



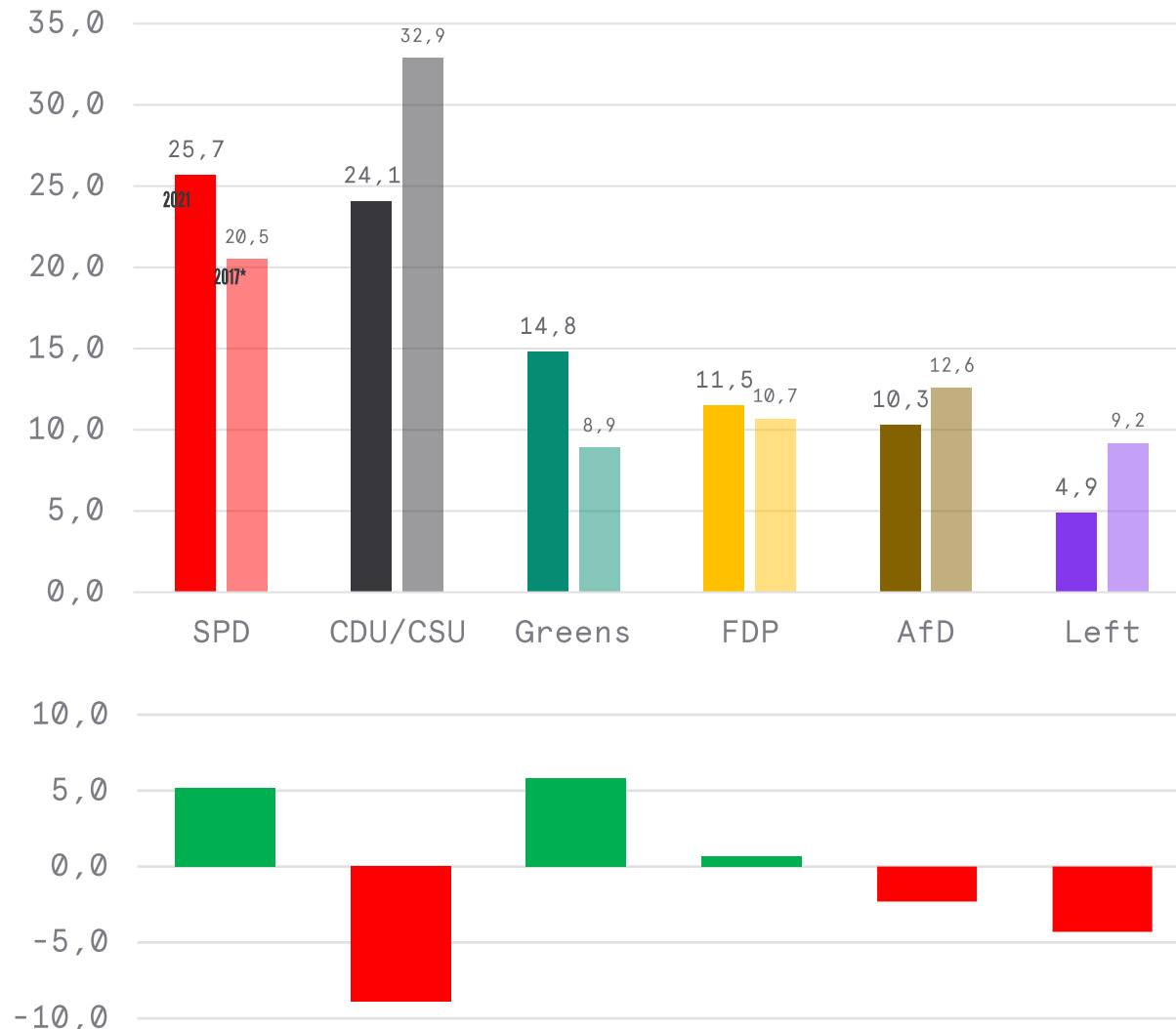
German Federal Elections 2021

Results

September 29, 2021

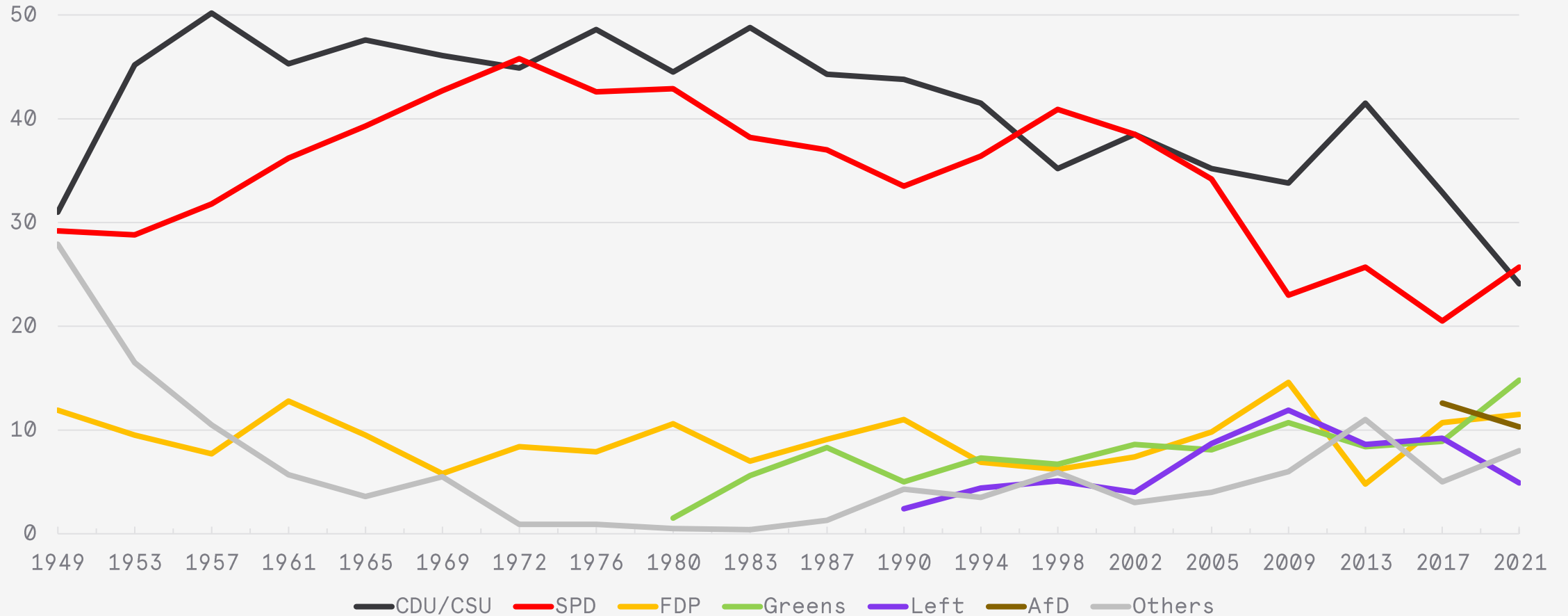


RESULTS

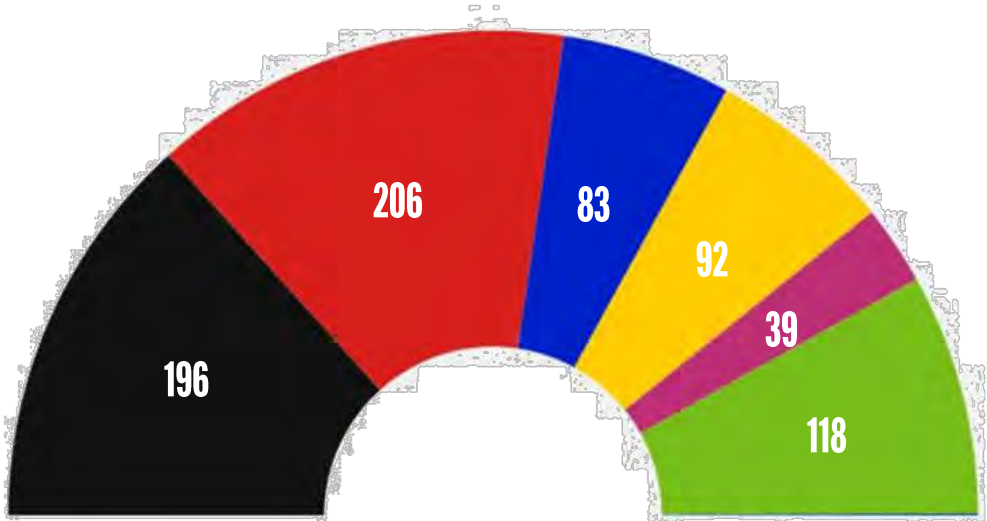


- | Social Democrats secure narrow win amid historical loss for CDU/CSU and strong gains for SPD and Greens
- | However, margin is close leading CDU chancellor candidate Laschet to declare that the CDU also offers to form a coalition
- | Green and Liberal FDP are the joint king makers and have initiated discussions to align to decide with which of the two big parties to negotiate (first)

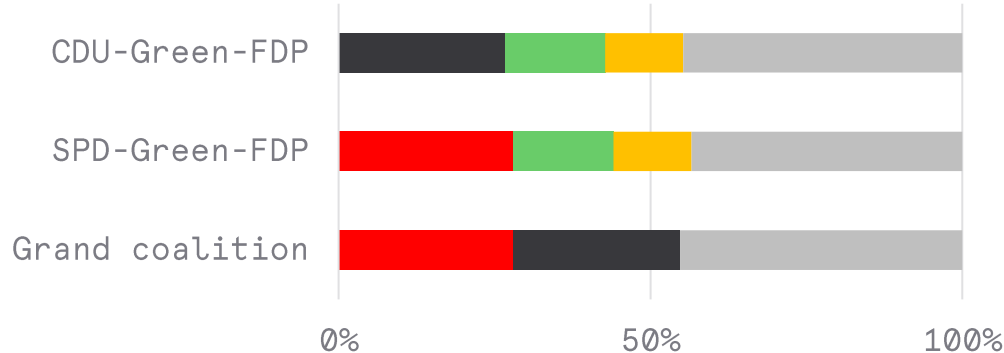
RESULTS IN HISTORICAL PERSPECTIVE



DISTRIBUTION OF SEATS IN THE NEW PARLIAMENT



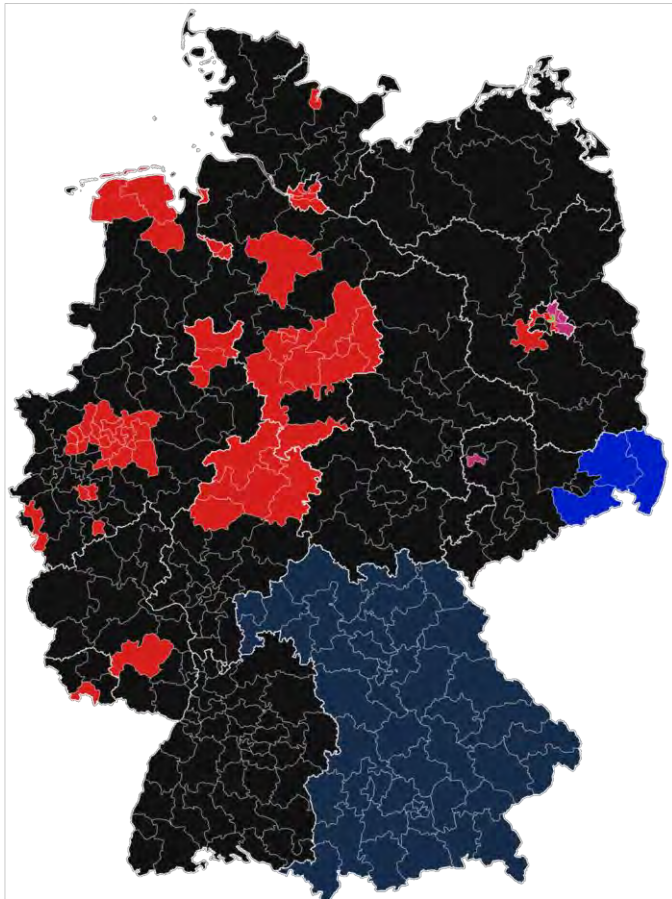
Potential majorities



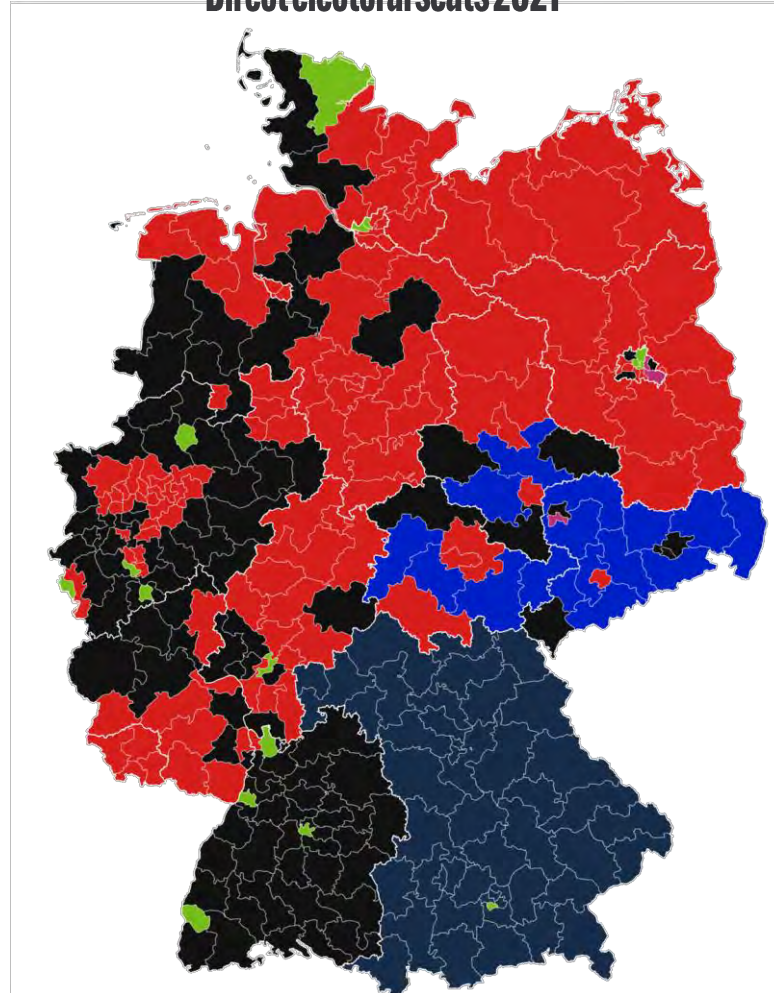
	Seats	vs. 2017	Of which Direct district seats	Vs. direct seats 2017
SPD	206	+53	121	59
CDU + CSU	151 + 45	-50	98 + 45	185 + 46
Greens	118	+51	16	1
FDP	92	+12	-	-
AfD	83	-11	16	3
Left	39	-30	3	5
SSW	1	+1	-	-

ELECTORAL MAP

Direct electoral seats 2017



Direct electoral seats 2021



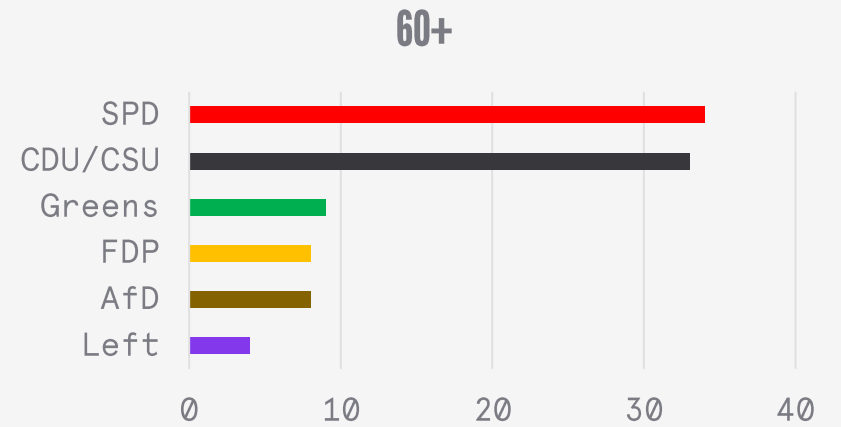
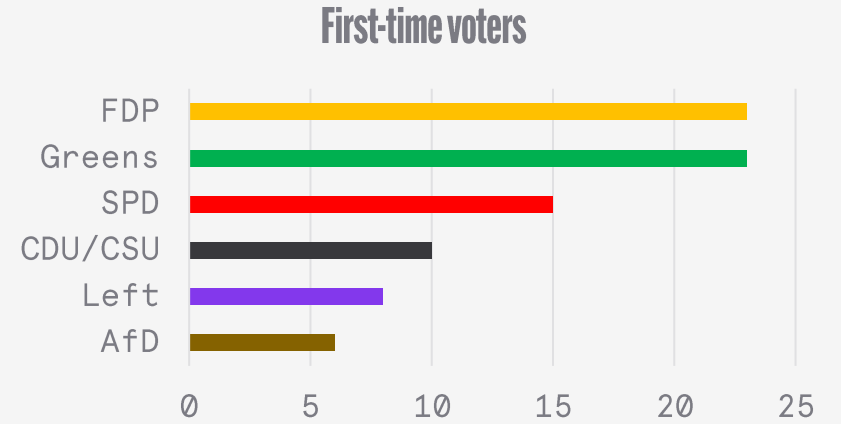
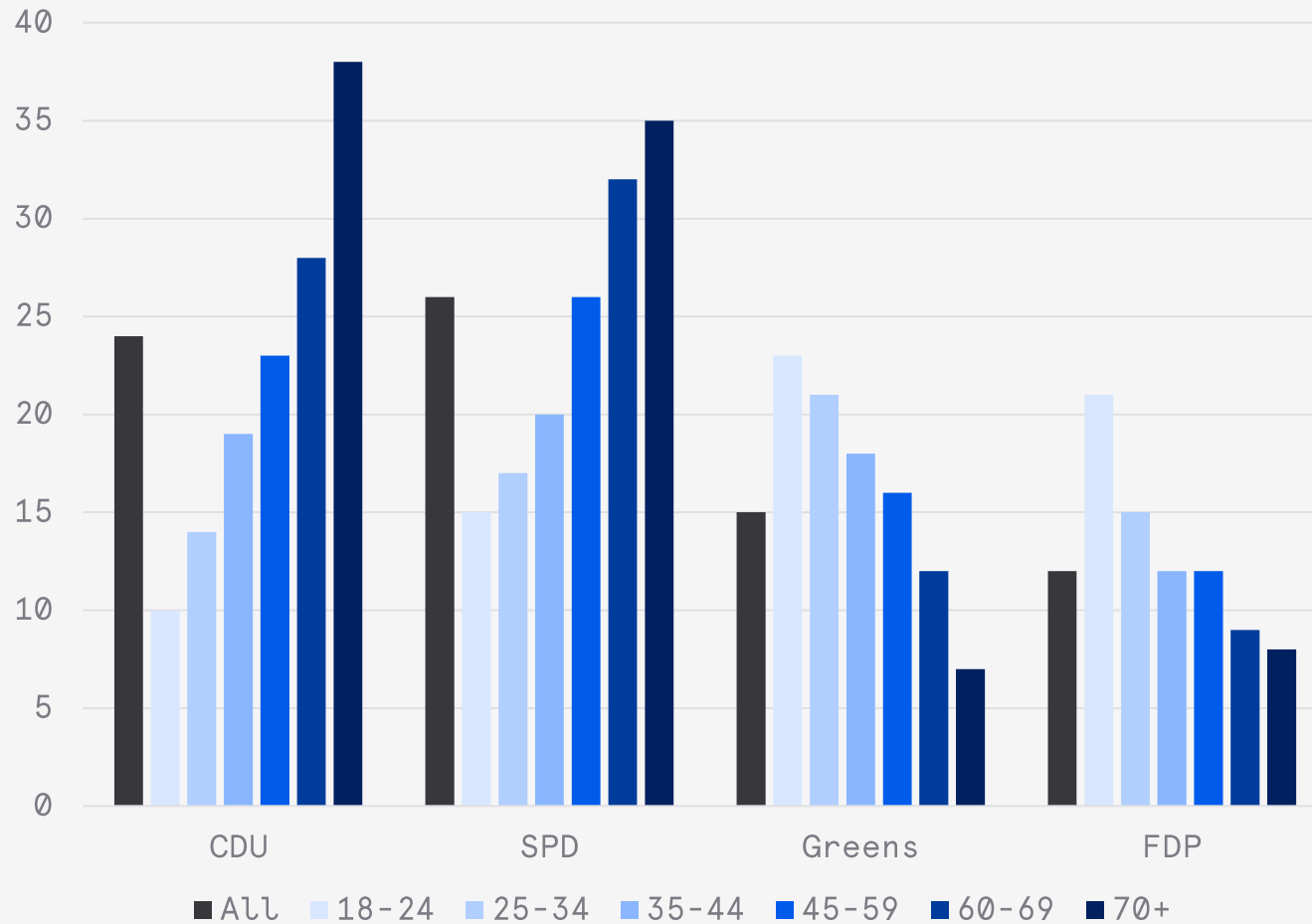
SPD regained former strongholds in northern Germany, East, and South-West

CDU-weakness enabled AfD to significantly extend direct seats in strongholds in Saxony, Thuringia, and Saxony-Anhalt

Greens for the first time win significant number of direct seats in urban centres

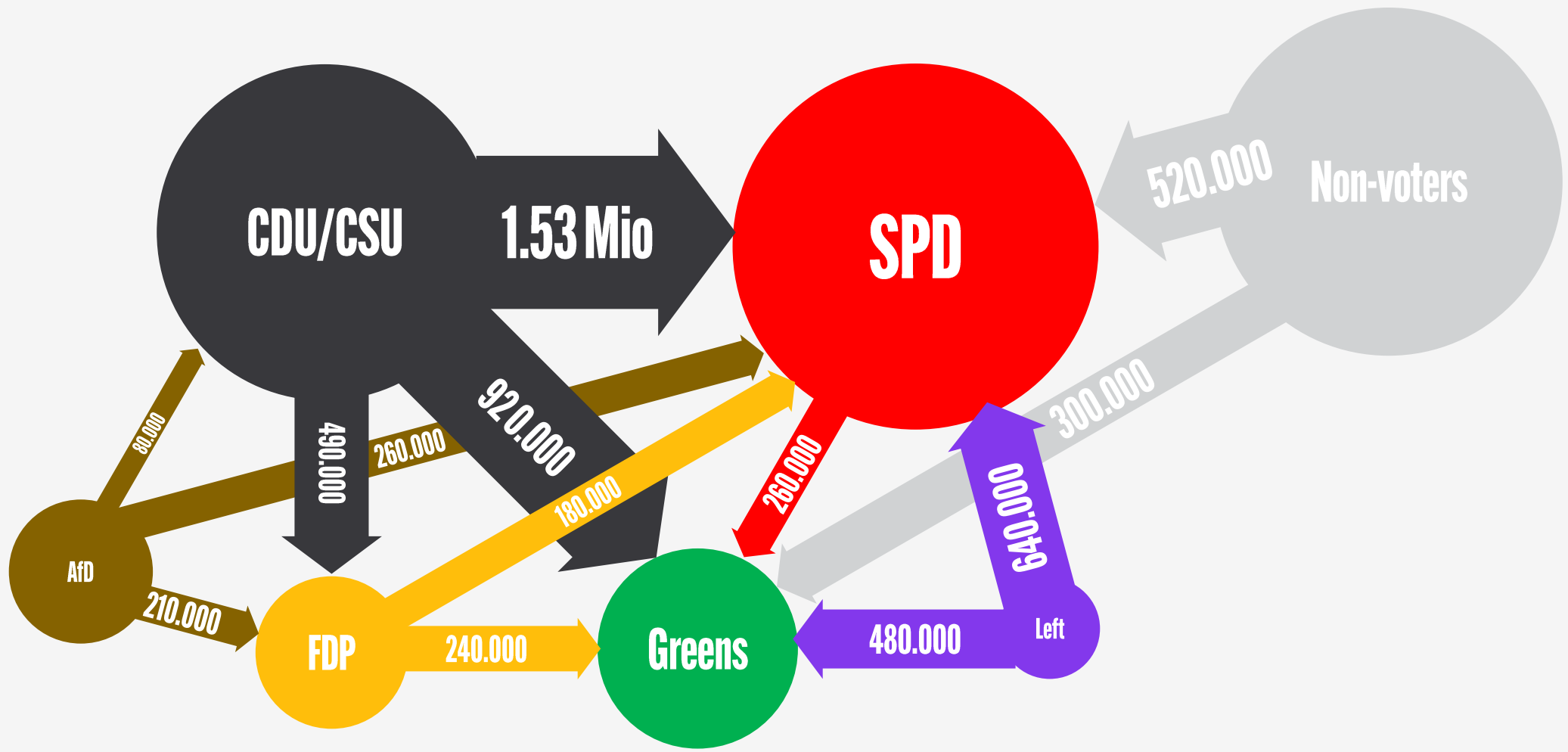
Left party rescued their continued presence in the Bundestag by winning 3 direct mandates (Berlin / Leipzig)

DISTRIBUTION BY AGE GROUP



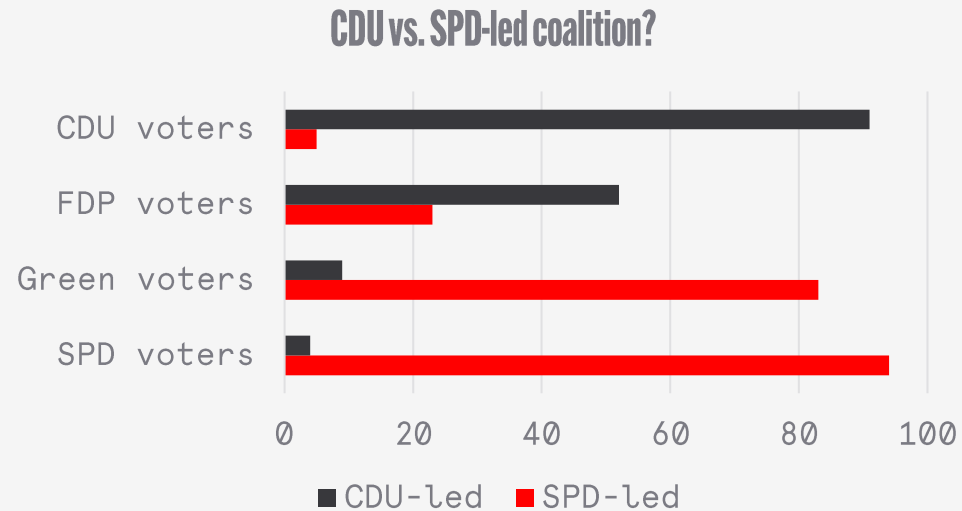
*Source: infratest dimap

WHERE THE VOTERS WENT

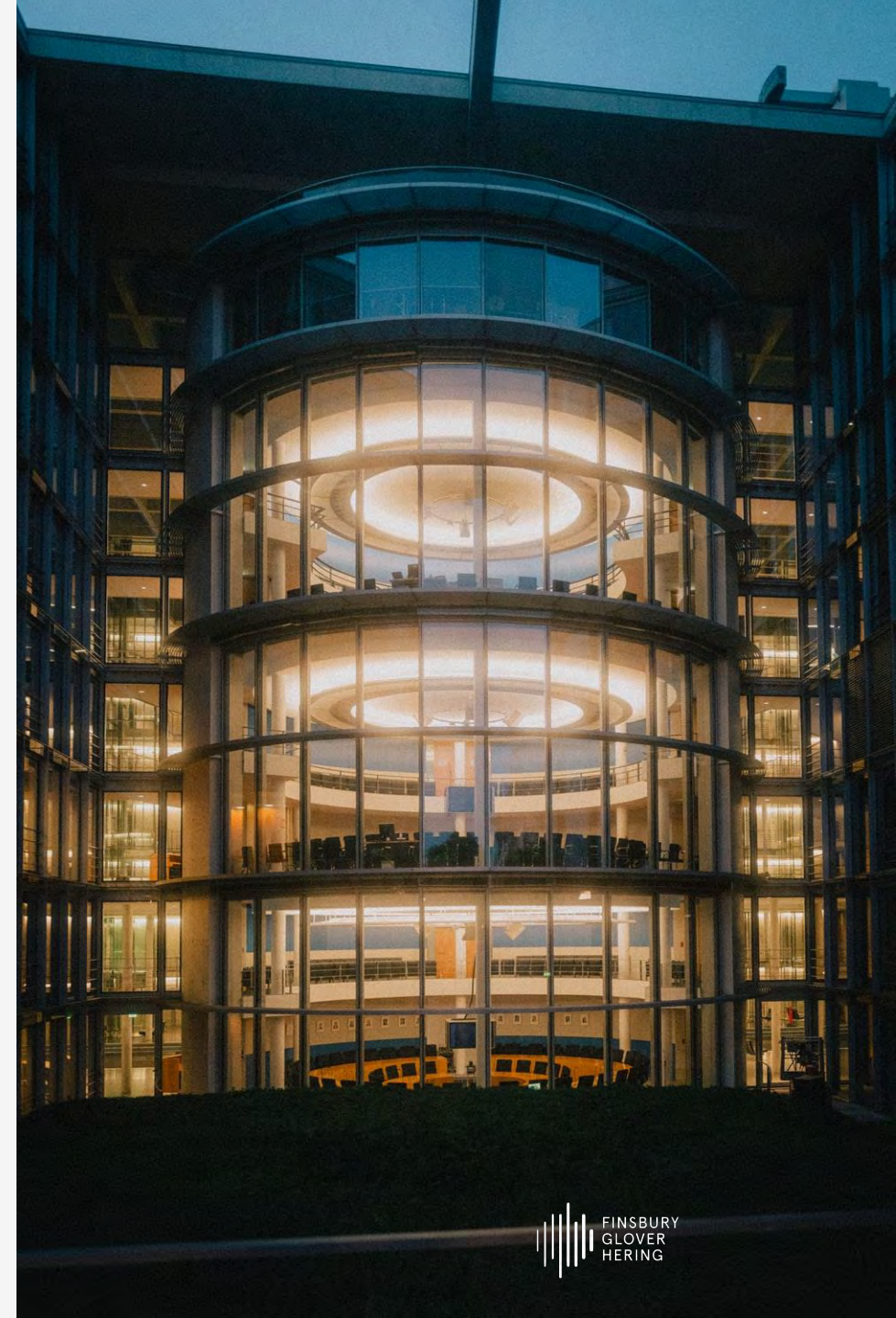


Data: Infratest dimap, based on exit polls.

COALITION SCENARIOS

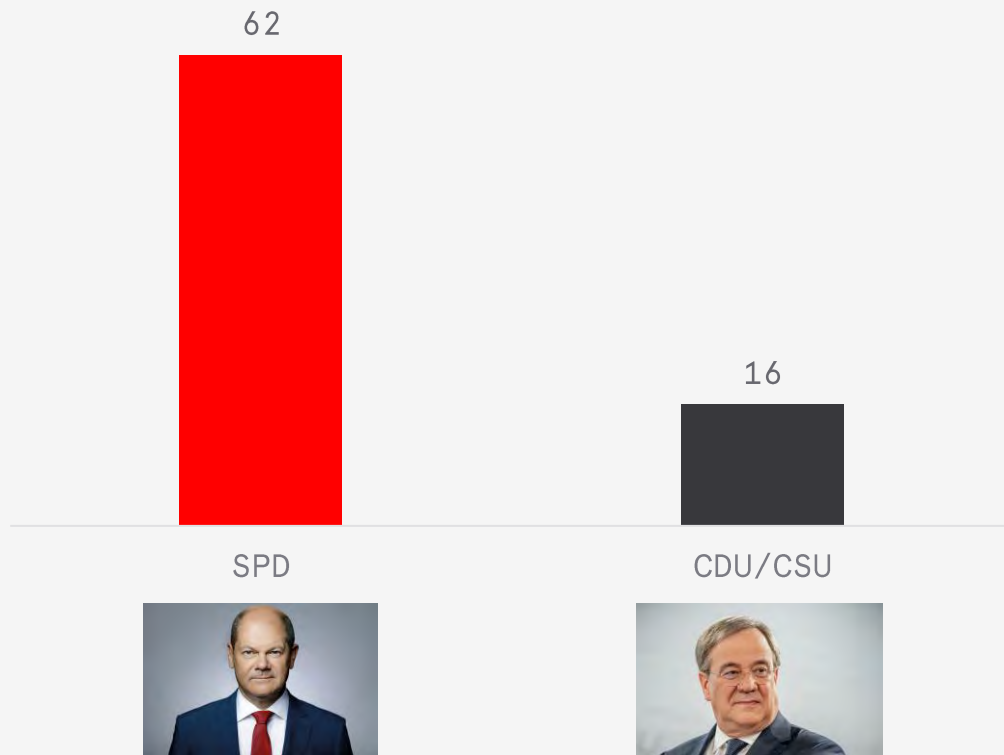


- | High probability of first ever three-party coalition
- | Green party and FDP in the driver seat (FDP prefers CDU/CSU, Greens the SPD)
- | Key negotiation topics: tax policy, climate policy instruments/ambition, mobility transformation, minimum wage



PUBLIC INDICATES STRONG PREFERENCE FOR SPD-LED GOVERNMENT

Who should lead the next government?



KEY POSITIONS ON ECONOMIC POLICY



Topics

- | Raising the income tax rate for top incomes above 150k / 250k for families from 45 to 48% + reintroduction of wealth tax (1%)
- | Strong commitment to pension security
- | Increase of minimum wage to 12 EUR
- | Supporting moves towards a permanent fiscal union with mutualized debt
- | Continued push for an EU financial transaction tax

- | No tax increases, no wealth tax
- | Lower corporate tax rate to 25% (mid-term goal)
- | Return to debt brake and balanced public finances
- | Climate neutrality by 2045 through reformed ETS
- | No accelerated phase-out of internal combustion engines
- | Create fast-track approvals for investments in digital and sustainable projects

- | 100% electricity from renewable energy by 2035
- | Increase minimum wage to 12 EUR (immediately)
- | Federal initiative to enable rental caps, make rent freezes permanent
- | Temporary change to tax depreciation rules for corporate investments (minimum 25%)
- | Phase-out of internal combustion engines by 2030 (for registration of new vehicles)
- | Introduction of opt-out stock-based pension scheme replacing the current private incentive system

- | No tax increases, introduction of super-depreciation for capital investments
- | No permanent fiscal union/debt mutualization
- | Pension reform, introduction of a Sweden-style stock-based fund complementing the pay-as-you-go system
- | Focus on enabling digital policy – infrastructure to digitalization of public services
- | Divestment of public shareholding in Deutsche Bahn, DTAG, Commerzbank

Key personnel

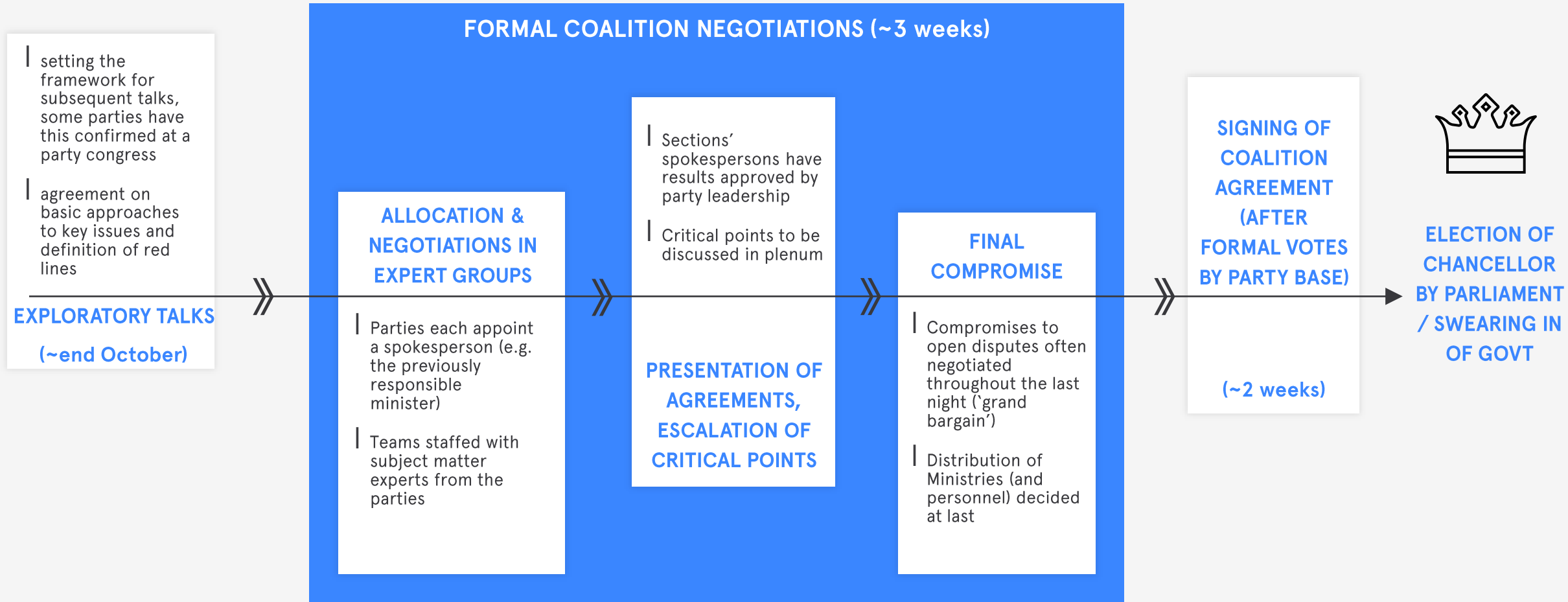
| Olaf Scholz, Saskia Esken, Lars Klingbeil, Hubertus Heil, Matthias Miersch, Wolfgang Schmidt, Manuela Schwesig, Rolf Mützenich, Carsten Schneider

| Armin Laschet, Markus Söder, Ralph Brinkhaus, Jens Spahn, Annegret Kramp-Karrenbauer, Alexander Dobrindt, Carsten Linnemann, Friedrich Merz, Nathaniel Liminski

| Annalena Baerbock, Robert Habeck, Konstantin von Notz, Cem Özdemir, Anton Hofreiter, Franziska Brandtner, Konstantin von Notz, Britta Hasselmann

| Christian Lindner, Volker Wissing, Johannes Vogel, Marie-Agnes Strack-Zimmermann, Marco Buschmann, Michael Theurer, Alexander Graf Lambsdorff

ROADMAP TO GOVERNMENT FORMATION



MERKEL'S LEGACY



Source: infratest dimap

The next German Chancellor will...

- | Oversee the biggest personnel turnover in a generation
- | Have to manage the power dynamics of three-party coalition
- | Rebalance public finances post-COVID while managing needed investment programs
- | Face a significant challenge to implement Germany's ambitious climate change targets (2030)
- | Kickstart preparations for Germany's G7 presidency in 2022
- | Navigate the US-EU-China relationship

BE IN TOUCH

