

Ways out of the corona crisis – back to a new normality in Germany

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The economic consequences of the Corona crisis are not yet foreseeable. What is certain is that many companies are fighting for their survival. The risk of insolvency increases considerably with the length of the restrictions imposed on the economy.

Despite the first small signals of openings, e.g. in the retail sector, many companies still lack a clear perspective for their business. A real joint roadmap towards normality is not yet in sight.

Herewith, we do present issues and some individual examples, that may be relevant for the AHKs and its role of advising their respective governments on public policy measures to re-start business.

1) Digitalization

The plans for so-called corona apps are promising. But still pending. The apps can improve health care and at the same time enable companies and their customers to act economically. But innovative digital solutions can also make a contribution beyond the "corona app", such as platforms that enable online shopping at local stores. Digital solutions can also help to keep a distance in everyday life without the need to stay at home.

2) Contributions of Businesses

Business should be ready to play its part in ensuring that further steps towards a restart can be initiated. There are a number of ideas on this in Germany, like:

- Minimum distance rule between customers and staff.
- Minimum distance in restaurants through table spacing alternatively by not occupying every second table.
- Plexiglass windows in the checkout area between customers and staff for mutual protection.

3) Economic policy is required

The following economic policy measures can help to restart the economy:

- Enabling the recovery tax loss carryback.
- Change the procedure for import turnover tax.
- The timeframe for the reorganisation of the international tax system pursued by OECD/G20 countries should be extended. According to current plans, concrete proposals should be submitted by the end of 2020. All parties involved should allow considerably more time for this.

4) Infrastructure

To benefit for a resilient infrastructure and fast decision-making processes, the following measures could be advantageous:

- an acceleration of planning law,
- simplification of public procurement procedures,
- a profound and comprehensive digitalisation of administration and economy.
- a medium to long-term plan for coordinated fibre and mobile roll-out across the country

5) Putting global cooperation back on the agenda

It will only work internationally together. An end to protectionism around the globe is urgently needed, and no new protectionism should be allowed to develop. The crisis illustrates the extent to which supply chains are interwoven and how important their preservation is for supplying the economy and the population. Only together can the effects of the crisis be defeated internationally.

Like this, the European internal market must be maintained and expanded. Additionally, the G20 countries should agree on a crisis moratorium on new tariffs and non-tariff barriers to trade. It is important that international trade can be maintained as far as possible.