

The Berenberg guide to the German election

On 24 September 2017, roughly 61.5m Germans will be eligible to vote for the lower house of parliament (“Bundestag”). All parties clearing the 5% threshold will be represented on a proportional basis. The Bundestag, in turn, elects the German chancellor. Unless the race is unusually tight, exit polls published upon the closure of voting stations at 18:00 local time should give a clear idea of the result.

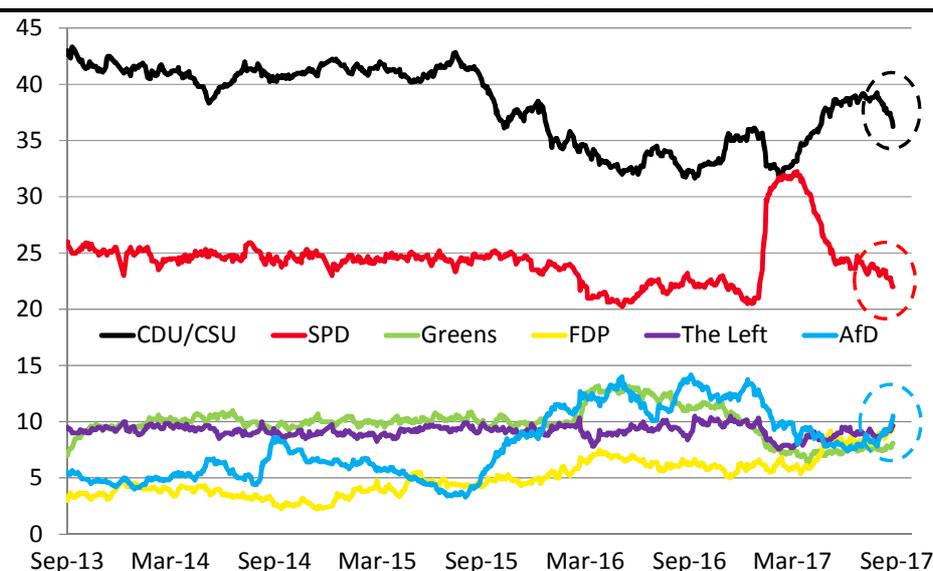
Six parties look set to enter the Bundestag: chancellor Angela Merkel’s centre-right CDU/CSU, the centre-left SPD of her challenger Martin Schulz, the liberal FDP, the centre-left Greens, the left-wing Left Party and the right-wing AfD. This will make the new Bundestag more diverse than any German parliament since 1953. Four years ago, the FDP and the AfD fell short of the 5% hurdle. Germany is currently governed by a “grand” coalition between the CDU/CSU and SPD.

In this report, we address the top 12 issues about the German election.

1. Chancellor Merkel looks set to win a fourth term.
2. Protest parties may do better than expected, but they will not impact policies.
3. Opinion polls are not perfect. The race for the number three slot is open.
4. The AfD may mop up quite some protest votes, but will not exert serious influence.
5. Merkel has two, possibly three coalition options: “Jamaica” with FDP and Greens (45% probability), “grand” coalition with SPD (35%) and FDP only (15%).
6. The SPD is torn between two strategies: support Merkel or recover in opposition.
7. An FDP presence in government would not jeopardise European reforms.
8. There is a two-thirds chance that finance minister Wolfgang Schäuble stays – if not, positions on Europe would not change much.
9. German politics works by consensus. The mainstream parties are close on many issues. The need to get many laws through the Bundesrat promotes consensus.
10. European reforms: expect a European Monetary Fund and more money for common projects, but Berlin and Paris will keep a de facto veto on many issues.
11. Domestic policies changes will remain modest after the German election.
12. Forming the new government will probably take until just before Christmas.

For a systematic comparison of party policy platforms, see the Annex on p7.

Chart 1: Last-minute shift towards protest parties – support for German political parties, in %



Centre-right CDU/CSU, centre-left SPD, centre-left Greens, liberal FDP, left-wing Left Party and right-wing AfD, support in percentage points, average of last six opinion polls. Source: Allensbach, Emnid, FGW, Forsa, GMS, Infratest dimap, INSA, Berenberg calculations

Key macro reports

Understanding Germany – a last golden decade ahead

13 October 2010

Euro crisis: The role of the ECB

29 July 2011

Saving the euro: the case for an ECB yield cap

26 June 2012

The lessons of the crisis: what Europe needs

27 June 2014

Political risks in Europe

19 January 2016

Brexit: assessing the domestic policy options

2 November 2016

After Trump: notes on the perils of populism

14 November 2016

2016 Euro Plus Monitor: Coping with the backlash

14 December 2016

Europe at 60: the trends that shape the future

24 March 2017

Reforming Europe: which ideas make sense?

19 June 2017

Global update: robust growth, no exuberance yet

10 July 2017

Euro Plus Monitor September 2017 Update: The next stage

11 September 2017

21 September 2017

12 key questions about the German election

1: Who will win the election?

Chancellor Merkel looks set to win a fourth four-year term in office, but her challenger, Schulz, could theoretically unseat her in two ways. First, if his SPD wins more votes than Merkel’s CDU/CSU, Schulz could lead a new coalition of these two parties. However, as his party trails the CDU/CSU by some 14 points in the opinion polls (see Chart 1), that seems virtually impossible. Second, Schulz could forge an alliance between the SPD, the Left Party and the Greens. With a combined projected total of 39.8%, such a “red-red-green” coalition would currently fall so far short of the roughly 48% required for a majority of seats in the Bundestag, that this looks highly unlikely as well.

Merkel will likely win her fourth term

2: Could the election result spring a market-relevant surprise?

Yes, it could. While Merkel losing her job seems unlikely, small parties such as the AfD may do better than projected. After the only direct TV debate between Merkel and Schulz on 3 September came across more as a duet between two largely like-minded politicians than a duel, both the CDU/CSU and SPD have lost support in opinion polls to the smaller parties, with the right-wing AfD benefiting more than the FDP and the Left Party, and the Greens hardly gaining at all (see Chart 1). If this trend continues, three aspects of the potential election result could make headlines on Sunday night:

A strong result for the AfD could make headlines

- many commentators could warn that the AfD and possibly the Left Party have done better than projected, breaking the post-Trump trend away from protest parties, which had been visible at the Dutch and French elections earlier this year;
- observers could fret that Merkel – although set to remain in office – looks “weakened” with a result for her CDU/CSU far below the 41.5% of 2013; and
- a good result for the liberal FDP could be misinterpreted as a vote against the reforms to strengthen the cohesion of the European Union and the Eurozone, which French president Emmanuel Macron aims to discuss with Merkel and other European leaders after the German election

If so, these worries would be very much overdone, in our view. Even if the AfD and the Left Party garner 25% of the vote between them (they probably will not), that would still represent much less discontent than almost anywhere else in the western world. Also, one reason for a strong protest vote could be that, as most people believe that Merkel will win anyway, it is “safe” to cast a protest vote. In her past three terms, Merkel has governed effectively after her party had done worse (2005 and 2009 federal elections) or better (2013) than projected before the vote. We discuss the FDP/Europe issue in question 7 below.

The worries would be overdone, though

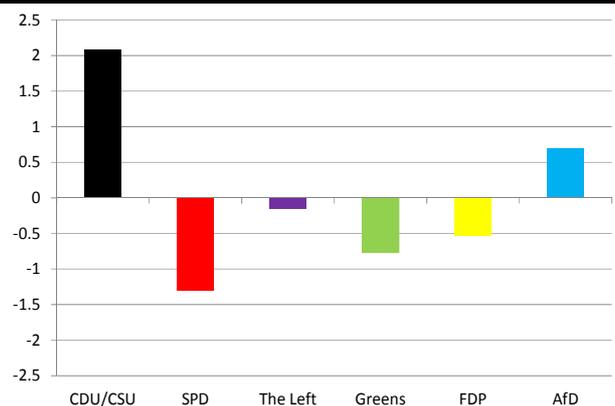
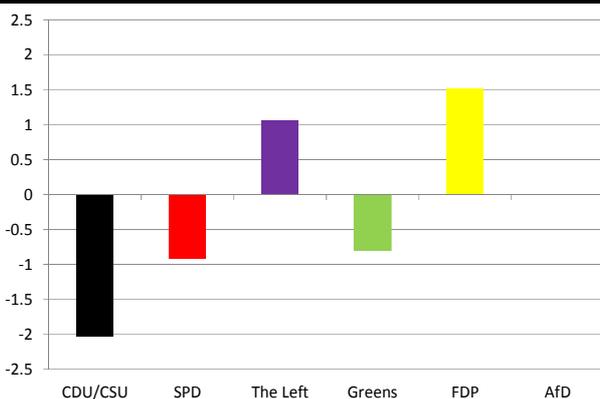
3: How reliable are the opinion polls?

Opinion polls are no perfect guide to an election result (see Charts 2 and 3). In the past three federal elections, the standard deviation between the voting share predicted by the

Polls are no perfect guide to the outcome

Chart 2: German election result versus pre-election polls 2009 ...

Chart 3: ... and 2013



Difference in ppt between election result and average of previous opinion polls. AfD did not yet exist in 2009. Source: Allensbach, Emnid, FGW, Forsa, GMS, Infratest dimap, INSA, Berenberg calculations

average of the most recent polls and the actual outcome was almost 1.5ppt for the major five to six parties, with a standard error of 3ppt for the CDU/CSU. However, the polls did not consistently under- or overestimate support for any particular established party. More importantly, the polling errors were mostly within political camps. If the centre-right CDU/CSU did worse than projected, the centrist FDP outperformed expectations – and vice versa. That the polls could massively understate support for the combined left (SPD, Left Party and Greens taken together) would be highly unusual. Due to usual polling error, the race for the number three party looks wide open, with some advantage for the AfD. The top two spots will almost certainly go to the CDU/CSU as number one and the SPD as a somewhat distant number two.

4: How much do we have to worry about the right-wing AfD?

It is possible that the AfD could do fairly well. Since the unexciting TV duel between Merkel and Schulz on 3 September, the AfD has gained more ground in opinion polls than any other party, with one poll now projecting a 12% share. Extrapolating this recent trend until election day could suggest a slightly higher result. In addition, it is an open question whether the polls may consistently understate support for the comparatively new AfD because survey respondents are reluctant to admit that they will vote for the right-wing group. This did happen at the last federal election in 2013 when the 4.7% result for the AfD exceeded prior opinion polls by 0.7ppt. The effect was quite pronounced at some state elections in the three years thereafter, although it has not been the case at the three state elections so far this year. Whatever its precise result, the AfD will not get into any position of genuine influence or power in Berlin.

The AfD has gained ground after the TV debate

5: What kind of coalition will Merkel lead in her fourth term?

If opinion polls are any guide, Merkel will have at least two and possibly three options:

Flying the flag of Jamaica?

- a “Jamaica” coalition between her “black” CDU/CSU, the “yellow” liberal FDP and the Greens, named after the colours of the flag of Jamaica (45% probability);
- a renewed “grand” coalition with the centre-left SPD (35% probability); or
- a two-way coalition with the FDP (15% probability).

Other coalitions such as a CDU/CSU-Green alliance seem highly unlikely.

Forming and managing a “Jamaica” coalition between the CDU/CSU, the FDP and the Greens would be challenge for Merkel. The liberal FDP and the statist Greens disagree on many economic and social policy issues. They are also prickly partners. After the 2013 election, preparatory talks between Merkel’s party and the Greens came to naught as the Greens simply were not ready for it. However, the Greens have aged and become more mainstream since then. Also, for the current generation of Green leaders it might be their last chance to become federal ministers in Berlin. The FDP believes that it was short-changed by Merkel and finance minister Wolfgang Schäuble in their joint government during Merkel’s second term, so any talks between the two parties could thus be rocky, even more so if they also involve the Greens. But with such a “Jamaica” coalition now working in one of Germany’s 16 federal states, Schleswig-Holstein, it is a realistic option. Also, Merkel tends to be quite good at managing difficult political partners.

FDP and Greens would be two prickly partners for Merkel

6: Would the SPD be ready to support Merkel again?

Facing likely defeat in the race for the chancellorship, the SPD is torn between two strategies. On the one hand, the top party leaders in Berlin apparently want to stay on as junior partners in a coalition with Merkel. That would allow them to shape policy and keep attractive jobs. On the other hand, many mid-level and regional party SPD stalwarts, as well as many ordinary members, worry that the SPD would continue to lose support in a further alliance with Merkel. Instead, the party should renew itself in opposition. Also, joining a grand coalition could mean that the right-wing AfD ends up as not just the loudest but also the biggest and hence somewhat privileged opposition party in the Bundestag.

SPD: torn between two strategies

Much will probably depend on the precise result for the SPD. If the party gets close to its 25.7% share of the vote of 2013, the SPD will likely feel confident enough to renew the coalition with Merkel. However, if the SPD falls even well below its historic low of 23.0% of 2009, the party’s rank and file may rebel against party leaders and vote for a stint in

If the SPD does badly, the rank and file may prefer to go into opposition

opposition. If so, a “Jamaica” coalition could be the only option. For Merkel, a new coalition with the experienced SPD would likely be more convenient than an alliance with the FDP and Greens, who might devote some of their energy to jockey for position against each other even in government.

7: Would an FDP presence in government jeopardise European reforms?

No, not at all. Many outside observers are worried that the FDP seems less comfortable with the European agenda of French president Macron than Merkel, the SPD and the Greens. FDP boss Christian Lindner has argued that Greece should temporarily leave the euro in exchange for significant debt relief. In essence, he argues that the Eurozone needs a procedure for sovereign insolvencies rather than a powerful joint finance minister in control of a big Eurozone budget.

What FDP boss Lindner wants

If the FDP enters government, discussions about common funds for the Eurozone or other European reforms may initially be a little more rocky than otherwise. For three reasons, this argument is often overdone, though.

- First, many FDP positions on EU/Eurozone issues are close to those of CDU finance minister Wolfgang Schäuble – a powerful force within the current and probably the future government. Some variety of views within government would not be new.
- The FDP itself is not fully united on the issue, with a strong wing around Alexander Graf Lambsdorff that seems to share Merkel’s fondness of Macron.
- FDP views would likely evolve after joining the government. In Europe, top policy makers meet each other all the time, usually often more than once a month. Our best guess is that an FDP vice chancellor – or parliamentary faction leader – Lindner, once he has met Macron for, say, two or three times in office, will discover that the youngish French reformer and the youngish German liberal have a lot in common. For example, Macron wants his new party LREM to join the liberal group in the European parliament after the next EU election.

FDP positions are not far away from those of Schäuble...

...and would likely evolve over time

8: Will Schäuble remain finance minister, and what difference would it make?

Wolfgang Schäuble is Germany’s most popular cabinet member after Merkel. People appreciate his independent streak and the fact that he has delivered consistently a fiscal surplus. His CDU rightly sees him as one of its greatest assets and would like him to keep his job. We forecast a two in three probability that he will remain finance minister for a fourth term.

A top asset for the CDU

The position of finance minister is the second most powerful job in Germany after the chancellorship itself. If a potential coalition partner (SPD, FDP or Greens) were to insist on getting the position as a condition for supporting Merkel, Schäuble would probably have to yield, possibly to take on the prominent but more ceremonial position of Bundestag president. However, none of the current top leaders of the SPD, FDP and Greens has strong credentials to become finance minister. In the three coalitions Merkel has led so far, her partners (SPD twice, FDP once) had opted for the flashy foreign ministry than for the finance ministry.

Other parties lack a clear candidate for the job

Much will depend on the coalition that will govern with Merkel. In a grand coalition with the SPD, chances that Schäuble could keep his job would be fairly good. In a two-way coalition between CDU/CSU and FDP, his prospects may be close to even. But in a three-way “Jamaica” alliance in which two partners (FDP and Greens) would want to claim some position of power for themselves, Schäuble would face a tougher fight to keep his current job.

Jamaica may make life more difficult for Schäuble

Many outside observers believe that a change of finance minister would make it easier for Berlin and Paris to agree on substantial reforms for Europe. True, two potential coalition partners for Merkel, the SPD and Greens, have more sympathy for vague ideas from Paris and Brussels to strengthen common Eurozone and EU institutions such as the European Commission than Schäuble and the FDP, who want the national governments to maintain a high degree of control (the “inter-governmental approach”), including a veto over the use of major common funds.

What if?

The point is often far overdone, though. First, German politics work largely by consensus (see question 9 below). All major mainstream parties need to be on board for major changes. Second, Schäuble's views are well represented within the entire CDU/CSU. Third, even if Schäuble were to be replaced as finance minister, his successor may well be from the FDP with similar views to his.

Schäuble's views are shared by many in the CDU/CSU and FDP

9: Will the choice of coalition partner change the course of German policies?

Of course, the colour of the new German government will matter, for domestic policies more so than for European and foreign policy. But again, observers tend to overemphasise the difference that the precise composition of the government in Berlin would make. German politics works largely by consensus. For two reasons, we should not look for dramatic policy changes after the election.

German politics: a consensus machine

- The four mainstream parties (CDU/CSU, SPD, Greens, FDP) largely agree on the overall direction of German foreign and European policies. As things are going well enough, the desire to make major changes is not very pronounced.
- Due to the special role of Germany's upper house of parliament ("Bundesrat"), the mainstream parties usually need to find a consensus anyway. As the chamber of the 16 federal states, the Bundesrat will not be elected anew on 24 September. The Bundesrat needs to pass most major laws including most laws that affect spending and taxes and major European commitments as well as immigration policies. All support programmes for Greece had been adopted by majorities in both the Bundestag and the Bundesrat. The CDU/CSU, SPD and Greens are represented in so many state governments at the moment (nine, 11 and 10, respectively) that either of these three parties could veto any law in the Bundesrat that needs to be approved by the upper house. This would not change even if the early state election in Lower Saxony were to bring down the current SPD-Green government in favour of a potential CDU-FDP coalition in that state.

The mainstream parties agree on a lot

Mind the Bundesrat

The power of the Bundesrat forces the mainstream parties to strive for a consensus on many issues. If the FDP enters the federal government in Berlin, the major change from the current situation would be that all major policy shifts that need to be ratified by both houses of parliament would then have to be discussed with the FDP as well, and not just by CDU/CSU, SPD and Greens.

The Bundesrat forces the mainstream parties to seek a consensus

10: What could be the result of Merkel-Macron discussions on European reforms?

The new German government will work constructively with Macron and its other European partners to strengthen the cohesion of the EU27 and the Eurozone. A genuine Eurozone budget passed solely by a Eurozone parliament at the proposal of a Eurozone finance minister is beyond the scope of what Berlin can accept. However, upgrading the European Stability Mechanism (ESM) to a European Monetary Fund and providing significantly more money for common funds (infrastructure, defence, a "rainy day" facility to deal with asymmetric shocks and possibly some facility for aspects of social policy) would be possible, as long as major decisions on the use of such funds remain subject to a veto by the German Bundestag and the representatives of other big member countries, as is currently the case for the ESM.

Expect some useful steps – but subject to a veto by Berlin and Paris

The attitude to Brexit will not change: the UK has filed for divorce and has to face the predictable fall-out from its decision. While trying to preserve close relations with a post-Brexit UK, Berlin will fully support the EU27 consensus that the UK will have to honour the financial obligations it has incurred as an EU member and will not be allowed any cherry-picking upon agreeing its future relationship with the EU. As before, the conditions of access for German industry to the UK market will play virtually no role in the German Brexit position.

The attitude to Brexit will not change

11: How will domestic economic policies change after the election?

Domestic policies would not change dramatically in any of the realistic coalition scenarios. Egged on by her centre-left coalition partner SPD, Merkel has presided over a few reform reversals in her third term, introducing a minimum wage, restraining the scope for temporary work contracts slightly and making some pension entitlements more generous. If Merkel forms a new coalition with the SPD, expect more of the same, namely a few small steps backwards that will place additional burdens on the German economy over the years

More of the same – or a slight tilt towards supply-friendly reforms

without restraining the current upswing significantly. If she teams up with the FDP instead, expect some small-scale structural reforms and a modest income tax reform.

Regardless of the precise shape of Merkel's future coalition, we look for a further gradual increase in federal spending for infrastructure, defence and the integration of the recent wave of migrants and refugees.

Gradual increases in spending

12: How long will it take to form a new government?

Probably until just before Christmas 2017. After the last federal election on 22 September 2013, the CDU/CSU initially held exploratory talks with both the SPD and the Greens. In the second round of these talks with the Greens, it turned out in the early hours of 16 October 2013 that the Greens were not ready for the required compromises. Formal coalition talks with the SPD then started on 23 October 2013, with Merkel being re-elected as chancellor by the Bundestag on 17 December 2013.

Three months to form a government

This time, the Greens, the FDP as well as the SPD may be reluctant to make the compromises needed to join Merkel in a coalition ahead of the upcoming state election in Lower Saxony on 15 October 2017. Although the pressure on all parties to clarify the outlook for the national level as soon as possible will be huge, the decisive stage of any exploratory talks in Berlin may only start in mid-October. If so, we may not know which coalition will govern Germany before late October, with formal coalition talks to settle policy details and distribute the key jobs possibly lasting well into December.

For clarity on coalition options, we may have to wait until late October

Of course, it may be faster than that. Exploratory talks may yield an early result. In the case of the CDU/CSU and FDP ending up with a majority of seats (15% probability), we would probably know very soon that these two parties will forge a two-way alliance, as they have done earlier this year in the state of North Rhine-Westphalia. However, chances are that we will need to be at least as patient as in the past before we know the precise composition and policy platform of the new German government. Fortunately, we can be virtually certain that: i) it will not take as long as in the Netherlands (where the parties still have not managed to form a new government more than six months after the 15 March 2017 election; and that ii) Germany will not go for repeat elections, which, under the German constitution, would be almost impossible to call anyway.

A CDU/CSU-FDP coalition could take shape faster – if the numbers add up

Annex: Policy platforms of the six parties likely to enter the German Bundestag

	CDU/CSU (centre-right)	SPD (centre-left)	FDP (liberal)	Greens (centre-left)	The Left (left-wing)	AfD (right-wing)	
Europe	<ul style="list-style-type: none"> No sharing of debt 	<ul style="list-style-type: none"> No mention of debt sharing in policy platform 	<ul style="list-style-type: none"> No sharing of debt 	<ul style="list-style-type: none"> Seem to be in favour of debt-sharing (euro bonds) 	<ul style="list-style-type: none"> Common debt guarantee Debt relief for Greece 	<ul style="list-style-type: none"> No sharing of debt 	
	<ul style="list-style-type: none"> Small reforms with France such as turning the European Stability Mechanism (ESM) into a European Monetary Fund (EMF) Not opposed to some Eurozone budget 	<ul style="list-style-type: none"> Eurozone economic government with joint budget and finance minister Turn ESM into EMF More competences for the European Parliament (EP) Creation of Eurozone parliament 	<ul style="list-style-type: none"> Reinforce no-bailout clause Limit ESM mandate and capacities, and shut it down long-term Allow countries to leave Eurozone – sovereign insolvency procedure No EU budget without conditionality 	<ul style="list-style-type: none"> EU finance commissioner should be Eurogroup president Turn ESM into EMF More competences for EP such as control of EMF Special Eurozone committee in EP 	<ul style="list-style-type: none"> No Eurozone economic government Stronger European Parliament 	<ul style="list-style-type: none"> Referendum on euro and possibly also EU membership Leave Eurozone and return to deutsche mark EU should be looser cooperation of states Recover the Bundesbank's Target 2 claims 	
	<ul style="list-style-type: none"> Tackle problems such as youth unemployment in spirit of “solidarity” Adhere to agreed rules such as those of the Stability and Growth Pact (SGP) 	<ul style="list-style-type: none"> End fiscal austerity Fiscal rules need to be flexible enough to allow for long-term structural reforms and sustainable growth European youth unemployment fund 	<ul style="list-style-type: none"> Automatic sanctions for countries that violate fiscal rules European Commission should have right to block cohesion funds to member states 	<ul style="list-style-type: none"> End fiscal austerity “Sustainable investment” push (“Green New Deal”) for Europe European unemployment insurance 	<ul style="list-style-type: none"> End fiscal austerity Investment plan End to German “hegemony” and neoliberalism in EU treaties Trade balances should be kept at zero 		
	<ul style="list-style-type: none"> Harmonise corporate income tax with France 	<ul style="list-style-type: none"> Harmonise corporate taxes across EU 	<ul style="list-style-type: none"> Not discussed 	<ul style="list-style-type: none"> Harmonise corporate income tax base and set tax rate minimum across EU 	<ul style="list-style-type: none"> Harmonise corporate income tax rate at 25% across EU (currently in Germany 15%) 	<ul style="list-style-type: none"> Not discussed 	
				<ul style="list-style-type: none"> ECB should not replace ESM activities ECB should end low-rate policy 		<ul style="list-style-type: none"> Allow ECB monetary financing; extend ECB mandate; put ECB under EP control 	<ul style="list-style-type: none"> ECB policy is deadly for pension system ECB should return to “narrow, classic” monetary policy
	<ul style="list-style-type: none"> Support Financial Transaction Tax (FTT) 	<ul style="list-style-type: none"> Support FTT 	<ul style="list-style-type: none"> Oppose FTT 	<ul style="list-style-type: none"> Support FTT 	<ul style="list-style-type: none"> Support FTT 	<ul style="list-style-type: none"> Support FTT 	<ul style="list-style-type: none"> FTT not discussed

Economics



	CDU/CSU (centre-right)	SPD (centre-left)	FDP (liberal)	Greens (centre-left)	The Left (left-wing)	AfD (right-wing)
Taxes/ economic policy	<ul style="list-style-type: none"> €15bn income tax cut Top tax rate of 42% to apply from €60k instead of €54k annual income No tax hikes Solidarity surcharge to be phased out from 2020 onwards for all 	<ul style="list-style-type: none"> €10bn income tax cut Tax rate of 42% to apply from €60k instead of €54k. New tax rates of 45% from €76.2k and 48% from €250k annual income Solidarity surcharge to be paid only by earners beyond €52k from 2020 onwards Replace 25% flat rate capital gains tax with progressive tax 	<ul style="list-style-type: none"> €30bn income tax cut Adjust tax rate in line with inflation, now and long term Make income tax less progressive Abolish solidarity surcharge by 2019 No wealth tax Relax inheritance slightly (no tax between married couples) 	<ul style="list-style-type: none"> Low- and middle-income tax cut by raising tax allowance Introduce tax on the “super-rich” from €100k Wealth tax for “super-rich” 	<ul style="list-style-type: none"> Tax cuts for lower- and middle-class and tax hikes for rich Lower taxes for those below €85.2k, but 60% tax rate from €260k and 75% from €1m annual income Wealth tax from €1m of wealth onwards, with 5% rate above €2m of wealth Replace 25% flat rate capital gains tax with progressive tax 	<ul style="list-style-type: none"> Cut taxes for low and medium earners by raising the tax-free allowance Against higher taxes, against wealth tax Scrap inheritance tax Cut VAT rate by 7ppt
	<ul style="list-style-type: none"> Balanced budget Gradual spending increases 	<ul style="list-style-type: none"> Boost spending on infrastructure, child care, public housing 	<ul style="list-style-type: none"> Reduce national debt 		<ul style="list-style-type: none"> Abolish balanced budget 	
	<ul style="list-style-type: none"> Cut red tape, for instance in administering minimum wage (agriculture, restaurants) 	<ul style="list-style-type: none"> New unemployment benefit “Q” to be paid up to four years if a jobseeker enrolls in retraining Part-time workers should have right to return to full-time employment Tighten rules on temporary employment 	<ul style="list-style-type: none"> Lower documentation costs of minimum wage Exempt refugees and long-term jobseekers from minimum wage Allow work on Sundays Cut red tape for entrepreneurs Reduce subsidies 		<ul style="list-style-type: none"> Raise minimum wage from €8.84 to €12 per hour Unemployment benefits should be paid longer and on softer conditions Cap temporary employment and abolish temporary employment for “unjustified reasons “ Temporary employment to last only up to 12 months, follow-up contract needs to be open-ended 	<ul style="list-style-type: none"> Keep minimum wage Unemployment benefits should be linked closer to the years a jobseeker has paid unemployment insurance Cap temporary employment at 15% of a company’s workforce Temporary employment to be converted into full-time contract after six months

Economics



	CDU/CSU (centre-right)	SPD (centre-left)	FDP (liberal)	Greens (centre-left)	The Left (left-wing)	AfD (right-wing)
Taxes/ economic policy (cont'd)	<ul style="list-style-type: none"> Commission to study future of retirement 	<ul style="list-style-type: none"> Retirement age should not rise beyond 67 Standard pension to be fixed until 2030 at current level of 48% of net pay More federal subsidies to limit pension contributions to 22% Self-employed should pay into public pension scheme 	<ul style="list-style-type: none"> Flexible retirement age from 60 onwards, but benefit depends on age of retirement 			<ul style="list-style-type: none"> Retire will full benefits after 45 years
	<ul style="list-style-type: none"> Tax-free allowance for children to be raised by €1.5k to €8.8k Child benefit to rise by €25 Increase number of newly built flats by 50% to 1.5m per year 	<ul style="list-style-type: none"> Replace married couple tax splitting with family tax splitting Introduce of “family work time” which provides part-time working parents with €150/month 	<ul style="list-style-type: none"> Tax-free allowance for real estate transfer tax for young families 	<ul style="list-style-type: none"> €12bn to support families (especially women and single parents) 		<ul style="list-style-type: none"> Family tax splitting instead of married couple tax splitting Parenting time should be included in retirement age count More financial support for families (family tax splitting, housing and child credit) to raise fertility rate
	<ul style="list-style-type: none"> €5bn more for education Boost government research 	<ul style="list-style-type: none"> Free education from nursery to university 	<ul style="list-style-type: none"> Give more freedom to schools (budget, profile, teachers) 	<ul style="list-style-type: none"> Free education More money to refurbish 10k schools 		
				<ul style="list-style-type: none"> Debt brake for banks 	<ul style="list-style-type: none"> All banks should be publicly owned 	
	<ul style="list-style-type: none"> Against “unfair” trade In favour of TTIP trade deal with US 	<ul style="list-style-type: none"> Trade distortions require EU countermeasures 	<ul style="list-style-type: none"> Defend free trade 		<ul style="list-style-type: none"> Against trade agreements such as CETA, TTIP etc. 	<ul style="list-style-type: none"> Against trade agreements such as CETA, TTIP etc.

Economics



	CDU/CSU (centre-right)	SPD (centre-left)	FDP (liberal)	Greens (centre-left)	The Left (left-wing)	AfD (right-wing)
Foreign/ defence policy	<ul style="list-style-type: none"> Sanctions on Russia to stay until eastern Ukraine cease-fire fully implemented 	<ul style="list-style-type: none"> Ease some sanctions on Russia gradually, in line with progress on the Ukraine accord 	<ul style="list-style-type: none"> Ease some sanctions on Russia gradually, in line with progress on the Ukraine accord 	<ul style="list-style-type: none"> Maintain Russian sanctions to underscore protection of eastern Europe 	<ul style="list-style-type: none"> End Russian sanctions 	<ul style="list-style-type: none"> End Russian sanctions Strengthen economic ties with Russia
	<ul style="list-style-type: none"> US is most important partner outside Europe, regardless of who is president As US is less reliable than in the past, Europe needs to step up its own efforts 	<ul style="list-style-type: none"> US is most important partner outside Europe, regardless of who is president 	<ul style="list-style-type: none"> Uphold trans-Atlantic partnership while strengthening EU Defend free trade and avoid anti-Americanism 	<ul style="list-style-type: none"> Foster trans-Atlantic relations with US states and civil society 	<ul style="list-style-type: none"> End NATO's eastward expansion No US nuclear weapons in Germany, close US bases 	<ul style="list-style-type: none"> US is most important ally, but Germany needs own security strategy Strengthen NATO's European pillar
	<ul style="list-style-type: none"> Boost defence spending to 2% of GDP by 2024 Raise development funding to similar amount, but only for those countries willing to undertake structural reforms 	<ul style="list-style-type: none"> Do not raise defence spending to 2% of GDP Boost development aid and defence spending in equal measure instead 	<ul style="list-style-type: none"> Raise combined foreign, defence and development spending to 3% of GDP 	<ul style="list-style-type: none"> Do not raise defence spending to 2% of GDP Boost crisis prevention 	<ul style="list-style-type: none"> Cut defence spending Pull German troops from missions abroad 	<ul style="list-style-type: none"> Restore conscription abolished under Merkel
Domestic security	<ul style="list-style-type: none"> 15k more police officers 	<ul style="list-style-type: none"> 15k more police officers 				

Economics



	CDU/CSU (centre-right)	SPD (centre-left)	FDP (liberal)	Greens (centre-left)	The Left (left-wing)	AfD (right-wing)
Immigration/ security policy	<ul style="list-style-type: none"> Keep refugee influx at “permanently low” level Faster deportations from Germany Expand EU border agency “Frontex” Complete the European asylum system 	<ul style="list-style-type: none"> Right to asylum untouchable But stronger countermeasures (more money for UNHCR), including deportations and EU border controls 	<ul style="list-style-type: none"> Better structured three-tier system with political asylum, temporary rights for war refugees and regular immigration 	<ul style="list-style-type: none"> Liberal asylum policy Prefer voluntary returns over deportations 	<ul style="list-style-type: none"> All refugees have right to stay Immediate stop to deportations Fair global trade to contain migration Revoke the refugee deal with Turkey 	<ul style="list-style-type: none"> Close borders to stop “unregulated” mass immigration Deportation of criminal refugees
			<ul style="list-style-type: none"> Point-based immigration law 		<ul style="list-style-type: none"> Immigration law Everybody born in Germany receives German citizenship 	
Energy policy	<ul style="list-style-type: none"> Uphold Paris climate accord 	<ul style="list-style-type: none"> Uphold Paris climate accord 	<ul style="list-style-type: none"> Uphold Paris climate accord 	<ul style="list-style-type: none"> Uphold Paris climate accord 	<ul style="list-style-type: none"> Uphold Paris climate accord 	<ul style="list-style-type: none"> Withdraw from Paris climate accord
	<ul style="list-style-type: none"> Pursue government’s renewables strategy Electricity must be affordable 	<ul style="list-style-type: none"> Consider “alternative models” to fund subsidy-driven renewables strategy 	<ul style="list-style-type: none"> Let clean-power subsidies expire over times Slash taxes that fund the shift to renewable energy sources 	<ul style="list-style-type: none"> End industry exemptions from renewable-energy tax 100% renewable energy by 2030 for electricity production 	<ul style="list-style-type: none"> Restore government’s clean energy support to previous levels Scrap clean-power auctions 	<ul style="list-style-type: none"> End subsidies for renewable energies
	<ul style="list-style-type: none"> End coal production in long term 	<ul style="list-style-type: none"> No clear position on coal 		<ul style="list-style-type: none"> Exit from coal production 20 biggest pollution coal plants to be switched off immediately 		
				<ul style="list-style-type: none"> Switch off nuclear plants immediately 	<ul style="list-style-type: none"> Phase out nuclear energy in Europe and rest of World 	
				<ul style="list-style-type: none"> Emission-free cars from 2030 only 		

Sources: Election manifestos of CDU/CSU, SPD, FDP, Greens, The Left and AfD.

Disclaimer

This document was compiled by the above mentioned authors of the economics department of Joh. Berenberg, Gossler & Co. KG (hereinafter referred to as “the Bank”). The Bank has made any effort to carefully research and process all information. The information has been obtained from sources which we believe to be reliable such as, for example, Thomson Reuters, Bloomberg and the relevant specialised press. However, we do not assume liability for the correctness and completeness of all information given. The provided information has not been checked by a third party, especially an independent auditing firm. We explicitly point to the stated date of preparation. The information given can become incorrect due to passage of time and/or as a result of legal, political, economic or other changes. We do not assume responsibility to indicate such changes and/or to publish an updated document. The forecasts contained in this document or other statements on rates of return, capital gains or other accession are the personal opinion of the author and we do not assume liability for the realisation of these.

This document is only for information purposes. It does not constitute investment advice or recommendation to buy financial instruments. It does not replace consulting regarding legal, tax or financial matters.

Remarks regarding foreign investors

The preparation of this document is subject to regulation by German law. The distribution of this document in other jurisdictions may be restricted by law, and persons, into whose possession this document comes, should inform themselves about, and observe, any such restrictions.

United Kingdom

This document is meant exclusively for institutional investors and market professionals, but not for private customers. It is not for distribution to or the use of private investors or private customers.

United States of America

This document has been prepared exclusively by Joh. Berenberg, Gossler & Co. KG. Although Berenberg Capital Markets LLC, an affiliate of the Bank and registered US broker-dealer, distributes this document to certain customers, Berenberg Capital Markets LLC does not provide input into its contents, nor does this document constitute research of Berenberg Capital Markets LLC. In addition, this document is meant exclusively for institutional investors and market professionals, but not for private customers. It is not for distribution to or the use of private investors or private customers.

This document is classified as objective for the purposes of FINRA rules. Please contact Berenberg Capital Markets LLC (+1 617.292.8200), if you require additional information.

Copyright

The Bank reserves all the rights in this document. No part of the document or its content may be rewritten, copied, photocopied or duplicated in any form by any means or redistributed without the Bank's prior written consent.



JOH. BERENBERG, GOSSLER & CO. KG

Internet www.berenberg.com

E-mail: firstname.lastname@berenberg.com

EQUITY RESEARCH

AEROSPACE & DEFENCE

Ryan Booker +44 20 3753 3074
Andrew Gollan +44 20 3207 7891
Charlotte Keyworth +44 20 3753 3013
Ross Law +44 20 3465 2692

AUTOMOTIVES

Cristian Dirpes +44 20 3465 2721
Alexander Haissl +44 20 3465 2749
Paul Kratz +44 20 3465 2678
Fei Teng +44 20 3753 3049

BANKS

Adam Barrass +44 20 3207 7923
Stephanie Carter +44 20 3207 3106
James Chappell +44 20 3207 7844
Andrew Lowe +44 20 3465 2743
Andreas Markou (EM) +44 20 3753 3022
Alex Medhurst +44 20 3753 3047
Eoin Mullany +44 20 3207 7854
Peter Richardson +44 20 3465 2681

BEVERAGES

Javier Gonzalez Lastra +44 20 3465 2719
Batuhan Karabekir (EM) +44 20 3465 2631
Matt Reid +44 20 3753 3075

BUSINESS SERVICES, LEISURE & TRANSPORT

Roberta Ciaccia +44 20 3207 7805
Najet El Kassir +44 20 3207 7836
Stuart Gordon +44 20 3207 7858
Josh Puddle +44 20 3207 7881
Kate Somerville +44 20 3753 3081
Julia Winarso +44 20 3465 2627

CAPITAL GOODS

Nicholas Housden +44 20 3753 3050
Sebastian Kuenne +44 20 3207 7856
Philippe Lorrain +44 20 3207 7823
Rizk Maidi +44 20 3207 7806
Horace Tam +44 20 3465 2726
Simon Toennesen +44 20 3207 7819

EQUITY SALES

SPECIALIST SALES

AEROSPACE & DEFENCE, CAPITAL GOODS
Bruna Zugliani +44 20 3207 7818

AUTOMOTIVE & THEMATICS
Chris Armstrong +44 20 3207 7809

BANKS, DIVERSIFIED FINANCIALS & INSURANCE
Iro Papadopolou +44 20 3207 7924
Calum Marris +44 20 3753 3040

BUSINESS SERVICES, LEISURE & TRANSPORT
Rebecca Langley +44 20 3207 7930

CONSTRUCTION, CHEMICALS, METALS & MINING
James Williamson +44 20 3207 7842

CONSUMER STAPLES
Rupert Trotter +44 20 3207 7815

CONSUMER DISCRETIONARY
Victoria Maigrot +44 20 3753 3010

HEALTHCARE
Abigail James +44 20 3753 3078

MEDIA & TELECOMMUNICATIONS
Julia Thanheiser +44 20 3465 2676

SPECIAL SITUATIONS
Jeremy Grant +44 20 3207 7890

SALES

BENELUX

Miel Bakker +44 20 3207 7808

GERMANY

Michael Brauburger +49 69 91 30 90 741
Nina Buechs +49 69 91 30 90 735
André Grosskurth +49 69 91 30 90 734
Florian Peter +49 69 91 30 90 740
Joerg Wenzel +49 69 91 30 90 743

CHEMICALS

Sebastian Bray +44 20 3753 3011
Rikin Patel +44 20 3753 3080
Andrew Heap +44 20 3207 7918

CONSTRUCTION

Saravana Bala +44 20 3753 3043
Lush Mahendrarajah +44 20 3207 7896
Robert Muir +44 20 3207 7860
Olivia Peters +44 20 3465 2646

ENERGY

Yuriy Kukhtanych (EM) +44 20 3465 2675

FOOD MANUFACTURING AND H&PC

Rosie Edwards +44 20 3207 7880
Yordana Mavrodieva +44 20 3207 7817
Phillip Patricia +44 20 3753 3039
Fintan Ryan +44 20 3465 2748
James Targett +44 20 3207 7873

FOOD RETAIL

Batuhan Karabekir (EM) +44 20 3465 2631
Dusan Milosavljevic +44 20 3753 3123

GENERAL MID CAP - DACH

Gunnar Cohrs +44 20 3207 7894
Martin Comtesse +44 20 3207 7878
Thomas Eble +44 20 3753 3014
Charlotte Friedrichs +44 20 3753 3077
Gerhard Orgonas +44 20 3465 2635
Benjamin Pfannes-Varrow +44 20 3465 2620
Julia Scheufler +44 20 3753 3016

GENERAL MID CAP - EU core

Flavien Hias +44 20 3465 2693
Aymeric Lang +44 20 3753 3037
Anna Patrice +44 20 3207 7863

GENERAL MID CAP - UK

Calum Battersby +44 20 3753 3118
Robert Chantry +44 20 3207 7861
Sam England +44 20 3465 2687

UK

Alexandra Clément +44 20 3753 3018
Fabian De Smet +44 20 3207 7810
Karl Hancock +44 20 3207 7803
Sean Heath +44 20 3465 2742
David Hogg +44 20 3465 2628
Gursumet Hhaj +44 20 3753 3041
Peter Kaineder +44 20 3753 3062
James Matthews +44 20 3207 7807
James McRae +44 20 3753 3036
David Mortlock +44 20 3207 7850
Eleni Papoula +44 20 3465 2741
Bhavin Patel +44 20 3207 7926
Kushal Patel +44 20 3753 3038
Richard Payman +44 20 3207 7825
Clémence Peyraud +44 20 3753 3076
Joanna Sanders +44 20 3207 7925
Mark Sheridan +44 20 3207 7802
George Smibert +44 20 3207 7911
Alexander Wace +44 20 3465 2670
Paul Walker +44 20 3465 2632

FRANCE

Thibault Bourgeat +33 1 5844 9505
Alexandre Chevassus +33 1 5844 9512
Dailia Farigoule +33 1 5844 9510
Benjamin Voisin +33 1 5844 9507

SCANDINAVIA

Marco Weiss +49 40 350 60 719

GENERAL MID CAP - UK (cont'd)

Ned Hammond +44 20 3753 3017
Omar Ismail +44 20 3753 3102
Ian Osburn +44 20 3207 7814
Edward James +44 20 3207 7811
Benjamin May +44 20 3465 2667
Owen Shirley +44 20 3465 2731

GENERAL RETAIL

Conrad Bartos +44 20 3753 3053
Camilla Mazzolini +44 20 3753 3042
Michelle Wilson +44 20 3465 2663

HEALTHCARE

Scott Bardo +44 20 3207 7869
Jakob Berry +44 20 3465 2724
Alistair Campbell +44 20 3207 7876
Klara Fernandes +44 20 3465 2718
Tom Jones +44 20 3207 7877
Joseph Lockey +44 20 3465 2730
Laura Sutcliffe +44 20 3465 2669

INSURANCE

Charles Bendit +44 20 3465 2729
Trevor Moss +44 20 3207 7893
Emanuele Musio +44 20 3207 7916
Iain Pearce +44 20 3465 2665
Sami Taipalus +44 20 3207 7866

LUXURY GOODS

Mariana Horn +44 20 3753 3044
Zuzanna Puszc +44 20 3207 7812

MEDIA

Robert Berg +44 20 3465 2680
Laura Janssens +44 20 3465 2639
Alastair Reid +44 20 3207 7841
Sarah Simon +44 20 3207 7830

METALS & MINING

Alessandro Abate +44 20 3753 3029
Fawzi Hanano +44 20 3207 7910
Yuriy Vlasov +44 20 3465 2674

SWITZERLAND, AUSTRIA & ITALY

Andrea Ferrari +41 44 283 2020
Carsten Kinder +41 44 283 2024
Gianni Lavigna +41 44 283 2038
Jamie Nettleton +41 44 283 2026
Yeannie Rath +41 44 283 2029
Benjamin Stillfried +41 44 283 2033

CRM

Laura Cooper +44 20 3753 3065
Jessica Jarzyn +44 20 3465 2696
Rita Pilar +44 20 3753 3066
Greg Swallow +44 20 3207 7833

CORPORATE ACCESS

Lindsay Arnold +44 20 3207 7821
Stella Jirincyn +44 20 3207 7886
Stella Siggins +44 20 3465 2630

EVENTS

Laura Hawes +44 20 3753 3008
Suzy Khan +44 20 3207 7915
Charlotte Kilby +44 20 3207 7832
Natalie Meech +44 20 3207 7831
Rebecca Mikowski +44 20 3207 7822
Ellen Parker +44 20 3465 2684
Sarah Weyman +44 20 3207 7801

SALES TRADING

HAMBURG

Tim Storm +49 40 350 60 415

PARIS

Vincent Klein +33 1 58 44 95 09
Antonio Scutto +33 1 58 44 95 03

REAL ESTATE

Kai Klose +44 20 3207 7888
Tina Munda +44 20 3465 2716

TECHNOLOGY

Jean Beaubois +44 20 3207 7835
Josep Bori +44 20 3753 3058
Georgios Kertsoos +44 20 3465 2715
Gal Munda +44 20 3465 2746
Richard Odumusu +44 20 3207 7851
Tammy Olu +44 20 3465 2673

TELECOMMUNICATIONS

Ondrej Cabejek (EM) +44 20 3753 3071
Nicolas Didio +44 20 3753 3091
Usman Ghazi +44 20 3207 7824
Siyi He +44 20 3465 2697
Laura Janssens +44 20 3465 2639
Paul Marsch +44 20 3207 7857

THEMATIC RESEARCH

Nick Anderson +44 20 3207 7838
Oyvind Bjerke +44 20 3753 3082
Asad Farid +44 20 3207 7932
Robert Lamb +44 20 3465 2623
James Sherborne +44 20 3753 3073

TOBACCO

Jonathan Leinster +44 20 3465 2645

UTILITIES

Oliver Brown +44 20 3207 7922
Andrew Fisher +44 20 3207 7937
Neha Saxena +44 20 3753 3048
Lawson Steele +44 20 3207 7887

ECONOMICS

Florian Hense +44 20 3207 7859
Carsten Hesse (EM) +44 20 3753 3001
Kallum Pickering +44 20 3465 2672
Holger Schmieding +44 20 3207 7889

LONDON

Assia Adanouj +44 20 3753 3087
Mike Berry +44 20 3465 2755
Stewart Cook +44 20 3465 2752
Mark Edwards +44 20 3753 3004
Tom Floyd +44 20 3753 3136
Tristan Hedley +44 20 3753 3006
Peter King +44 20 3753 3139
Christoph Kleinsasser +44 20 3753 3063
Simon Messman +44 20 3465 2754
A.J. Pulley +44 20 3465 2756
Matthew Regan +44 20 3465 2750
Michael Schumacher +44 20 3753 3006
Paul Somers +44 20 3465 2753

EQUITY TRADING

HAMBURG

David Hohn +49 40 350 60 761
Gregor Labahn +49 40 350 60 571
Lennart Pleus +49 40 350 60 596
Asbjorn Rogge +49 40 350 60 798
Marvin Schweden +49 40 350 60 576
Omar Sharif +49 40 350 60 563
Philipp Wiechmann +49 40 350 60 346
Christoffer Winter +49 40 350 60 559

LONDON

Edward Burlison-Rush +44 20 3753 3005
Richard Kenny +44 20 3753 3083
Chris McKeand +44 20 3207 7938

ELECTRONIC TRADING

Jonas Doehler +44 40 350 60 391
Matthias Führer +49 40 350 60 597
Matthias Schuster +44 40 350 60 463

BERENBERG CAPITAL MARKETS LLC

Member FINRA & SIPC

E-mail: firstname.lastname@berenberg-us.com

EQUITY SALES

SALES

Enrico DeMatt +1 646 445 4845
Kelleigh Faldi +1 617 292 8288
Isabella Fantini +1 646 445 4861
Alexander Frankiewicz +1 646 445 4870
Shawna Giusti +1 646 445 7216
Rich Harb +1 617 292 8228
Zubin Hubner +1 646 445 5572

SALES (cont'd)

Michael Lesser +1 646 445 5575
Jessica London +1 646 445 7218
Ryan McDonnell +1 646 445 7214
Emily Mouret +1 415 802 2525
Peter Nichols +1 646 445 7204
Kieran O'Sullivan +1 617 292 8292
Rodrigo Ortigao +1 646 445 7202
Matt Waddell +1 646 445 5562

CRM

Monika Kwok +1 646 445 4863

CORPORATE ACCESS

Olivia Lee +1 646 445 7212
Tiffany Smith +1 646 445 4874

SALES TRADING

Christopher Kanian +1 646 445 5576
Lars Schwartz +1 646 445 5571
Brett Smith +1 646 445 4873
Bob Spillane +1 646 445 5574

ECONOMICS

Mickey Levy +1 646 445 4842
Roiana Reid +1 646 445 4865