

Update 9: Germany - Economy Contracts by 9.7% in Q2 2020 Amid COVID-19 Pandemic; Plans to End Mandatory Tests for Risk Zone Arrivals

- German economy contracted by 9.7% in the second quarter as consumer spending, company investments and exports all collapsed due to COVID-19 pandemic, the statistics office said
- The economic slump was much stronger than during the financial crisis more than a decade ago, and it represented the sharpest decline since Germany began to record quarterly GDP calculations in 1970, the office said
- Consumer spending shrank by 10.9% in the quarter, capital investments by 19.6% and exports by 20.3%
- Construction activity, normally a consistent growth driver for the German economy, fell by 4.2% on the quarter
- The only bright spot was state consumption, which rose by 1.5% on the quarter due to the government's COVID-19 rescue programs
- German state recorded a budget deficit of US\$61 B from January to June
- It resulted in a budget deficit equivalent to 3.2% of the country's annual GDP, compared with a surplus of 2.7% a year earlier
- Additionally, Germany's health minister has suggested mandatory five-day quarantine for travelers returning from high-risk areas, rather than testing for COVID-19 upon arrival
- Currently, people coming from high-risk areas either have to present a negative COVID-19 test report or take a free test on arrival
- As of now, Germany has reported 236,117 COVID-19 confirmed cases with 9,336 (3.9% of total reported cases)
- Supply Wisdom is continuously monitoring the situation and will alert you to any relevant developments
- Please consult Ministry of Health of Spain (<https://www.mschs.gob.es/>) for the latest information on COVID-19 in Spain

Source(s)

<https://www.reuters.com/article/us-germany-economy-gdp/german-economy-shrank-by-record-97-quarter-on-quarter-in-second-quarter-idUSKBN25L0J2>
<https://www.startribune.com/germany-economy-s-2nd-quarter-decline-revised-to-below-10/572213182/?refresh=true>
<https://www.dw.com/en/coronavirus-germany-mulls-end-to-mandatory-tests-for-high-risk-returnees/a-54679946>
<https://www.worldometers.info/coronavirus/country/germany/>

Targets Affected:

Germany

Guidance

Actions to consider:

- Consider implementing suggested actions related to 'Negative Impact on Economy', 'Increase in Positive Cases/Deaths', and 'Lockdown/Emergency/Extension of Lockdown/Other Restrictions' under the 'COVID-19: Actions to Consider' section below / next page

Related Alerts

Aug. 9, 2020

High

Update 8: Germany - Imposes Restrictions on Travelers from European Union Countries Amid Spike in COVID-19 Cases

July 17, 2020

High

Update 7: Germany - Reimposes Lockdown with Tougher Measures to Contain Local Outbreaks Amid COVID-19 Pandemic

July 2, 2020

Medium

Update 6: Germany - Lifts Entry Ban for Travellers of 11 Non-EU Countries Starting July 2, 2020 Amid COVID-19 Pandemic

July 1, 2020

Medium

Update 5: Germany - Extends COVID-19 Lockdown in Gutersloh; Eases Restrictions in Warendorf

June 24, 2020

Medium

Update 4: Germany - Reimposes Lockdown in Guetersloh and Warendorf Districts After COVID-19 Outbreak

June 12, 2020

Low

Update 1: Frankfurt, Germany - Protest Against Racial Discrimination and Police Violence

June 11, 2020

Medium

Update 3: Germany - Extends Travel Warning for 160 Non-European Countries Until August 31, 2020 Amid COVID-19 Pandemic

June 5, 2020

Low

Update 2: Germany - Announces Stimulus Package of ~US\$146 B to Recover from COVID-19 Pandemic

June 3, 2020

Medium

Germany - Plans to Reopen European
Travel Amid COVID-19 Pandemic

Impact level Definitions

Impact Level	Definitions
Immediate	Certain - Supply Wisdom recommends considering prompt action. Examples of Immediate level alert events may include bankruptcy filings, data breaches, unexpected curfews, strikes, power black-outs, major geo-political events etc.
High	Highly likely to occur in the near term (within 3 months) - Supply Wisdom recommends being in a state of readiness to take quick action. Examples of High level alert events may include withdrawal of rating by ratings agencies, hostile takeover, multiple cyber-attacks, new business policies causing significant hardship etc.
Medium	Likely to occur in the mid-term (within 3 to 6 months) - Supply Wisdom recommends reviewing current mitigation steps and being ready to take proactive actions if and when situation deteriorates further. Examples of Medium level alert events may include unplanned C-level exits, suppliers caught in bribery cases, economy slipping into recession.
Low	Possible in the long-term (after 6 months) - Supply Wisdom recommends taking proactive action if situation does not resolve. Examples of Low level alert events may include lawsuits filed against suppliers, client losses, air pollution alerts issued by country's local authorities, unexpected holidays announced for the location etc.
Informational	The event is pertinent information but does not have a risk element associated with it. Examples of Info level alert events may include launch of new solutions, partnerships signed, industry outlook, positive changes in government policies, announcements regarding launch of software parks/ free trade zones/special economic zones etc.