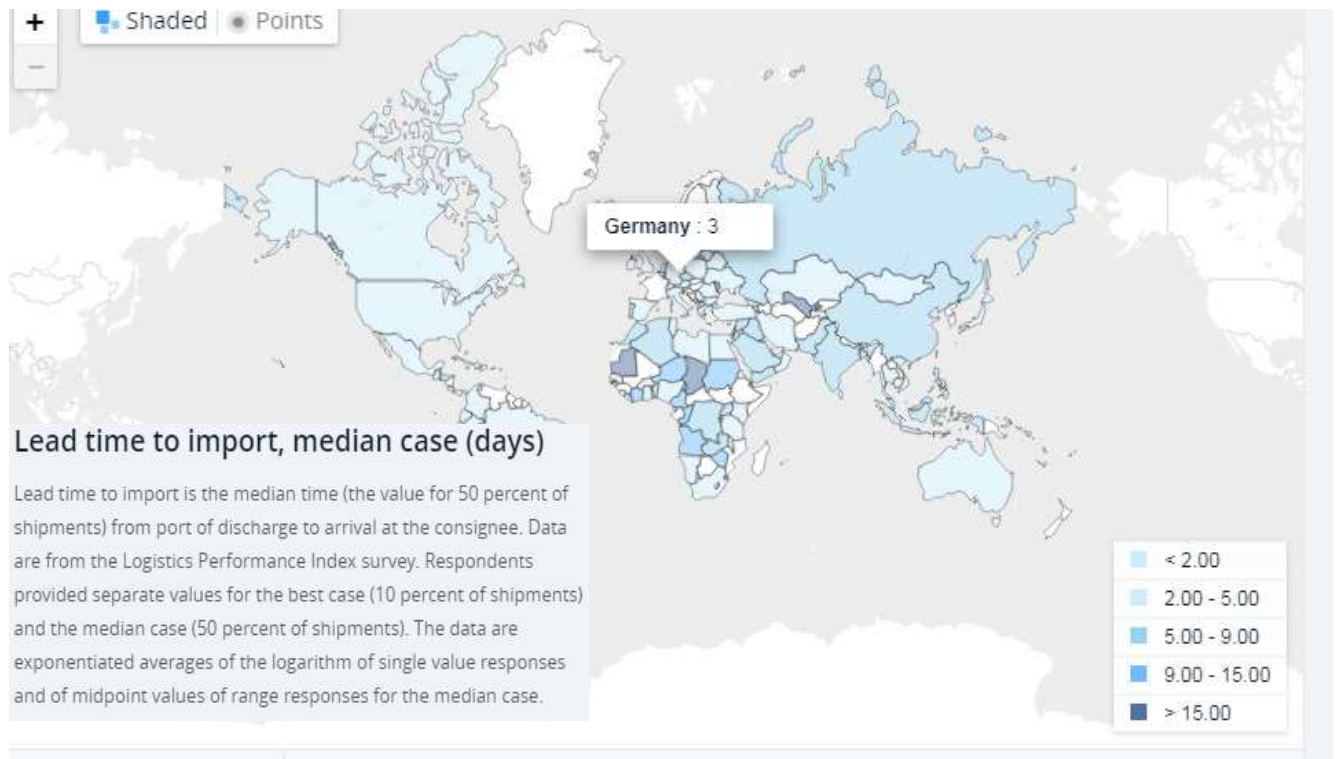
INTERNATIONAL SCORECARD:

The international score uses six key dimensions to benchmark countries' performance and also displays the derived overall LPI index. The scorecard allows comparisons with the world on the six indicators and the overall LPI index.

The logistics performance (LPI) is the weighted average of the country scores on the six key dimensions:

- 1) Efficiency of the clearance process (i.e., speed, simplicity and predictability of formalities) by border control agencies, including customs;
- 2) Quality of trade and transport related infrastructure (e.g., ports, railroads, roads, information technology);
- 3) Ease of arranging competitively priced shipments;
- 4) Competence and quality of logistics services (e.g., transport operators, customs brokers);
- 5) Ability to track and trace consignments;
- 6) Timeliness of shipments in reaching destination within the scheduled or expected delivery time.

The scorecards demonstrates comparative performance of all countries (world), regional and income groups



16. Payment terms

Most common methods of payment, such as open account, letter of credit, cash in advance, documentary collections, factoring, etc. Includes credit-rating and collection agencies in this country.

The majority of import transactions by German customers, especially those involving large German distributors, take place under seller-buyer terms, such as the common 30/60/90-day accounts, or payment against documents. The most popular payment mechanism by which German importers remit payment to their suppliers is the electronic funds transfer (EFT, equivalent to SWIFT or wire transfers), the fastest and cheapest way to transfer funds. Current technology makes online transfers reasonably secure and transparent.

The letter of credit is still used in some industry sectors but now covers a fraction of total imports, largely due to its cost and time requirements as well as the ease in obtaining credit ratings in Germany, which increases transparency and transactional safety. L/C's for payments under USD 5,000 are almost unknown in Germany.

Overall, German firms continue to enjoy a relatively good reputation for their payment practices and management of credit. Default risk is somewhat higher for firms in unevenly performing eastern Germany.

17. Cost

The Import price of our product INR 7,137 from Germany. The logistics plan, sourcing country port Hamburg (Germany), then transit port St. Petersburg (Russia), from their via rail and road transport (NSTC) up to Chabahar port (Iran).From Chabahar port to Nhava Sheva port(India).

All Values are in INR			
Data	Total Price Calculation	In Value	
Basic Price (EXW)	5000	5000	
P&F	1.00%	50	
Inland Transportation Source Country	2.00%	100	
Port expenses at German Port	0.50%	25	
Overseas Freight Charges	3.00%	150	
Insurance cost	1.13%	56.25	
Assessable value		5325	
Customs duty	10.00%	532.5	CIF VALUE
Social Welfare Surcharges	10.00%	53.25	
Total		5910.75	

IGST	18%	1063.935	
Port expenses at Indian Port	0.5%	25	
Inland Transportation in India	2%	100	
Hedging cost	0.5%	25	
Clearance agent charges	0.25%	12.5	
Total Landed Cost		7137.185	

The labour cost and raw material cost in Germany is very high. We need to import a full container load to get cost advantage.

18. Expatriates and Visa regulations

Germany does not offer the **Visa on Arrival (VoA)** facility. **Indian passport holders** who are planning to visit Germany will have to apply for the Schengen Visa. Read on to learn and understand everything related to the Germany Visa.

Depending on the purpose of your travel to Germany, there are different types of visas that will apply to your situation. Whether you are planning to visit Germany, study or work or even to settle there permanently, you will have to apply for a different Schengen visa, accordingly.

These are the most frequent Germany visa types:

- Tourist & Visitor Visa – for people who wish to enter Germany with the purpose of visiting friends or relatives, or to just sightsee and experience the country and its culture.
- Family Reunion Visa to Join a Relative or a Partner – which is a visa for family members of German residents, who wish to join them in Germany.
- Job Seeker Visa – gives to its holder the opportunity to come to Germany and seek a job.
- Studying & Language Learning Visa – for foreigners who wish to enter the country with the sole purpose of attending a language course or to continue their studies at an educational institution in Germany.
- Working Visa – for people who have gotten a job in Germany.
- Business Visa – for business people that need to remain in Germany for a period longer than 90 days within 6 months, with the purpose of making business.
- Airport Transit Visa – which is required for a very limited number of third-world nationals, that need to pass through one of the German airports in their way to their final destination.

- Guest Scientist Visa – for scientists or researchers who have been invited by an institution to carry out a study or research.
- Training/Internship Visa – is a visa that gives the opportunity to attend a training or internship to nationals of third-world countries.
- Medical Treatment Visa – has been established in order to permit foreigners with different illnesses and medical conditions to enter Germany and seek medical treatment
- Trade Fair & Exhibitions Visa – for people who are planning to participate at a trade fair or exhibition.
- Visa for Cultural, Film Crew, Sports, and Religious Event Purpose – for people who are planning to enter Germany, under the purpose of participating at a Cultural, Sports, and Religious event or as part of a Film Crew.

19. Enterprise Termination & exit plan

Termination & exit policy is very much essential while contracting with any party. The policy even more crucial when cross border deals happen as different arbitration procedure and laws are followed by different countries. It is necessary to identify possible risks-losses, ensures continuity of services. Though Germans are very straight forward towards any business dealings, a concrete exit plan for our contract with German firm shall be made.

In our contract we planned to include following exit plans which may also be suitable for the German party keeping in view of International business dealings:

Settlement of Disputes by Mutual Consultation:

If any dispute of any kind whatsoever shall arise between the two parties in connection with or arising out of the Contract, including without prejudice to the generality of the foregoing, any question regarding its existence, validity or termination, or the execution of the Facilities, whether during the progress of the Facilities or after their completion and whether before or after the termination, abandonment or breach of the Contract, the parties shall seek to resolve any such dispute or difference by mutual consultation. If the parties fail to resolve such a dispute or difference by mutual consultation, then the dispute maybe settled through **Expert Settlement Council/Arbitration**.

In case the parties fail to resolve such a dispute or difference by mutual consultation, the dispute may be referred to Conciliation.

Invitation for Conciliation:

A party shall notify the other party in writing about such a dispute it wishes to refer for conciliation within a period of 30 days from the date of failure to resolve the dispute through mutual consultation. Such Invitation for conciliation shall contain sufficient information as to the dispute to enable the other party to be fully informed as to the nature of the dispute, amount of the monetary claim, if any, and apparent cause of action.

Upon acceptance of the invitation to conciliate, the other party shall submit its counter claim, if any, within a period of 30

Some of the following key points should be taken care while preparing exit plan :

- Require the supplier to provide our Organisation with copies of data, procedures, access logs, error logs, documentation and other information that the supplier generates as a part of providing the contract services. The supplier should also grant our Organisation the right to provide this information to potential successor suppliers.
- An exit strategy should cover personnel issues, such as:
 - Ensuring that supplier personnel and key resources with relevant knowledge and expertise remain on the project and committed during the transition.
 - Defining the exit-strategy team and its roles
 - The treatment of employees and any obligations to inform or consult under TUPE
- For an organization to terminate a contract during its term where the following circumstances occur:
 - The contract has changed substantially, which would have required a new procurement exercise to be undertaken
 - It is found that the successful supplier should have been excluded from the procurement procedure on mandatory or optional exclusions at the time of contract award. For example, as a result of convictions for fraud or corruption.
 - The contract should not have been awarded to the supplier where the Court of Justice of the EU has declared there has been a serious infringement of the organization's obligations.