



YOU TRADE **WE ACT**

Federation of German
Wholesale, Foreign Trade
and Services



BGA

Federation of German
Wholesale, Foreign Trade
and Services

WHOLESALE FOR PEOPLE, BY PEOPLE

” Most people never deal with wholesale directly, but they rely on the good work our companies do every day. And everything they do benefits not only the customers, but also the customers' customers.

” Although services have changed over the years, the most important task remains the same. We ensure that people around the world have access to what they need.

” Wholesale does not only mean trading. It also offers services that make trading more efficient, warehousing more accurate and transport more economical.

” More efficient trade is one of the reasons why goods that once were difficult to trade are now available everywhere. This underlines the importance of wholesale and foreign trade for many countries. At the same time it must be ensured that this is not done at the expense of the environment.

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DEAR READERS,

the Federation of German Wholesale, Foreign Trade and Services (BGA) is the leading B2B association and thus the voice and platform for trade and services in Germany. Our work is based on clear, regulatory principles. We stand for free, rule-based trade, free access to sales and procurement markets and are committed to opposing any form of protectionism, whether within the EU or outside.

The conviction of responsible entrepreneurship shapes our positions on issues of environmental and energy policy as well as sustainability. At the same time, we advocate a competitive location in terms of bureaucracy, taxes, infrastructure and the completion of the European internal market. For us, flexible and affordable work is just as much a part of a modern working world as social security, an attractive wage policy or modern laws on working hours.

Especially in times of change, a strong voice is needed to support, advise and act as a regulatory compass in order to actively shape the future of the industry.

Your BGA team

THE BGA

THE BGA – DOING BUSINESS

The Federation of German Wholesale, Foreign Trade and Services (BGA) represents the interests of the wholesale and foreign trade sectors and B2B services on a national, European and international level. We are committed to an international mindset, competition in an open, free and market-oriented system and responsible entrepreneurship. It is because we believe that trade and international competition lead to global growth, prosperity and

THE BGA'S VISION

Entrepreneurs create growth and jobs and therefore contribute to prosperity for all. Without their creative thinking, neither the post-war and post-reunification achievements nor the successes of Germany on world markets would have been possible. And this mindset remains a prerequisite for future prosperity.

A WIDE RANGE OF TASKS

Our range of tasks is broadly diversified. We know about the challenges of our sector. Representing the political interests in Berlin and Brussels, we are constantly in contact with political and social policy institutions and other economic federations.

THE BGA NETWORK

The big plus of BGA network is that the mainly medium-sized companies which make up the wholesale and foreign trade and services sectors, by networking are able to successfully get their arguments across and effectively protect their own interests. The BGA is active in more than 100 organisations and represents the interests of our industry sector at home and abroad. On a European level, the BGA is involved through EuroCom-

employment. Germany, with its highly foreign trade-oriented economy, benefits greatly from this. However, trade restrictions reduce the prospects for employment and a prosperous society – not just in Germany.

The BGA supports companies in achieving success in a global and digital economy.

As the leading B2B umbrella organisation, the BGA is a powerful voice and platform for the trade and service sectors. We are actively shaping the political and economic future of business in the interests of our members.

This way we voice our interests and make sure the standpoint of our sector is heard and considered. For our members and partners we function as a platform for information exchange about the new political, economical and financial developments.

merce, the umbrella organisation for European trade. Through their work in the EuroCommerce committees, our representatives ensure that the interests of our business community are heard and respected across Europe. As a result, the BGA is the driving force when it comes to wholesale and foreign trade and maintains a dialogue with EU decision-makers.

GIVE A VOICE TO OUR SECTOR

What role do companies play in a specialised economy when it comes to the industrial, trade and retail sectors? What consequences would a wealth tax or a minimum wage have? The BGA takes a standpoint on these and other issues relevant to the sector in all media.

Most people do not really know what wholesale and business related services do. Unfortunately this also seems to be true for many politicians

and journalists. This is why we are committed to paint a clear picture of wholesale and its business related services and explain what issues they deal with. Furthermore, our specialised know-how makes us a sought-after contact for the media. We offer the entire claviature of modern press work: whether background discussions and press releases, tweets, press conferences or interviews in print and electronic media.

THE BGA'S IMPACT
COMES FROM ITS
70 MEMBER ASSOCIATIONS

3 MILLION EMPLOYEES WORK
IN WHOLESALE, FOREIGN TRADE
AND SERVICES

THE BGA REPRESENTS A SECTOR OF
150 000 MOSTLY SMALL-
AND MEDIUM-SIZED **COMPANIES**

THE BGA IS COMMITTED TO
**AN INTERNATIONAL MINDSET, FREE COMPETITION IN
OPEN, FREE BUT RULE-BASED AND MARKET ORIENTATED
SYSTEM AS WELL AS RESPONSIBLE ENTREPRENEURSHIP.**

WHOLESALE

WHOLESALE KEEPS GERMANY MOVING

Wholesale is a B2B sector; its customers come from industry, trade, craft, gastronomy and retail. Its turnover of more than 1.300 billion Euro already proves that it is an irreplaceable hinge between these economic actors with its huge flows of goods. Measured by this, it is the second strongest

economic sector and has been growing continuously for years. Well-known examples of wholesale from everyday life are pharmaceutical wholesale, which supplies pharmacies with medicines several times a day, or food delivery wholesale, which supplies hotels, restaurants or kiosks.

LOGISTICAL HUB

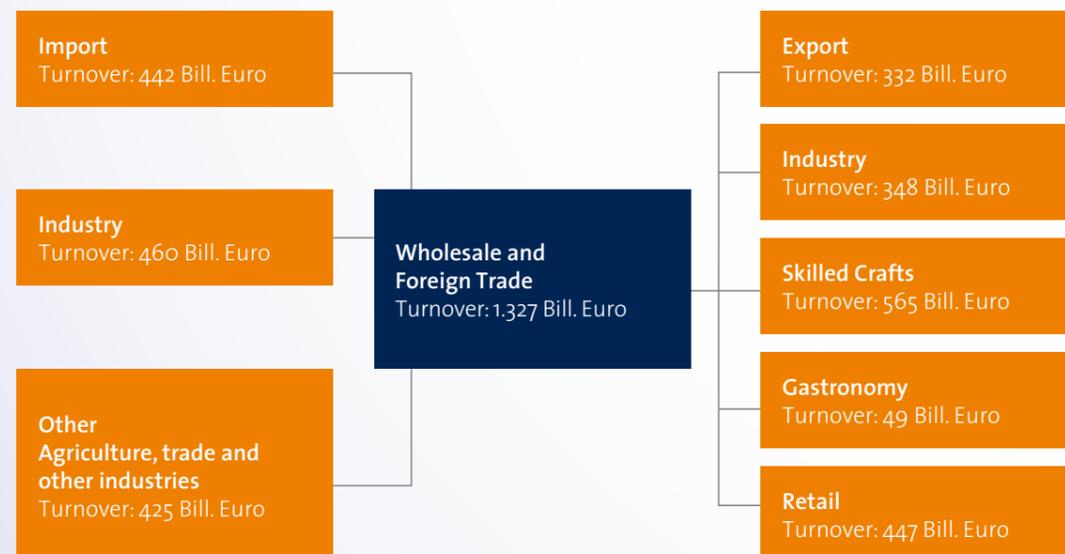
Wholesale is the logistical hub of the economy as a whole. It undertakes procurement, drives innovation together with industry and business demands, organises sales, facilitates financing, has market

intelligence and the right business partners at hand and is therefore an important service provider for its suppliers and customers. Wholesalers are intermediaries, organisers and transporters.

WHOLESALE: FORWARD-LOOKING AND INNOVATIVE

Scarce raw materials, constantly changing technologies and customer requirements: wholesale companies have to think far ahead and plan innovatively. This makes wholesale a leading indicator of economic developments, facing up to economic trends and structural transformation. Predictive strategies and a willingness to move with the times are prerequisites for long-term business success. They allow the sector to secure employment and create economic momentum. In an age of global connectivity, trade from one country

to another no longer means simply delivering a product across borders and long distances; the best strategy is required to meet the demands of customers and to deliver systemic solutions. In order to gain competitive advantages, it is necessary to take into account worldwide production and supply chains that are becoming increasingly integrated. The wholesale and foreign trade sectors are indispensable service providers, able to reduce transaction costs, compliance and guarantee the ability to deliver the right quality at the right time.



Source: own calculation, Dastatic, Deutsche Bank

Reduction of transaction costs through minimization of interface

BGA: WHAT WE STAND FOR

A business-friendly environment is essential for growth and employment. 98 % of the companies affiliated with us are SMEs. The fight against excessive red-tape is one of our main concerns. This includes tax legislation that is easy to understand, as well as an administration that can be managed without a legal department of its own. When it comes to the wholesale sector as for example a supplier and financier of the building and construction sector, incentives for housing are also of great importance due to the significant lack of affordable housing.

The number of trade barriers continues to increase, making the work of wholesalers and

foreign trade operators more difficult. This development needs to be counteracted and new trade and investment protection agreements are much needed. The EU must continue to work for a comprehensive trade agreement with the UK after Brexit in order to provide predictability. The BGA calls for a more consistent implementation of the European internal market strategy in order to finally complete the EU internal market project. At the same time, it is important to embrace technological change and to create a digital single market with EU-wide standards. Competition law must also be adapted as quickly as possible to meet the demands of digitalisation.

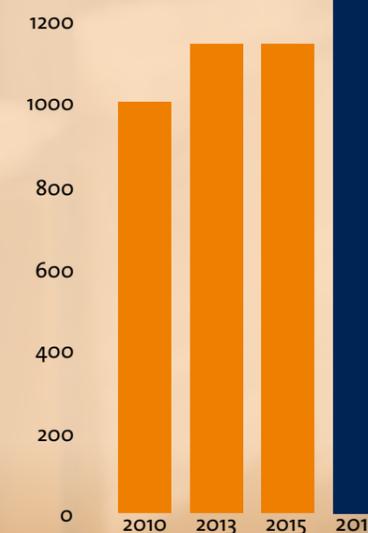
CAREER IN APPRENTICESHIP IN WHOLESALE AND FOREIGN TRADE MANAGEMENT AND MANAGEMENT ASSISTANT FOR E-COMMERCE

As specialisation and digitalisation progress, completely new skilled occupations and courses of study are being created. The BGA has been closely involved in the development of the e-commerce apprenticeship, which has been offered in Germany since 2018. The apprenticeship in wholesale and foreign trade management has also been adapted to reflect the new requirements that

companies have due to increasing digitalisation and the growing importance of digital business processes.

In addition, the BGA is committed to improving education at all training levels and to create more flexible structures for education. This must also come with a reduction in red tape and complexity.

Turnover in German Wholesale Trade
Turnover in billions of euros



Source: own calculation, Destatis (Federal Statistical Office)

**85 % OF THE EMPLOYEES
ARE SUBJECT TO SOCIAL SECURITY
CONTRIBUTIONS**

60 000 TRAINEES

FOREIGN TRADE

FOREIGN TRADE AS A GROWTH ENGINE

More than almost any other country in the world, Germany is firmly integrated into global value chains and commodity flows. Every fourth job in Germany depends directly on foreign trade.

Exports and imports have reached new record highs every year.

At the same time the character of globalisation has changed. Over the past 20 years, there has been a comprehensive fragmentation of value chains. More than half of trade in goods and services is now accounted for by intermediate consumption. This has led to a growing depend-

ence not only on raw materials but also on intermediate goods.

Foreign trade businesses open doors to difficult and smaller markets where it would not be worthwhile for many manufacturers to have their own sales department. International Trading Houses play a key role here. They have a long history and decades of experiences in doing business with these markets. Moreover they ensure global access to raw materials, intermediate goods and investment goods for the industrial, trade, retail and agricultural sectors.

INCREASING IMPORTANCE OF IMPORTS

In public discussions German foreign trade is often reduced to exports. This is accompanied by a frequent underestimation of the import side. Although Germany's import dependency ratio was just under 17 per cent in the 1990s, since then it has

doubled. Due to increasing globalisation, imports are more important than ever for the economy. Therefore the BGA is very much engaged in the promotion of imports.

A CHALLENGE FOR IMPORT TRADE

Limited own resources, insufficient information about the procurement markets, lack of knowledge of the possibilities to purchase the desired products reliably and in the required quality and quantity: Small and medium-sized enterprises in particular face numerous challenges in the import trade. In addition, the requirements for compliance with minimum environmental and social standards for imports from developing and

emerging countries are steadily increasing. Small and medium-sized businesses need customised services to enable them to build sustainable trade relations with reliable suppliers. As the initiator of the 'Import Promotion Desk' (IPD), the BGA has kick-started development-oriented import promotion in Germany. The IPD is financed by the Federal Ministry for Economic Cooperation and Development (BMZ).

COST- AND RISK-OPTIMISED SOURCING FROM NEW MARKETS

Import Promotion Desk (IPD) is the initiative for import promotion in Germany. It serves as a link between German and European importers and exporters from selected developing countries and emerging nations. IPD accompanies its clients during the entire procurement process with the aim of a sustainable and well-structured import promotion - in compliance with high quality, social and environmental standards. IPD has been initiated by sequa, a globally operating development organisation in close cooperation with the Federation of German Wholesale, Foreign Trade and Services (BGA). IPD is funded by the Federal Ministry for Economic Cooperation and Development (BMZ). www.importpromotiondesk.de

BGA INTERNATIONAL:

REGIONAL COOPERATION BY LEADING GERMAN BUSINESS ASSOCIATIONS

When speaking with one voice German business are guaranteed to be heard. Therefore there is a close cooperation among the leading German business associations when it comes to trade and investment issues abroad. The BGA, along with other leading German business associations, has been involved e.g. in the Asian region since 1999 through the Asia-Pacific Committee of German Business (APA). Here, we actively and cooperatively contribute our expertise especially with regard to SME interests and trade related issues. The BGA has also joined forces with the Federation of Ger-

man Industries (BDI), the Association of German Chambers of Commerce and Industry (DIHK), the Association of German Banks and relevant regionally specialised associations. Our work with the North Africa Middle East Initiative of German Business (NMI), the Latin American Initiative of German Business (LAI) and the Sub-Saharan Africa Initiative of German Business (SAFRI) ensures that the concerns and competences of our members are represented internationally. This also ensures a worldwide network of trade expertise and contacts.

WORLDWIDE CAPACITY BUILDING

For many years, the BGA has been committed to the institutional strengthening of private sector structures in developing countries. By means of what are known as chamber and association partnership projects, which are financed by the BMZ, the BGA is actively engaged in an advisory capacity in countries such as Peru, Ghana and Ivory Coast. We support the respective partner institutions in shaping positive legal, administrative and

institutional conditions for entrepreneurs. This will increase the competitiveness of local companies, especially small and medium-sized businesses, and allow them to expand into national and international supply chains.

The BGA thus makes an active contribution to the establishment and further development of sustainable value creation chains.

Value-added shares of Germany's exports in 2016



Source: BMWi (Federal Ministry for Economic Affairs and Energy)

GERMANY EXPORTS
GOODS WORTH **1.300**
BILLION EUROS

40% AVERAGES THE
SHARE OF IMPORTS
IN GERMAN EXPORTS

THE FOREIGN TRADE RATIO
HAS **MORE THAN DOUBLED**
IN THE LAST 25 YEARS TO **70%***

* Ratio of the sum of exports and imports to gross domestic product

B2B SERVICES

SERVICE PROVIDERS AS VERSATILE AND SPECIALISED ECONOMIC ENGINE

The service sector is flourishing and has a bright future. German companies are highly innovative, constantly expanding their range of services and have become synonymous with outstanding quality. Digitalisation and technological progress are opening up new business models that can help extend the value creation chain and strengthen the service sector. By offering tailor made services, this prospering sector is gaining increasing importance in a specialised economy.

Business related service providers are experts in their respective fields and indispensable partners of economy. They provide their services for business customers from industry, trade and crafts as well as in the service sector itself and take on more and more specialised tasks. In doing so, they support companies in their day-to-day business and make a significant contribution to increasing their efficiency.

EXPERTS IN THEIR FIELDS

The range of tasks that B2B service providers is diverse. IT companies have become the world largest companies by developing their software services instead of mere hardware. Financial service providers can relieve companies of administrative tasks such as accounting, controlling and financing or take over receivables management. Facility management companies offer security services, cleaning services or property management. Logistics service providers specialise in areas including the safe and fast transport or storage of goods. Marketing and public relations firms conduct market analyses and provide targeted

marketing services for companies' products and services. In addition, service companies also offer a variety of other specialised services, for example in labour market services such as recruitment, tourism, property rental, catering and training sectors play a central role.

Wholesale and foreign trade companies have also evolved into professional service providers. Services have become the crucial part in the portfolio of a wholesaler and comprise services such as finance, logistics or consulting. Almost 2/3 of our GDP is nowadays generated by trade and services.

OUR GOAL: CREATING THE CONDITIONS FOR BUSINESS SUCCESS

In order to further increase its impact as the leading B2B organisation, the BGA is focusing its profile on the areas of finance, facility management, information technologies, logistics, media and marketing as well as other services.

Together with its member associations – both regional and branch associations – the BGA brings together professional expertise, tracks economic trends, develops statistical data and takes a position on key political issues. This increases the attractiveness as a network partner and stakeholder for associations, companies, administration and

government from the B2B services sector. The B2B service sector needs clear, reliable and predictable political and economic conditions to continuously contributing to the economy in the future. This is what the BGA advocates. Our commitment to modern data policies, a well-developed transport infrastructure and a comprehensive and efficient digital infrastructure sets the agenda. We campaign for pay and working time regulations that meet the everyday needs of businesses in the digital era.

THE SERVICE SECTOR AS A JOB CREATOR

The German service sector has gained from the structural transformation that has taken place in the economy as a whole. With **almost eight million employees**, corporate services are the most effective job creator in Germany. The sector

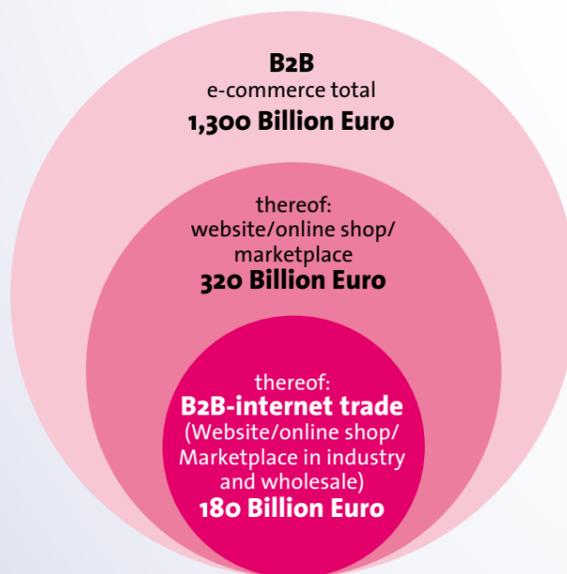
is labour-intensive and offers promising opportunities, especially for qualified employees. It will continue to grow strongly in the coming years and will generate thousands of new jobs.

SERVICE EXPORTS

Germany is also well-positioned in service exports worth €250 billion. Germany currently takes the fourth place behind the United States, China and the United Kingdom, even though the main focus of German service providers lies on the national

market. However in some areas, including construction services, Germany is already the world export leader. These services already make up 15 per cent of total exports.

B2B e-commerce turnover 2018



Source: IFH Köln, B2B e-commerce 2019

SERVICE EXPORTS ARE
MORE THAN **€ 250 BILLION**

SERVICES ALREADY MAKE UP
**15 PER CENT OF
TOTAL EXPORTS**

FOREIGN TRADE



WHOLESALE



B2B SERVICES



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