

GROWTH. EDUCATION. UNITY.

THE COALITION AGREEMENT BETWEEN THE CDU, CSU AND FDP.

A stylized graphic of the German flag (black, red, and gold) is positioned in the bottom right corner, appearing as if it is flowing or draped across the page. The colors are vibrant and layered, with some transparency effects. The background of the entire page is white, with a large, faint, light gray arrow pointing upwards and to the right, starting from the top right and extending towards the center.

**GROWTH.
EDUCATION.
UNITY.**

The coalition agreement between the CDU, CSU and FDP for the 17th legislative period.

PREAMBLE

I. PROSPERITY FOR ALL

Sustainable economy

1. Growth and recovery
 - 1.1 Motivation and tax relief
 - 1.2 The way out of the crisis
 - 1.3 Remove brakes on investment
2. Finances that provide fairness between generations
3. Employment opportunities for everyone
 - 3.1 Labour market
 - 3.2 Business responsibility, partnership within the company
 - 3.3 Older employees
4. Sustainable economy and climate protection
 - 4.1 Small and medium-sized companies
 - 4.2 Climate protection, energy and the environment
 - 4.3 New technologies; Germany – the country of industry
 - 4.4.1 Modern infrastructure
 - 4.4.2 Mobility
 - 4.5 Construction and housing
 - 4.6 Nutrition and consumer protection
 - 4.7 Agriculture and rural areas
5. Services
6. Fair rules for the global economy
German unity

II. GERMANY THE REPUBLIC OF EDUCATION

Good education and strong research

1. Education
 - 1.1 Local education alliances
 - 1.2 Language as the key to educational success
 - 1.3 Education funding
 - 1.4 Quality education and training
 - 1.5 Quality studies and universities
 - 1.6 Modern vocational training system
 - 1.7 Dual system
 - 1.8 Education for everyone
 - 1.9 Lifelong learning
2. Science and research

III. SOCIAL PROGRESS

Through cohesion and solidarity

1. Marriage, family and children
2. Young people
3. Senior citizens

4. Equal treatment
5. Integration and immigration
6. Community service
7. Social support and social security
 - 7.1 Unemployment insurance and the Federal Employment Agency
 - 7.2 Basic financial security
 - 7.3 Other social insurances
 - 7.4 Persons with disabilities
8. Pensions
9. Health and care
 - 9.1 Health
 - 9.2 Nursing care
10. Religion, history, culture and sport

IV. FREEDOM AND SECURITY

Civil rights and a strong state

1. National security and civil rights
2. Information and media landscape
3. Data protection
4. Legal policy
5. Modern government

SECURING PEACE

Through partnership and common responsibility in Europe and the world

1. Germany in Europe
2. Value-oriented and interest-led foreign policy
3. Germany's international responsibilities
4. International deployment and instruments within German security policy
5. Modern and efficient German Armed Forces (*Bundeswehr*)
6. Protecting human rights – promoting the rule of law
7. Cultural relations and education policy
8. Development co-operation

VI. OPERATING PROCEDURES WITHIN THE COALITION

1. Co-operation between the parties
2. Co-operation among the factions
3. Federal government
 - 3.1 Cabinet work
 - 3.2 Allocation of ministries

Preamble

Forward boldly into the future – For our country.

We are leaving the despondency of the past behind with a bold outlook for the future. We want to give our country a new direction. The freedom to exercise responsibility will serve as the compass of this centrist coalition. We will ensure Germany is amongst the world leaders in education, science and research in order to enable future generations to live in a country marked by prosperity, justice and security. We want to shape the future with this new way of thinking.

Voters have given the CDU, CSU and FDP the mandate to form a government during the worst financial and economic crisis since the establishment of the Federal Republic of Germany. We want to lead our country out of the crisis into a new start in the new decade. Germany has shown on more than one occasion that it has the strength to overcome great challenges. With a concerted effort we will lead our country into a better future. It is crucial to learn from previous mistakes and to avoid repeating them. We in Germany are reflecting on what makes us who we are and what makes us strong. Germany is a strong country. Its strength is derived from the hard work of its citizens, from a sense of responsibility within families of all constellations, from the work of volunteers, from the work of the Christian church and other religious communities, from the activities of businesspeople, from the commitment of working people and from co-operation among people of all generations. This is what binds our society together.

We are committed to a social market economy as a system for both our society and our economy. As a centrist coalition we wish to shape the future in a way that ensures Germany will once again be in the vanguard of nations characterised by strong economies and high levels of social responsibility. We envisage a performance-oriented society based on the principle of unity of interests in which each individual can exploit their full potential and assume responsibility in society. At the same time, we will seek to maintain and strengthen solidarity amongst all our citizens. Every individual in our society should have the opportunity

to attain economic success, experience social cohesion and enjoy freedom and security. That is why people are at the very centre of our policies.

We stand by every promise we made to voters in the run-up to the federal elections: raising taxes as a method of managing the crisis is not an option for us. We believe that work and service should be made worthwhile again. We desire sustainable growth in order to secure prosperity and social justice. Germany will only be able to maintain its leading global position in traditional industry and exceptional craftsmanship if we set global standards in innovation and research.

Ancestry should not decide an individual's destiny. We want a cohesive Germany – that is our primary social objective. Cohesion in our society is a necessary prerequisite for social and economic success.

We want a society where there is space for self-determination, for creativity and for new ways of communication with each other. We want a nation that provides freedom and security for its citizens, fulfils its sovereign duties, provides the necessary impetus and ensures that society is free and fair.

The centrist coalition acts on the basis of shared values. The basic tenets of our policies are: freedom with responsibility, commitment to excellence and solidarity, tolerance and fairness, a sense of national identity and openness to the world.

Prosperity for all

Sustainable growth provides jobs and social justice. That is why we are committed to a strategy that emphasises growth based on the social market economy. We will create the framework conditions in which working will be worthwhile for everyone and the forces of growth are unimpeded. That is why we aspire to lower taxes within a simpler and more just tax system. Small and medium-sized companies are the engine for growth and job creation in Germany and we are committed to catering to their specific needs.

- **We shall achieve sustainable growth to create jobs and prosperity.**

Fairness between the generations in financial policy is among the priorities of a sustainable economy. We will implement the debt brake that is now enshrined in the Basic Law. This will allow us to arrive gradually at a balanced federal budget. Over the next few years long-term thinking and actions will be necessary to achieve this. The international financial market and economic crisis has demonstrated the need for global regulations to create sustainable economies.

- **We shall implement fairness between the generations in financial policy.**

We will meet the challenges presented by climate change – both at home and abroad. We will be a source of inspiration and innovation. We will improve environmental protection with new technologies. We will create new growth with investment in cutting-edge technologies. Germany's industries and its citizens need safe, environmentally friendly, competitive and affordable energy. In order to provide this, our country needs an energy policy strategy that incorporates each of these targets.

- **We shall enter the age of renewable energy.**

Germany – the republic of education

Education is key to self realisation, social justice and prosperity. Education provides the basis for innovations and societal development. Education enables citizens to advance themselves and nurtures cohesion. That is why we want to transform Germany into the republic of education. We want to have one of the best education systems in the world. Education, training, science and research are our best resources in this globalised world. Our target is for each child to have equal opportunities. Advancement through education can be achieved with increased investment in education and close co-operation between federal and state governments. Education must not depend on background or income. Science and research mean progress and therefore prosperity for everyone in our country. We want to assume a key role in the key technologies of the 21st century. At the same time, education and training are important pillars of successful integration. We will continue to foster the cohabitation of

native Germans and immigrants and to treat the issue as an important task for the future of both groups.

- **We shall give priority to education and research.**

Social progress

We want a society in which citizens act responsibly and in solidarity with each other. In a liberal welfare state rights and responsibilities go hand in hand. We will equip the social security systems for the future. Those who depend on solidarity and assistance must be encouraged to contribute to the best of their ability. This will strengthen social cohesion. The family will remain the foundation of our society as a pillar of cohesion. Families make a great contribution to our country and we shall enhance their ability to make economic and social contributions. Live-in partnerships in which people have made a long-term commitment to each other also embrace values that are vital for our society. We shall safeguard intergenerational interaction as a highly valued asset in our society.

- **We shall promote a culture of service to others and call for solidarity for a humane society.**

Diversity is a great strength of Germany as a cultural nation. The commitment of volunteers is an expression of a vibrant civic culture. The involvement of citizens in volunteer work is fundamental for a free civil society. We shall work to improve opportunities for exploiting the potential in volunteer work.

- **We want to have a vibrant civic culture in Germany.**

Freedom and security

We want our citizens to enjoy freedom and security. We will combat crime effectively to provide better security. We will protect the freedoms of our citizens and strengthen their civil rights. We want to secure a balanced relationship between freedom and security. Our legal system will guarantee our citizens' freedom and security even in light of new challenges.

- **We are committed to the freedom of the individual and security for all.**

Peace and freedom

The world has become smaller. And we have realised that we all inhabit this one world. Climate change, issues of development in many regions of the world, international terrorism and the consequences of the international financial and economic crisis have all made it obvious that we can only effectively combat major challenges if we work together on a global basis.

Germany is committed to the notion of a united Europe and Germany's embeddedness in that construct. We honour our responsibilities in the world and are committed to international co-operation.

Democracy, human rights, the rule of law and a market economy system are the underpinnings of our actions for Germany in the world. We are committed to a foreign policy based on values and guided by our interests. We are committed to a foreign policy that contributes to peace and freedom in the world by pursuing disarmament. We will continue to work actively in shaping a common future together with our partners in the European Union. We will resolutely utilise the new momentum in transatlantic relations to push forward an active foreign policy. We are ready to meet the new international challenges and accept the new role Germany plays in Europe and the world. We will fulfil the duties associated with this role with responsibility.

- **We are committed to peace, freedom and security in the global community.**

The centrist coalition shall work in full appreciation of the challenges the next decade presents.

Our objectives are a sustainable economy to ensure prosperity, new opportunities for personal advancement through education and social coherence to strengthen Germany. The CDU, CSU and FDP have entered into a centrist coalition to meet these objectives.

I. Prosperity for all

Sustainable economy

1. Growth and recovery

Our economic policy is based on a social market economy that reaches far beyond economic objectives and is part and parcel of a free and open society. We will respect, protect and defend the economic order of the social market economy with all the resources at our disposal. The social market economic system not only brought immense prosperity to large swathes of the population, but laid the groundwork for unparalleled social peace in the Federal Republic of Germany. Economic governance creates the framework conditions in a social market economy. The highest objective of a social market economy is to ensure that citizens and businesses can develop their productive forces and to ensure their property is protected. The government must always strive to adjust and improve the regulatory framework to account for developments in the economy and society. We will pursue an economic policy that is based on consistency, solidity and reliability and that can act decisively with the proper combination of regulatory, tax and innovation policy, at international and European levels as well.

Currently the highest priority is to overcome the slump in economic growth as quickly as possible and establish a new, solid and dynamic upturn.

In the exceptional situation in which Germany and the international economy currently find themselves the citizen's confidence and the business community's willingness to invest must not be jeopardised by depriving them of their spending power, by higher labour costs or by cutbacks in public and private investment. That would be a mistake of historic proportions. The coalition will address this challenge with a strategy that promotes strength and reliability. This strategy is based on three key approaches:

- First, we will quickly and boldly rejuvenate employees' and employers' motivation and commitment to excel in our country by starting immediately to reduce taxes, remove bureaucratic obstacles and create more incentives to ensure it is worthwhile in all sectors to pursue regular employment that is subject to social security contributions. We will focus on the tomorrow's sources of growth. This pertains especially to education and research and new technologies, products and services. In these, more than in other sectors, the long-term future strength of Germany will be decided.
- Second, we will pursue a sustainable policy of cost efficiency, transparency of public finances and the reliable consolidation of public budgets.

We will not be able to undo the financial consequences of the economic downturn. We are, however, convinced that step by step we can eradicate the consequences with a combination of sustainable growth and astute cost efficiency and bring new strength to our country in the next few years.

- Third, in the difficult period in which the labour market, businesses and banks find themselves and have to cope with in the immediate aftermath of the financial and economic crisis we will safeguard jobs and provide businesses with assistance in financing their investments. The global economic crisis requires the government to temporarily assume a stronger role; however, the CDU, CSU and FDP agree: the duration of government involvement in businesses and financial institutions should be kept to an absolute minimum and we are already commencing our exit strategy.

1.1 Motivation and tax relief

More net pay

We want tax policies that motivate our citizens to work. We want tax policies which create framework conditions that will enable German businesses to maintain their strong position in a globalised world. For us, tax policy can be equated to growth policy because we are aware

that the work of our citizens and successful businesses are the bases of our public finances. Increased financial freedom is a prerequisite for increased consumption and investment. Our citizens are discouraged by the heavy burden of taxes and social contributions and the complexity and ambiguity of Germany's tax laws. That is why we want to make taxes "simple, low and fair". We aim to keep jointly financed non-wage labour costs (social insurance contributions) below 40 per cent of salary.

We will make it worthwhile to work by ensuring citizens receive more net pay. We will greatly simplify the tax system and taxation procedures; in short, we will make them more user-friendly.

Tax relief will provide a strong foundation for healthy public finances. Upholding strict debt limitations in accordance with the new debt regulations in our constitution constitutes another important task.

We will adhere to the reduction in wage and income tax that the lawmakers have passed. That will translate into an annual tax reduction of roughly EUR 14 billion commencing on 1 January 2010 as a result of the extended tax deductibility of health insurance contributions and the elimination of fiscal drag.

In addition, we want to implement tax relief in this legislative term directed at the lower and middle income levels as well as for families with children that will total EUR 24 billion (full annual effect).

On 1 January 2010 the tax allowance for children will be increased as a first step to EUR 7008 and child benefits will increase by EUR 20 per child.

We will reduce taxes particularly for lower and middle level income earners and, at the same time, level out the "middle class belly" by converting income tax rates to a progressive tax system. The number and size of levels in the graduated tax system will take this objective into account and should come into effect on 1 January 2011.

1.2 The way out of the crisis

Immediate action programme of measures to ease the crisis

In order to remove obstacles to growth quickly and effectively we will implement an immediate action programme starting on 1 January 2010. We will ease the loss and deduction of interest restrictions for both international company groups and small and medium-sized companies. To this end we will:

with regard to loss deduction restrictions (“acquisition of shell companies”)

- remove the time limit in the restructuring clause on transfer of losses in share transfers,
- permit once again the deduction of losses arising from restructuring within affiliated companies where required (“corporate group clause”),
- permit the transfer of losses in the same amount as hidden reserves;

with regard to the restrictions on the deduction of interest (“interest deduction limits”)

- introduce a higher tax exemption limit of EUR 3 million to provide relief predominantly for small and medium-sized companies,
- introduce the possibility of carrying forward the EBITDA retroactively from 2007 for a period of five years each time in order to stabilise interest deductions for companies during cyclical fluctuations,
- rework the escape clause and make it applicable for German company groups;

with regard to cross-border purchase of services

- immediately remove the negative effects of the revision of the rules on the transfer of functions on research and development in Germany;

with regard to trade tax additions

- reduce the rate from 65 per cent to 50 per cent on property rental (all remaining issues will be addressed by the “municipal finances” commission);

with regard to land transfer tax

- simplify company restructuring with a corporate group clause;

with regard to profits tax

- introduce the option of either an immediate depreciation of low-value fixed assets up to EUR 410 or a pool depreciation for all fixed-assets between EUR 150 and 1,000.

Simplification of the tax system

We will markedly simplify tax law to rid it of unnecessary bureaucracy. Everyone will benefit; taxpayers, the tax administration and tax consultants alike. In particular we will

- make tax return forms and instructions easier to understand and use;
- provide all citizens with opportunities to communicate with tax offices without paper documents;
- in this legislative term and upon request provide all citizens with pre-filled tax returns using the data the fiscal authorities possess,
- re-institute the deduction of private tax consultancy fees;
- produce a coherent and comprehensible plan for the fiscal consideration of expenses for families, children and household finances;
- revise tax deductibility for training expenses;
- simplify taxation for pensioners to eliminate the need for extensive cross-checking processes as well as separate declarations for pension benefits;

- simplify the deduction of costs for nursing homes with a lump sum calculation in place of the current itemised billing system;
- reduce bureaucracy and increase flexibility in tax incentives for private pension plans;
- remove discrimination in tax law that violates the principle of equality, in particular by implementing the rulings of the Federal Constitutional Court regarding the equal status of life partners and married partners;

- quickly bring pre-registered car rebates for employees up to realistic levels; in this context we will also review the appropriateness of the taxation of the payment in kind derived from the private use of company vehicles;
- avoid retroactive legislative measures that will burden our citizens;
- ensure that letters of the Federal Ministry of Finance are restricted to the interpretation of legislation and non-application decrees are restored;
- examine the possibility of allowing employees to submit tax declarations that cover two years;
- limit the obligation to pay fees for the provision of binding information to larger and more complex cases;
- review the account screening procedure;
- implement the notion of prompt audits to increase planning security for both companies and the financial administration. As a basic principle, audits must be concluded within five years of their commencement or be concluded at the time of a new audit;
- simplify the deduction of extraordinary expenses by standardising them and establishing fixed sums;
- enable electronic invoicing to keep bureaucracy to a minimum.

Inheritance tax reform

We shall reduce bureaucracy in inheritance tax regulation by placing more emphasis on the needs of families and companies and thus increase planning security. Within the framework of an immediate action programme we shall

- reduce taxation for siblings and siblings' children with a new tax rate of between 15 and 43 per cent
- and
- create company succession regulations to make them crisis-resistant. We seek to shorten the time in which a company must continue operations and to reduce the requisite payrolls.

We shall enter into dialogue with the federal states to examine the possibility of regionalising inheritance tax with respect to tax rates and tax exemptions.

Medium-term objectives of company taxation

Tax policy is an important facet of regional economic policy. This is why we seek to modernise company taxation and make it more competitive internationally. Fiscal neutrality should be maintained. Business decisions should primarily be based on economic aspects and not on tax issues, regardless of a company's legal form, organisation or financing. We seek to improve Germany's standing as a location for holding companies. Points that must be examined are:

- a restructuring of regulations pertaining to the offsetting of losses;
- cross-border taxation of corporate earnings;
- the introduction of a modern group taxation system in place of the current fiscal unity concept.

In addition, we want to look into the issues of double taxation on corporate earnings from the perspective of companies and their shareholders and from the perspective of simple taxation of earnings from low-risk, interest-related products.

We will ensure our companies can remain competitive internationally with our double taxation policies and thus, in principle, adhere to the exemption method on foreign income.

We shall continue our efforts to combat international tax evasion.

We shall establish a commission to prepare proposals for the re-organisation of municipal financing. This commission is to examine the possibility of replacing trade tax with a larger share of VAT and a municipal surcharge on income and corporate tax at a rate fixed by the municipality.

VAT

VAT must also be adjusted to reflect modern requirements. Converting to actual taxation on service provider and recipient could reduce tax evasion and improve payment practices. That is why we will examine in this legislative term, taking into account European guidelines, whether and to what extent the principle of actual taxation of turnover can be applied.

In addition, action must be taken with regard to reduced VAT rates. Disadvantages for any group must be closely scrutinised. To this end we shall establish a commission to investigate converting the VAT system and scrutinise the catalogue of reduced VAT rates.

In the process, the European competitive environment in certain industries must be taken into consideration. We thus seek to reduce the VAT rate to 7 per cent with effect from 1 January 2010 for accommodation services in hotels and the restaurant industry.

In view of the recent European Court of Justice ruling turnover taxation on postal services must be adjusted immediately to remove any unequal treatment in taxation. The ruling of the European Court of Justice stipulates that the provision of postal services shall remain exempt from VAT.

We are striving for equal competition between municipal and private service providers, in particular with regard to VAT, in order to safeguard jobs and facilitate investment. Public services should not be subject to taxes that exceed current regulations.

We must also consider taxation issues in our efforts to maintain the competitiveness of domestic biofuel production. This sector must be guaranteed planning security.

We seek tax incentives for research and development that will target research in small and medium-sized companies

The income tax relief items that have already been passed, the immediate action programme for families and adjustments to corporate tax reform and the inheritance tax will be worth a total of EUR 21 billion with effect from 1 January 2010. Together these items constitute a strong stimulus at the outset of the new legislative term that will help Germany to emerge from the crisis.

1.3 Remove brakes on investment

Reducing bureaucracy

A liberal state should not patronise its citizens and businesses, rather, it should respect their space to manage their own affairs. Regulations should only be made where they are needed for protecting the vulnerable members of society and to maintain important community assets and ensure this occurs within an orderly framework. Regulations are not an end in themselves and there should not be more of them than necessary. Essential regulations should be lean and reliable. Administrative procedures and legal proceedings should be expeditious.

Reduced bureaucracy and improved lawmaking are like a growth programme at no charge. As a result of the economic crisis we seek to tap into this potential now more than ever. All departments will therefore continue to reduce bureaucratic burdens of their accord and avoid creating new ones.

The costs arising from statutory reporting requirements placed on business have been measured. In order to curb the costs of bureaucracy even further, we shall

- examine statutory reporting requirements, including for citizens
- and
- examine the obligations to act imposed upon businesses, citizens and administration before legislation is proposed.

To this end we shall equip the regulatory control council (NKR) with more powers. We are currently examining how the current NKR mandate can be extended to include compliance with the methodological implementation of the stipulated requirements when adopting new regulations. We must increase the possibility of setting time limits on laws, ordinances and administrative regulations. The NKR will be explicitly asked to examine the possibilities of time limitations in each of its opinions. We specifically want to transfer the duties of carrying out a plausibility check on so-called miscellaneous bureaucracy costs to the NKR.

Prior to communication of the Federal Government's proposal for the renewed appointment of the NKR we shall examine the size and structure of this body in light of its enhanced mandate.

We fully back current commitments to reduce the costs borne by business as a result of federal reporting guidelines by a net amount of 25 per cent by 2011 (over 2006 levels).

To this end, the federal ministries must present binding implementation plans by 1 July 2010. The Federal Government will define another ambitious reduction target for the total measured compliance costs for the period after 2011.

As a first step, we will immediately point out existing opportunities that businesses, citizens and the administration have in the following sectors to reduce the total measured compliance costs by an average of 25 per cent net and we will undertake adjustments in the following sectors by 2011:

- planning law and building law in infrastructure projects;
- tax returns, tax and customs verification obligations;
- alignment and shortening of retention and investigation periods in accordance with commercial, tax and social law;
- company representatives;
- application for legal services, in particular for
- entrepreneurs and small enterprises as well as in threatened cases of bankruptcy;
- individuals who are in need of care, chronically ill or acutely ill;
- families and single parents;

- simplifying the electronic submission of business registration.

We are reviewing whether the obligations and the threshold levels in commercial, tax, labour and social law can be harmonised across all fields of law (e.g. standardisation of what constitutes income). The statements and remuneration slips employers are required to issue will be transferred to an electronic system by 2015.

We want to implement an “early warning system” within the Federal Government that incorporates an instrument of impact assessment for European regulations that is geared towards small and medium-sized companies.

We are committed to installing an independent council for the reduction of bureaucracy modelled on the NKR and urge the EU Commission to be forthcoming with additional simplification measures, particularly in the agricultural sector. The activities of the NKR and the envisaged independent council for the reduction of bureaucracy must be closely linked and co-ordinated. Moreover, we support the adoption of the simplification proposals made by the EU Commission that are in the Action Programme for Reducing Administrative Burdens. In the negotiations on the new regulation we will insist on a plausible estimate of the consequential costs and submit some of our own proposals for simplification. We shall implement EU directives in a competitively neutral way (“one to one”) so that companies in Germany are not put at any disadvantage.

We will review the German General Equal Treatment Act (AGG) to determine whether there is potential for reducing bureaucratic burdens.

We shall actively campaign against all forms of discrimination. However, we are opposed to the European Commission’s unsuitable draft of the 5th anti-discrimination directive.

Approvals process

We are examining what sorts of initiatives are possible to shorten and accelerate approvals processes that are regulated by federal law. Approvals processes shall, where possible, be reduced as regards content, and procedures and competencies shall be concentrated. Notification procedures shall be given greater importance. In particular, we are in consultation with the federal states to streamline approvals processes in building law. In addition, we will examine the scope and breadth of the power of judicial review and – where possible – return it to the essential legal dimensions. We support the establishment of model regions for piloting bureaucracy reduction.

Public procurement law

The German business community needs an efficient, transparent and non-bureaucratic public procurement system that is optimised for the SME sector. Current public procurement practices must be reformed and streamlined in order to make access to procurement markets easier and to strengthen open and fair competition for public contracts. The objective is to simplify and make more transparent the procedure and determination of procurement rules. We will improve transparency in the sub-threshold area. Experiences from increasing threshold values in contracting rules for award of public works contracts (VOB) and contracting terms for award of service performance contracts (VOL) are being evaluated. The results will be considered in the reform of the public procurement law. Effective legal protection for sub-threshold contracts must be a part of public procurement law reform. A draft law for a reformed public procurement law will be presented by the end of 2010.

The Act on the Protection of Construction Claims will be immediately examined in detail to determine whether it is achieving its objectives.

Public sector payment practices must be improved significantly. The newly-introduced practice of giving consideration to extraneous aspects of procurement will be examined to determine whether it has been effective and corrected if necessary.

Business financing

We will improve the conditions for business financing. Germany's small and medium-sized companies must not be caught in a credit squeeze. To this end, we shall evaluate the credit and guarantee programmes and determine what adjustments are necessary to provide support for, in particular, our small and medium-sized companies. If necessary we will review the structure and time frame of the *Deutschlandfonds* (fund for crisis stricken companies in Germany). A credit mediator – in co-ordination with similar facilities at federal state levels – will pool the grievances of the companies seeking outside capital and will attempt to find constructive solutions together with the banking industry. We are currently examining the possibility of providing liquidity assistance to small companies that is available quickly and without red tape.

Amendment of the Act Against Restraints of Competition (GWB)

An unbundling instrument is being incorporated into the Act Against Restraints of Competition as an ultima ratio. In addition, some elements of European merger control are being adopted. The cartel office will continue to monitor trends towards concentration and buyer power. The cartel office will contribute to the competition impact assessment in the legislative procedure. We are committed to an independent European cartel office in order to safeguard free and fair markets.

Reform of insolvency law

The insolvency laws must be adjusted to reflect new challenges. We will create a range of instruments that will enable the banking supervision authority to systemically restructure important financial institutions within the framework of a structured procedure at an early stage. We want to make the restructuring and continued operation of eligible companies easier so that jobs can be protected. This will entail improving the legal framework conditions for out-of-court restructuring procedures for companies prior to a potential insolvency.

The insolvency plan procedure should be simplified and focus in accordance with a restructuring law even more closely on the early restructuring of companies. Credit institutions should be able to intervene early with reorganisation procedures. This should help to avoid expropriations and strengthen the principle of liability. The equal treatment of all creditors in insolvency regulations was a major achievement. The preferential treatment of social funds in insolvency procedures which took place in the last legislative period against the will of all legal representatives of all factions is not consistent with that. We will end these privileges.

We will examine whether there is need for more regulation. This also applies to the definition of debt, the selection of administrators and consumer insolvency procedures. The principle of receiving a second chance must still apply here. Constitutional standards must be preserved.

Public sector participation

We want to subject the participation of the public sector to a general examination as part of the exit strategy. To that end we will appoint an expert council that will draft a flexible schedule that reflects developments on international capital markets.

Modern regulation

The regulation of the networks should not only consider low user fees, but must also give consideration to elements of quality in order to elicit rapid and long-term investment.

2. Finances that provide fairness between generations

Budget

We are proponents of solid budgetary and fiscal policies. The foundation for our society's future can only be secured by putting a stop to state indebtedness. Securing the sustainability of public finances presents a central challenge in the next legislative term in light of our demographics. Fairness between generations demands this. Only a thorough

consolidation policy will provide the government with any leeway to shape the future and relieve citizens from the burden of debt.

The economic and financial crisis and the measures used to combat it have had a profound impact on public budgets. We must embark on a strict consolidation course as we tackle the crisis. This is the only way we can increase confidence among investors and consumers in the continuity of future tax, financial and budget policies and thereby lay the foundation for greater long-term growth and job creation.

We are confident the policies we have agreed upon in the coalition agreement will bring about a marked increase in economic growth. Above all, we expect improvements in the labour market. 100,000 fewer unemployed lessens the burden placed on the budget and social funds by roughly EUR 2 billion.

This will make the necessary structural changes at the Federal Employment Agency easier. Budget consolidation also provides the foundation for safeguarding our welfare state. A heavily indebted state will always lack funding for the weaker members of society. Budget consolidation will generate a social dividend as the interest burden is restricted and opportunities open up.

We will join forces with federal states and municipalities to combat tax misspending.

The new debt rules in the Basic Law take into account economic reason and responsibility for subsequent generations. At the same time, we expressly declare our commitment to responsibility in the EU's Stability and Growth Pact.

The following "golden rules" must be observed:

- All functions the state has taken over will be scrutinised to determine whether they are necessary.

Every expenditure area must contribute to fulfilling the requirements of the new debt rules.

- The impact of all new items and burdens on revenues and expenditures must be disclosed in full.

As a rule, immediate, full and long-term counterfinancing must be secured in the individual budgets of the federal budget for measures that need to be financed outside of the agreed financial framework.

- Growth of expenditure must not exceed growth in the (real) gross domestic product.
- All measures stated in the coalition agreement are subject to financial authorisation.
- Political objectives must reflect quality requirements to a greater extent than has previously been the case and no longer simply emphasise quantity.
- All revenue is principally placed at the disposal of the overall budget.
- Further development in the branches of social security must also consider the requirements of the federal debt rules.
- We will respect a balanced distribution of burdens among the various levels of the public budget.
- In future the federal cabinet will be obliged to provide important parameters of the budget in advance which will become the basis for internal government draft procedures in the individual plans. The parliamentary part of the budget preparation procedure remains unaffected by this.

The CDU, CSU and FDP wish to use tax revenues to compensate for the revenue shortfalls in unemployment and health insurance resulting from the economic crisis. Employee and employer contributions as well as non-wage labour costs should be kept stable to help overcome the crisis. In this way we are erecting a shield to protect employees during the crisis. It is primarily an issue of converting the loan earmarked for the federal labour office into a subsidy. Of course payment of the subsidy must be tied to very strict criteria. While preparing the 2010 federal budget the coalition will examine ways of making this possible, particularly by means of a special fund set up for this purpose.

In addition, it is necessary to conduct appropriate economic feasibility studies for all measures that affect finances in order to ease the burden on the budget. State functions or economic activities that serve public needs must be rigorously examined to determine

whether they are economically viable and if deemed profitable shall be implemented with private service providers. We want to structure this process as optimally as possible and generally review the public sector's involvement in these functions.

The global economic crisis has made it necessary for the state to temporarily assume a stronger role. The period of state involvement in commercial enterprise and financial institutions is to be kept to an absolute minimum and we will already begin developing an exit strategy.

Demographic change, financial framework conditions and the necessity of ensuring the state maintains its ability to act require that we utilise the full efficiency potential within the federal administration. We strive towards a sweeping modernisation of the federal administration including the ministries and their subordinated administrative bodies. We shall carry this out on the basis of a thorough critical review of our functions, consistent standardisation of processes, comprehensive and binding application, the continued creation of competence and service centres as well as the further reduction of bureaucracy.

The public sector will receive the majority of the additional profits generated by the extension of nuclear power plant usage. With these revenues we shall advance the sustainable supply and utilisation of energy for the future, e.g. research into storage technologies for renewables and enhanced energy efficiency. Independent of this, we seek suitable involvement of the operators in covering the reconstruction costs of the Asse II mine.

All revenues derived from the trade of CO₂ emission certificates will flow into the overall budget.

In using the revenues all reduced tax revenues resulting from the deduction of operating costs at all levels and the ongoing climate protection measures that are financed with CO₂ revenues are to be brought into account. Starting in 2013 the compensation payments for indirect price effects resulting from emission trading that have been announced as well as the

measures in prospect for constructing efficient fossil-fuel plants are to be taken into consideration.

In considering the federal budgetary requirements the German Finance Agency should enter into as little competition as possible with credit institutions.

3. Employment opportunities for everyone

3.1 Labour market

Free collective bargaining/statutory minimum wage

The CDU, CSU and FDP are committed to free collective bargaining. It is a valuable asset, an indispensable part of the regulatory framework of a social market economy and takes precedence over state wage setting. We reject the notion of a uniform, statutory minimum wage. That is why we want to strengthen the Wage Arbitration Committee so that employers and employees are both committed to the wage bargaining process. Collective labour agreements stipulated by way of regulation will be settled by mutual agreement in the cabinet. The basic prerequisite is a majority within the Wage Arbitration Committee.

Current statutory regulations pertaining to the minimum wage will be evaluated by October 2011. Our main concern is to determine whether they jeopardise jobs or impede the creation of new jobs. At the same time we will examine whether the regulations provide the requisite protection for employees and ensure individual sectors can remain competitive. The results of this evaluation will serve as a basis for deciding whether the minimum wage regulations in force now should remain in place or be revoked. We must wait for the pending federal court proceedings in connection with the minimum wage for postal workers.

The ruling on the ban of immoral wages must be enshrined in law to prevent wage dumping. By doing this we will also have an effective way of combating social distortion in certain sectors.

Access to labour markets

In order to efficiently stem the predicted shortage of qualified workers and to better combat the abuse of social benefits access to the labour market for non-Germans must be better regulated.

Review of the functions of the Federal Employment Agency

We need a more efficient labour administration in order to place job seekers in employment with mandatory social security contributions with even greater success. The functions and structures of the Federal Employment Agency must undergo a review in order to achieve the highest level of efficient service for our citizens. As a basic principle, financial resources and personnel must be allocated to their specific function.

Illegal employment

Illegal employment is not a trivial offence. Illegal employment deprives social security systems of revenue. It causes unfair competition, in particular to the detriment of small business and the employees in small and medium-sized companies. That is why we shall step up efforts to combat illegal employment with effective controls and improved incentives for taking on employees in jobs with mandatory social security contributions.

Fixed-term employment

The general pre-employment ban for fixed-term contracts without material reason makes it much more difficult for individuals who have worked for an employer on a fixed-term contract while they were in school, training or studying to find permanent employment. We will restructure the options for fixed-term contracts in such a way that a fixed-term contract without material reason will be allowed after an interval of one year where there was a previous contract with the same employer. This new regulation will increase job opportunities

for employees, reduce bureaucratic expenditure for employers and deter the practice of repeat fixed-term employment.

Mini-Jobs

We also want to improve labour incentives for low-paid employment. Our objective is to improve the bridge-building function from mini and midi jobs to full employment with mandatory social security contributions.

We are reviewing the possibility of making an upward adjustment in the threshold for mini jobs that do not require social security contributions. Additional income allowances should also be adjusted to provide labour incentives.

Skilled workers

We want to make Germany more attractive for highly qualified workers and channel immigration to Germany. Bureaucratic obstacles must be removed for qualified employees. Access to the German labour market for foreign highly-qualified and specialist workers must be systematically aligned with the needs of the German labour market using coherent, clear, transparent and weighted criteria such as demand, qualifications and integration capacity. In addition, we will review regulations governing self-employment, and the employment of students with a German university degree, artists and athletes and seasonal workers to determine if there are opportunities for simplification. Regulations will also be simplified for employing seasonal workers in specialised crop operations.

3.2 Business responsibility, partnership within the company

We are committed to a culture of fairness and responsibility in business. Entrepreneurs, management boards and supervisory boards all carry responsibility in a society that provides them with opportunities to develop and guarantees the protection of property. Free

enterprise provides opportunities to make profits but there is also risk liability for wrong decisions or unforeseen developments.

This applies equally to business owners as well as to management and supervisory boards. That is why recent amendments to laws pertaining to liability and remuneration must be further developed. False incentives for businesses, in particular for financial institutions, must be removed. Remuneration systems must be geared more towards the long-term success of a business. Remuneration structures for financial institutions that include salary deductions (penalty regulations) for poor business performance are among the most important instruments we have for the preservation and strengthening of stability in financial markets.

We will expand opportunities for employee equity participation where there is mutual agreement by both parties. Employees should enjoy tax privileges when converting salary into shares in their company. Shared responsibility in the business should be a part of employee equity participation.

In support of the professionalisation of supervisory board work we will equip the shareholders with more say in the management board's remuneration at the annual general meeting. We want a minimum waiting period of two years for former chairmen before they are allowed to be the supervisory board chairman in the same listed company, but particularities in family businesses must be given consideration in this regard.

We will enter into talks regarding the size of supervisory boards in keeping with spirit of the Corporate Governance Codex. In addition, a code of ethics must be developed for supervisory boards, boards of directors and works councils (e.g., including the right of the works meeting to disclosure of expenses paid to members of the works council).

3.3 Older employees

We specifically want to enhance the participation of older people and women in the workforce and encourage more education and training efforts. We will eliminate state incentives that effectively encourage early retirement and we will not extend the state

sponsored Act to promote a Gradual Transition of Older Workers into Retirement (ATG) past 31 December 2009.

A pension should not be likened to a handout. People who have worked hard all their lives are entitled to a good pension. In order to ensure that this is possible in the future we have to consider demographic change and therefore want to improve the conditions for older people to remain employed longer.

A large majority of citizens remain both physically and mentally healthy to an advanced age. We want to support their willingness to be active and get involved. We want to exploit the knowledge, skills and creativity of older people for the benefit of our society. We thus reject every form of age discrimination and will investigate whether it is possible to abolish age restrictions on employment.

4. Sustainable economy and climate protection

4.1 Small and medium-sized companies

Small and medium-sized companies are the backbone of our social market economy. More than four million self-employed and employees working for small and medium-sized companies in industry, craft enterprises, commerce, services and the liberal professions are an engine for growth, employment and education in Germany. Working with their employees they create value and with their creativity and innovation ensure that Germany's economy remains competitive

Family-run businesses stand for sustainable thinking, social cohesion and solid business practices. We must build upon these strengths. We want to improve the framework conditions for small and medium-sized companies, craft enterprises and the liberal professions, make self-employment more attractive and encourage a dynamic start-up culture. Craft enterprises ensure high quality standards, good training and successful business start-ups. A master craftsman's diploma is certificate of high quality. We want to

strengthen the liberal professions and craft enterprises and ensure their importance is better recognised and protected at the European level.

We are actively pursuing a reworking of accounting standards that will benefit small and medium-sized companies.

In co-ordination with the federal states programmes we are exploring the introduction of innovation vouchers.

KfW - a bank for small and medium-sized companies

Development banks are a fundamental component of every free economic system. We will strengthen the KfW development bank in its core function as a bank for small and medium-sized companies. We believe it is essential the KfW does not operate in direct competition with private, co-operative banks or with savings banks (Sparkassen). KfW programmes must be subject to continuous evaluation. Processing times will be shortened. We will ensure the KfW complies as necessary with the regulations in the German Banking Act (KWG). We want to significantly streamline the administrative and supervisory structures of the KfW. This will require corresponding amendment of the KWG.

Germany – the land of entrepreneurs

More innovation should come from Germany and the country should shape lead markets. We will work with the business community to enhance funding programmes for start-ups, start-up funds and company successions, create better framework conditions for venture capital and campaign for a self-employed business model. We want to free young, innovative companies from bureaucratic burdens so that starting a company is easier and we want to promote business start-ups intensively. Germany must become the land of entrepreneurs once again. To this end, we will initiate an entrepreneur campaign in Germany which will also address the issue of company succession.

We will ensure that small and medium-sized companies continue to have a sufficient supply of equity-like mezzanine capital.

We will use the insights from the first high-tech entrepreneur fund to establish a high-tech entrepreneur Fund II as a private public partnership. In addition, we want to mobilise badly-needed private capital for German venture capital funds by offering institutional investors a pro-rata guarantee on risk coverage for their fund deposits. We will improve the environment for business angel activities in Germany.

We want to expand the supply of micro-credit, in particular for new businesses and owners of small businesses.

We want to provide entrepreneurs with a second chance if their first attempt failed. The period for bankruptcy discharge will be reduced to three years.

Protection against attachment in respect of private pension insurance in case of insolvency will greatly reduce the risk of old age poverty for the self-employed. This is why we will regularly adjust the attachment-exempt threshold in respect of private pension insurance for the self-employed.

4.2 Climate protection, energy and the environment

Climate protection

Our policy is shaped by the principle of sustainability. We want to preserve good living conditions for coming generations. Climate protection is the pre-eminent environmental challenge the world faces today. Climate protection provides for long-term and sustainable economic and ecological development. At the same time, we consider climate protection to be a driving force for competition in new technologies.

We have a declared target of limiting global warming to a maximum of two degrees centigrade and maintaining Germany's pioneering role in climate protection. It has been agreed internationally that by 2050 industrialised nations are to reduce greenhouse gas emissions by at least 80 per cent. We will determine a specific development path for Germany and confirm our objective of reducing greenhouse gas emissions by 40 per cent over 1990 levels by 2020.

We will scrutinise the efficacy of all measures in the 2010 integrated energy and climate programme and made adjustments if necessary. We will continue to develop Germany's adaption strategies up to 2011.

We are committed to an ambitious global climate protection agreement in Copenhagen. This should start a new chapter in international climate protection after the Kyoto protocol. We urge newly industrialised countries to make their contribution with verifiable commitments. We will increase our assistance to developing countries for combating climate change and coping with its consequences. We will push for fair burden sharing that will contribute to creating a level playing field and prevent production from re-locating to countries without climate protection regulations. We are prepared to engage in the reasonable financing of projects in the areas of technology transfer, forest conservation and adaption.

Where possible, we want to utilise market-based instruments such as the Clean Development Mechanism (CDM). At the European level we will oppose the introduction of climate duties and CO₂ levies.

Emissions trading is the most prominent climate protection instrument. It should expand in the future into a global carbon market. We will take initiatives to tie in regional trade systems and gradually integrate other areas such as air and maritime transport into the international trading system. We want to review the high cap on CDM activities at the European level and increase the ecological integrity of the CDM.

We are committed to ensuring that energy-intensive industries that would face disadvantages in international competition remain exempt from the auction of emission rights.

Pursuant to Germany's commitments in the European Council, from 2013 50 per cent of the revenues raised from the auctioning of the emissions certificates should be primarily used for international climate protection projects and to support domestic projects. The latter should be earmarked for activities involving adaptation to climate change.

Energy mix

We want an energy policy that is free from ideology, open to technology and market oriented. The policy covers all forms of usage (electricity, heating, mobility). Improved co-ordination of energy and climate policy instruments should prevent industrial energy consumers from bearing a double burden. Within the next year we will present a new energy concept with specific scenarios that will formulate guidelines for a clean, reliable and affordable energy supply.

We will continuously expand the role of renewable energy and also increase energy efficiency. Renewable energies should make up the main part of our energy supply – that is our objective. Along the way, conventional energy sources will gradually be replaced by alternative energies in a dynamic energy mix.

Renewable forms of energy

We want to enter the age of regenerative energy and be technology leaders in renewable energies. The opportunities for innovation, growth and employment in the conversion of our energy system are immense.

To this end we will continue to finance the expansion of renewable energies in keeping with current targets, uphold the Renewable Energies Act (EEG) and retain the unlimited feed-in

priority. Funding will be made more economical and the feed-in more efficient. Our objective is to make renewable energies marketable and capable of being stored as soon as possible. We must be careful not to under or overfund.

This will provide us with planning security for existing plants. As an immediate measure we will revoke the reduction in EEG compensation for modular plants that were operational prior to 1 January 2009.

We will present an EEG amendment with effect from 1 January 2012 which will preserve the competitiveness of the individual technologies covered. In the conversion of biomass into electricity we want to give more weight to organic waste materials over renewable primary products, create improved conditions for ecologically sustainable hydropower utilisation as well as for the repowering of wind power stations and establish planning security for offshore wind power. A consistency bonus should be introduced for virtual power plants that provide a steady supply of energy using renewable energy. We will present an EEG progress report every three years.

We are committed to solar energy as an important future technology in Germany. We will organise a conference where we can enter into a dialogue with the solar industry and consumer organisations to determine which adjustments we can make in the short term to avoid the over-funding of photovoltaics. We will also explore ways the funding of plants on greenfield sites can be geared more towards the use of sealed or contaminated areas. We will improve the conditions related to the feed-in of biogas in the Renewable Energies Heat Act. We will continue the market incentive programme.

Connecting offshore windfarms to the energy grid must be conducted quickly, effectively and on schedule. We will work intensively on a strategy for a power union with North Africa for solar and wind energy and actively promote the construction of the IRENA technology and innovation centre in Bonn.

We want to bring forward initiatives for an internationally valid sustainability certificate for biomass that would cover fuel and electricity production as well as its use for both foodstuff

and feedstuff. Audits for cross compliance regulations should be fully recognised in relation to plants in the EU.

We want to reinvigorate the market for pure biofuels and to this end will present a draft law with effect from 1 January 2010. The scope of the tax advantage shall be laid out no later than 2013 and be based on specific CO₂ reduction potential. If clearly labelled, we will allow the voluntary import of E 10 fuel.

Energy efficiency

Global energy consumption will increase dramatically in the coming years. That is why we want framework conditions that are market oriented and open to technology, that are characterised more by incentive and consumer information and less by obligation and, finally, that exploit the enormous potential in the field of energy efficiency. Of particular interest are a one-to-one implementation of the Energy Services Directive, improving consumer's knowledge of energy use with items like the non-bureaucratic labelling of energy consumption in relevant products as well as an energy initiative for small and medium-sized companies (investment incentives through changes in rental law and energy contracting, the extension of energy advice programmes, cost-neutral simplification of funding models in building refurbishment).

Building refurbishment and the use of renewable energies for heating

The renovation of existing buildings holds great potential for meeting Germany's climate protection targets and contributes to meeting the changed requirements for housing standards, some of which are related to the aging society. Increased energy efficiency in buildings and the increased use of renewable energy for heating has led to a reduction in CO₂ emissions. We will make the CO₂ building renovation programme more effective in order to increase the current rate of renovation. Barriers in rental law to renovations for improved energy efficiency will be lowered to the advantage of both the property owner and

the tenant. We will also expand the current options for the commercial supply of heating (energy contracting) in the rented residential property sector.

Construction that is carried out for this reason must be tolerated and will not be eligible for any reduction in rent.

In EU negotiations on the Directive on the energy performance of buildings we will be vigilant to ensure a balance is maintained.

Coal and CCS

We want to continue to make it possible to construct highly-efficient coal-fired power plants. We are committed to the agreed exit from subsidised coal mining and we will abide by the agreement on coal policy of 7 February 2007. We will promptly implement the EU directives regulating the capture, transport and storage of CO₂. We will campaign for acceptance and, among other things, commission the creation of a geothermal atlas in order to determine how CCS and geothermal energy match up. We will expand research programmes that investigate opportunities for using CO₂ in the economic cycle.

Nuclear energy

Nuclear energy is a bridging technology until the time when it can be reliably replaced by renewable energy. Without it we would not be able to meet our climate targets, enjoy tolerable energy prices and reduce our dependence on foreign energy sources. This is why we are prepared to extend the operating life of Germany's nuclear power plants on condition that strict German and international safety standards are met. The ban on new construction remains in force.

More specific provisions will be laid down in agreements with operators as quickly as possible with regard to operating life extensions (including the operating periods of the power plants, safety levels, size and timing of a tax benefit, the application of funds primarily for research

on renewable energies (in particular on storage technology). The agreements must provide all participants with planning security.

Nuclear waste storage

The responsible use of nuclear energy necessitates safe final storage for radioactive waste. This is why we will immediately lift the moratorium on exploration at the Gorleben salt dome in order that exploration can be continued in an open-minded fashion. We want an international peer review group to investigate whether Gorleben meets the latest international standards. The entire process will be conducted in a public and transparent fashion.

The nuclear waste disposal sites at Asse II and Morsleben must be closed in a quick and transparent process. Human and environmental safety are of the highest priority. Utility companies must bear some of the costs for closing Asse II.

With regard to nuclear waste disposal sites we are committed to providing fair compensation for the regions affected as they host disposal facilities that serve the national interest.

Energy infrastructure

The slowdown in investment for expanding the nation's energy grid must be resolved. To this end we will implement the third internal market package (electricity and gas) which will advance the development of a legal framework for a comprehensive modernisation of the energy networks into intelligent networks and will make the linking of the electricity network to information and communication technology part of the efficient network operation. We will undertake a further acceleration of the planning procedures for power line construction. We are committed to bringing together the German transmission networks into an independent and capital market eligible network operating company. We are also committed to enhancing cross-border transfer points.

Competition in energy markets

We want to further improve the competitive structures in the energy markets. To this end we will establish a market transparency unit and equip it with the powers it needs to have all the information at its disposal to be able to promptly ensure transparent pricing in the electricity wholesale sector. We will quickly remove barriers to competition in cross-border power trading with market-friendly congestion management and by earmarking congestion revenues. The gas market sectors should be reduced to two (one for H-gas and one for L-gas). We want to motivate competition in the gas market, redraft the Gas Network Access Ordinance and facilitate competitors' access to unused gas transport and storage capacities. We will promote competition in the energy balancing market and pursue a single market area that operates according to uniform rules.

The framework and domestic implementation of the EU's emissions trading system must be subjected to continuous scrutiny to determine whether it sufficiently takes into consideration the competitiveness of energy-intensive industries in Germany. The Federal Ministry of Economics and Technology is currently investigating what measures are necessary to preserve the competitiveness of the energy-intensive industries and the jobs associated with them. Results are expected before 2013.

Energy research, storage and mobility

Concentrated, sustainable energy research that is open to new technology is the key to future energy supply. We will develop a new energy research programme that focuses on energy efficiency research, storage technologies, intelligent network technology and second generation biofuels. We will develop an extensive mobility and fuel strategy that is open to technology and that takes all alternative technologies and energy sources into consideration. Furthermore, Germany should become a "lead market" in electric mobility.

Foreign policy on energy

Due to the country's dependence on energy and raw material imports Germany needs a foreign policy on energy. It must be conducive to German business and major infrastructure projects (e.g. Nordstream, Nabucco, LNG, DESERTEC). Energy sources, supplier countries and transport routes must be further diversified in order to avoid one-sided dependencies.

National sustainability strategy

We will further develop the national sustainability strategy within the established institutional framework. We will put the parliamentary advisory council on sustainable development in charge of parliamentary control of the sustainability strategy and commission it to conduct sustainability audits. The sustainability audit should include an official "generational balance sheet" that will make transparent the monetarisable activities and burdens of today's policy for coming generations.

Nature conservation

Co-operation with those affected on the ground is an indispensable precondition for a successful nature conservation policy. In conjunction with nature users we will promote environmental awareness. We will use volunteer programmes to further strengthen the partnership between agriculture and, nature and environment conservation entities and prioritise contract-based nature conservation schemes. We fully support the use of eco accounts. We will authorise the federal states to place compensation funds for environmental damage on a par with other compensatory measures.

For the implementation of our national biodiversity strategy we will develop a federal programme in close co-ordination with the federal states and municipalities, forest owners, land users and nature conservation associations. We will enhance the important role botanical gardens and collections play.

We advocate the linking of particularly valuable ecological areas in a network system. We aspire to have a European and global system of nature reserves that integrate more strongly regionally diverse cultivated landscapes. We are developing a “Federal Re-Linking Programme” as a basis for the construction of crossing facilities in the federal road transport network in major population corridors.

To preserve the “national natural heritage” we will continue the transfer of the remaining 25,000 hectares of valuable natural areas. We will secure the “German Green Belt” along the former inner-German border as a “natural monument” and will press for the development of a “European Green Belt”.

Free flowing rivers have a very high ecological value. The passability of rivers for migratory fish must be restored. Natural floodplains should be reinstated and river valleys restored wherever possible to enhance nature conservation and flood control. We are investigating whether the Federal Waterways and Shipping Authority can be used for this purpose.

We support project-based models to remunerate the prevention of deforestation in developing countries. We abide by our commitment of financial support for international forest protection. At the EU level we want to step up measures to combat the illegal logging of tropical timber.

The reutilisation of previously developed sites and the densification of the inner zone must take precedence over the use of undeveloped areas and the development of the exterior zone. That is why we seek to co-operate with municipalities to create instruments that will assist in planning internal development. We want to continue development of brownfield land registers, management plans, municipal zoning bye-laws and financial incentive instruments. We intent to initiate a voluntary pilot project that would allow municipalities to test a supraregional trade system for land use.

Marine protection

We will work at a European and UN level to create a global system of marine reserves. In the North and Baltic Seas we will work closely with the affected federal states to examine the establishment of marine reserves. We declare ourselves in favour of a comprehensive whaling ban, a significant bycatch reduction and a ban on destructive fishing practices. At the EU level we will advocate restrictions on bottom trawling and a ban on industrial fishing that concentrates on the production of fishmeal for feedstuffs.

Air pollution control and chemicals policy

In order to improve air quality we want to reduce harmful substances at the source – including in the sustainable use of biomass. The expeditious enactment of the first Federal Air Pollution Control Ordinance (1. BImSchV) is necessary in order to achieve this. We want to extend the funding of diesel particulate filters to light commercial vehicles. We will improve conditions for providing sea vessels with power from land.

We will improve noise protection. We want a uniform noise protection plan and adjustment and harmonisation of the basis of calculation for noise exposure values. Funding for noise remediation will remain at current levels.

We will change the Air Traffic Noise Act so that people living near military airports are entitled to the same compensation for noise abatement costs as those living near commercial airports.

In the review of the REACH chemicals regulation we will advocate a reduction of charges. We want to dismantle bureaucratic obstacles for approval of biocidal products. We want to accelerate domestic procedures in the chemicals policy without reducing standards.

Closed-loop economy

We want to further develop waste and resource management in the European context. We aim to achieve waste management that is ecologically and economically more efficient and that is consumer friendly. Waste prevention is a priority. Unavoidable waste must be utilised to the extent that this is economically and ecologically feasible. In this respect we are, for example, exploring the option of a recycling container. Biogenic waste should also be utilised in more sustainable ways. Regulations pertaining to waste must be laid out more clearly and technical standards simplified and made less ambiguous without expanding the obligation to make waste available to the public waste disposal authorities or placing restrictions on the commercial collection of waste.

We no longer want to frame ecological responsibility for products as belonging solely to producers. Clear product labelling, e.g., disposable or deposit bottle, will increase transparency and increase the consumers' ecological responsibility.

We will rework the packaging ordinance and move towards creating an overall recycling ordinance that will feature flexible and competitive solutions for resource conservation. We reject the suspension of the take-back obligation for manufacturers and distributors.

In principle we approve of tax equality for public and private waste management companies.

Water

We will continue to improve the quality of our water. To this end we will quickly implement the Water Framework Directive together with our neighbours to improve water quality, further reduce the input of pollutants and provide waterbodies with more space. Funding of agri-environmental measures ("second pillar") must focus more on reducing the input of nutrients and pesticides into water.

Decentralised energy supply in rural areas

We will support the cultivation and utilisation of renewable resources subject to the provisions of the Sustainability Directive without jeopardising food security. We will continue the current federal action programme “Tomorrow’s Energy – Opportunities for rural areas”.

4.3 New technologies; Germany – the country of industry

Prosperity and employment in Germany depends, to a much larger extent than in comparable countries, on prosperous and broad-based industry. We are therefore committed to strengthening Germany as a country of industry and embracing advanced technologies. We will ensure that companies manufacturing in Germany enjoy fair conditions within European and global competition (“level playing field”).

We will promote the aviation industry and its innovative technologies on a lasting basis to contribute to maintaining and enhancing Germany’s technological competitiveness. The long-term securing and continuous development of independent national capabilities is indispensable and also applies to the aviation industry – in particular as regards future unmanned aerospace systems.

Germany must have clear objectives in space aviation. To this end we will develop within one year an independent space aviation strategy that contains clear mission and technology objectives. We will press ahead with aeronautical research programmes.

We will improve the competitiveness of Germany’s maritime economy and continue the National Maritime Conferences. We will continue to develop the innovative fields of shipbuilding and marine technology. We support the development of sustainable maritime energy and raw material supply as a field that is of strategic importance for the future.

The coalition will work with the EU Commission to ensure European high technology centres compete globally on a level playing field. The EU Commission policy to prevent unfair

competition within the EU is correct, but it must not weaken Europe's ability to compete with other regions in the world. Global competition rules must be fair if we are to maintain and develop advanced technology such as microelectronics and nanoelectronics in Germany. The coalition will step up its efforts in promoting research and technology.

Future technologies

Modern technology does not pose a threat to Germany – it offers opportunities. With it, we will be able to combat humanity's biggest challenges: hunger, poverty, disease and natural disasters. Germany's technological leadership will allow us to participate in the great opportunities the future holds, create jobs and provide us with prosperity while conserving our resources. A bright future for German industry will depend on opportunities for research and development:

- We want to vigorously develop nanotechnology in Germany.
- We want to maintain and expand Germany's lead in environmental and climate protection technologies.
- In vehicle technology and electric mobility we want to focus more strongly on alternative propulsion systems in the interest of creating environmentally friendly transport concepts in future.
- Nuclear safety research will give German companies new export opportunities.
- Fusion research can provide a new and environmentally friendly source of energy.
- Modern microelectronics will permeate industrial applications in nearly all hard and software sectors.
- The development of new chemical products is a decisive preliminary stage for value creation in many other economic sectors.
- Industrial biotechnology paves the way for new processes in the food, paper and textile industries as well in the chemical and pharmaceutical industries.
- Long-term investment must be made in pharmaceutical research if we want to be able to produce products that meet global market standards in future.

4.4 Modern infrastructure

4.4.1 Mobility

Mobility is a key function within our society. It lays the groundwork for employment, prosperity and personal freedom. With a more efficient transport policy we will guarantee mobility both in the present and for the future. We seek to facilitate and not impede mobility. The transport policy legacy left behind by the red-green coalition is now finally a thing of the past. We are not only taking mobility needs into consideration, but are also including climate, environment, noise protection and traffic safety. Mobility in Germany must be affordable for its citizens. The functions of the state and private industry in the transport sector must be sensibly defined and classified. The private sector is responsible for passenger traffic, freight transport and logistics. The public sector must provide an efficient infrastructure that can cope with future challenges, ensure the rules of competition remain fair and provide companies with planning security. Bureaucracy should be avoided when and where possible.

Efficient transport infrastructure

Efficient and optimally integrated transport systems are a prerequisite for growth and competitiveness in our economy.

The coalition recognises the necessity to maintain and expand transport infrastructure. We will provide large-scale investment for roads, railways and waterways.

Infrastructure policy in Germany faces major challenges. Maintenance and new construction of transport infrastructure are far behind what is needed. The crucial weaknesses were continuous underfinancing, fluctuating budget lines, and efficiency and transparency deficits in planning, approval, construction and operation.

The Federal Transport Infrastructure Plan must be adjusted to account for current needs and developments. In this legislative term we will examine the requirement plans in the extension

acts, use all statutory leeway in the short term to achieve flexibility and draft a new basic concept in preparation for the next Federal Transport Infrastructure Plan (BVWP). The new basic concept will also include an act for the construction of waterways. In addition, we will also examine whether investments in traffic guidance and traffic management systems can be included in the BVWP.

We will continue to develop the Transport Infrastructure Financing Company (VIFG) with, among other things, an enquiry into creating a financial flow pattern by direct allocation of the truck toll and to a limited extent by establishing a borrowing capacity for it. In this way we would be able to reduce the dependency of transport investments on the budget and provide for the planning and financing security of investment projects over several years. We will strengthen financial procedures related to transport.

We will develop criteria for determining the priority of investment projects. These will include: overall economic advantage, maintenance before new construction (cessation of asset erosion), removal or upgrading of bottlenecks, hubs, principal axes, hinterland connections for ports and aviation hubs, EU expansion to the east. We will also advance models for the participation of the private sector in PPP projects.

In consultation with the affected federal states we will downgrade federal highways that exhibit little relevance for long-distance traffic.

We want to find ways to expedite planning laws. In particular, we are committed to streamlining procedural law, avoiding duplicate reviews, including town planning issues in sectoral planning law and the harmonisation of European environmental law.

We want to improve the utilisation of high-use motorway sections with traffic control and management systems. These systems are capable of allowing the use of the hard shoulder during peak hours. We will safeguard bridge construction works by continuing the renovation programme. We will provide federal states and municipalities with support for the staging of major events in Germany (e.g., Olympic Games, FIFA Women's Championships).

By mid (legislative) term we will determine the extent of funding for the former municipality transport financing for the subsequent period up to 2019.

European transport policy

We want a German transport policy that is assertive in European strategy with the objective of an improved perception of German interests and the harmonisation of the competitive conditions of our transport economy, in particular with regard to taxes and levies system, state aid and exemptions. We want to continue to develop Trans-European Transport Networks and complement current planning in a sensible way while placing emphasis on German projects.

We will urge the European Commission to produce a new plan regarding the allocation of external costs. In contrast to the current situation, all transport operators must be included and be subject to the same criteria. Costs relating to accidents and congestion should not be included in the calculation.

With regard to planned European CO2 regulations for light commercial vehicles we will ensure that production and development periods are considered. Regulatory compliance should not overwhelm commercial vehicle manufacturers as they are currently in serious crisis.

Germany as a logistics centre

Germany's prosperity relies on its involvement in international trade flows. We want to expand upon Germany's position as a logistics centre with its excellent location at the heart of Europe. Germany cannot simply remain a transit country in the middle of Europe; in future it must also participate in the creation of value in trade and logistics.

We will support Germany as a logistics centre with the implementation of the "Master Plan for Freight Transport and Logistics" which includes measures that we have selected in

consultation with the trade. A marketing campaign that has been developed by the federal government and the federal states is an important part of the plan.

We also want to assist the freight transport industry by eliminating competitive distortions within the EU. Allocation of external costs will only be considered if this is neutral in terms of effect on competition. In addition, we will create a charge moratorium that excludes an increase in truck tolls in this legislative term.

We reject the introduction of a 60-tonne truck. We want to make possible new concepts for commercial vehicles with moderate increases in truck sizes and weights. In our view larger trucks should only be used under suitable conditions and we will conduct a nationwide field test to evaluate the associated opportunities and risks.

We will solve the current lack of truck parking space on German motorways as quickly as possible. We will resolutely oppose any limitations on the freedom of movement of European goods traffic caused by transit restrictions imposed by any country, for instance in transalpine traffic. We will continue to support intermodal transport and will focus particularly on improving interface issues.

Local public transport

The coalition is committed to local public transport (ÖPNV) as an indispensable component of providing essential community services, including in rural areas. We will amend the Public Transport Act (PBefG) immediately in order to create a reliable legal framework for ÖPNV and ensure it conforms to the European regulatory framework. We are working towards a more business-like and competitive public transport system and will guarantee commercial operators are given priority. The responsible authorities shall remain the municipalities. We want to ensure that small and medium-sized companies have opportunities to participate and, in particular, guarantee a variety of bus operators. The coalition is committed to fulfilling its funding obligations under the Regionalisation Act; however, we seek more transparency in ÖPNV funding. We will test new operator models for regional railway lines in order to allow

federal states and transport authorities more influence over modernisation and regionalisation. We will authorise long-distance coach operators and amend § 13 of the PBefG.

Rail transportation – good for people, good for the environment.

We want to continue the rail reform that was successfully begun in 1994. We will support *Deutsche Bahn AG* on its path of healthy performance. Group-wide employment will remain intact. We will initiate a step by step privatisation of the transport and logistics divisions to optimise yield as soon as the equity market permits. The infrastructure divisions (network, stations and energy) will not be privatised because they are relevant to responsibilities the state carries for infrastructure. We want to strengthen the federal government's rights to initiate and implement railway infrastructure projects.

We will introduce a planning costs budget and more flexible management of planning cost remuneration to shorten planning lead times in the railway track division.

The following model is being examined for financing the railway: federal funding will go directly to the DB infrastructure companies. Railway track revenues and station fees will be channelled back into rail infrastructure, and profit transfers will not be permitted from the infrastructure divisions to the holding company. As sole proprietor DB AG retains influence over its infrastructure divisions in the affiliated group; in future they will be independently managed. Double mandates in holding and infrastructure companies will not be permitted.

Competition in the rail sector will be improved by making the network more independent. To this end we will also revise the regulatory law in the General Railways Act (AEG). The track access charges and station prices must be subjected to an incentive regulation. Other areas in need of regulation are access to service facilities, delivery of railway power supplies and distribution services in passenger rail transport. The Federal Network Agency will be strengthened. Furthermore, at the European level we will advocate a complete opening up of

the railway markets in all member states and fair competition conditions. We will insist on harmonisation with regard to regulation at the European level.

We want to develop the Service and Financing Agreement further. We will create suitable instruments that will afford the government and the federal states more insight into the implementation of the Service and Financing Agreement. We want to create the legal framework for financing railway infrastructure which does not belong to the federal government to facilitate integration into the rail freight long distance network.

In conjunction with the federal states we will thoroughly examine the proposals for introducing a synchronised timetable for all of Germany's passenger rail transport.

Germany as an aviation centre

The coalition is aware of the important role the aviation sector plays in Germany. We want to continue the successful work of the "Air Transport Initiative" as a comprehensive management tool and wish to invite the federal states to participate. We will promote the coordinated expansion of airport infrastructure. In addition to expanding airport capacities we want to ensure we have hours of operation that can compete internationally.

The requisite specifications in the Air Traffic Act should ensure that equal and rigorous consideration is given from a sustainability perspective to economic and operational requirements as well as requirements resulting from noise control, including night flights. The safeguarding of the public development interests of the Federal Republic of Germany must be guaranteed in this regard.

We will advance the Single European Sky concept at the European level to increase the number of direct flight routes within Europe. We want to strengthen the international competitiveness of *Deutsche Flugsicherung GmbH* (DFS: German air traffic control services) specifically by lifting the restriction in § 65 paragraph 3 BHO (Federal Budget Code). We are exploring the possibility of a capital privatisation of the DFS. We want to secure competitive

neutrality when emissions trading is introduced for air traffic. We will investigate reforming the aviation administration to increase efficiency, particularly with regard to the form of the organisation.

Maritime transport policy

We will secure the competitiveness of Germany's seaports by rapidly improving navigability. We aim to quickly implement the shipping channel adjustments this will require. Improvements in the port hinterland traffic are of the utmost importance for the export economy as a whole. We will develop the seaport hinterland connections in a targeted fashion.

We will continue the recent focus on federal waterways in the allocation of investment funds.

We will continue the work of the Forum on Inland Waterway Transport and Logistics. In this context we will adhere to the investment assistance under § 6b of the Income Tax Act as well as the assistance for fleet modernisation and conversion to engines with lower emissions. In addition, we will remove unnecessary bureaucratic obstacles that apply to shipping and present a law for reforming the Federal Waterways and Shipping Administration.

Urban and regional transport

The coalition will – not least in view of demographic change – develop an attractive and sustainable urban and regional transport model. We will study the EU Commission's "Urban Mobility" initiative very closely. In this context the principle of subsidiarity must be observed and the rights of municipalities to manage their own affairs must not be affected. We reject the introduction city tolls or inner-city driving bans.

In our view cycle traffic is an important element of urban mobility and we will continue to develop the national cycle traffic plan.

Environmentally friendly mobility

The reconciliation of transport and the environment is one of the major tasks of our mobility policy. Where it is sensible to do so, we want to transfer traffic to railways or waterways. At the same time, the transport sector must prepare itself to leave the fossil fuels era behind. As a short term measure to improve transport's climate footprint we will back the optimisation of fossil fuel propulsion technologies and support innovative biofuels. We will guarantee a stable tax framework for their use.

Electromobility

We want to set the course for electromobility in Germany as a medium and long-term alternative to fossil fuels by initiating a comprehensive development programme.

We want to transform Germany into a leading market for electromobility and have set ourselves the target of putting one million electric vehicles on the road by 2020. We will test innovative, integrated transport concepts ("mobility on demand") in selected model regions.

We want to include rural areas in the concept for model regions. We will place special emphasis on promoting innovative battery technology. Besides electromobility, the further development of fuel cells and hydrogen must also be advanced. The principle of technological neutrality is very important to us.

We must begin as soon as possible to build up a network of charging stations for electric vehicles in metropolitan areas in Germany. The government's task is to create the legal framework, with the private sector being responsible for building and operating these charging stations.

We must avoid unilateral efforts at national level in order to protect our economy from disadvantages in international competition.

We want to reduce fine particulate matter emissions in cities. Particular attention must be paid to efficacy and proportionality when establishing environmental zones. We want to relax driving bans in places where the restrictions do not bear a reasonable relation to the reduction in fine particulate matter sought. In this context we want to standardise exemptions for the entire country.

Acceptance of the further expansion of the transport infrastructure depends to a large extent on whether noise pollution will be reduced. To this end we want to broaden the scope of noise control and will gradually reduce the rail bonus with the intent of eliminating it altogether. At the same time, we want the Deutsche Bahn's pricing policy for track access to reflect noise pollution levels.

We want to continue and step up the rail noise reduction programme for existing rails. In addition, we want to utilise the opportunities technological advances provide in relation to vehicles as well.

The coalition rejects a general speed limit on the nation's motorways.

Transport safety

The promotion of innovative transport technologies is also part of our sustainable mobility policy.

We want to build on Germany's leading position in telematics and traffic management systems. We will place particular emphasis on promoting intelligent traffic guidance systems to optimise the capacity of highly frequented traffic routes and want to utilise the innovation and market potential associated with the GALILEO satellite navigation system. We want to reduce bureaucracy in the vehicle registration process in Germany. To this end we will continue pilot tests of the online registration process and decide on new regulations after we have evaluated the results.

Improving traffic safety in Germany remains one of our central concerns. We will continue to develop and expand the successful traffic safety programme. The main objective is to improve conditions at major accident points, particularly in rural areas. We will promote cutting-edge vehicle and safety technology.

We will continue to improve the Road Traffic Act in support of the citizens volunteering with volunteer fire brigades, rescue services and disaster relief teams.

We want to reform the points system at the Central Federal Register in Flensburg and create simpler, more transparent regulations that better uphold the principle of proportionality.

4.4.2 Construction and housing

Sustainable urban development policy pursues the following goals in light of economic, cultural and social developments in our country:

copied with the consequences of demographic change and structural change in the economy, climate protection, strengthening social cohesion and the integration of people from immigrant groups, the preservation of historic buildings and urban structures, the reuse and conversion of brownfield sites and the removal of constraints in the living environment. International co-operation must be intensified in sustainable urban development. Cross-border co-operation in town and country planning must also be intensified to accelerate the European integration process.

Urban development funding

Urban development funding makes an indispensable contribution to the living standards in cities and municipalities. We consider urban development funding to be a common function shared by the federal government, the federal states and the municipalities and we will maintain current levels of funding and, at the same time, introduce more flexibility. Private homeowners and businesses located in the municipal area must be more closely integrated

into urban development processes and an integrated urban development concept is one instrument serving this purpose. We will respond to new challenges with pilot projects initiated by the federal government and the federal states.

The “Urban Redevelopment in eastern Germany” programme should step up its efforts to upgrade inner cities, renovate historical building structures and revitalise technical and social infrastructure. The success of the programme should not be jeopardised by the pre-existing unsolved debt problems of a few housing companies from the demolition of unoccupied housing.

The “Urban Redevelopment in western Germany” programme will be developed further. The “Social City” programme should be implemented using a more inter-departmental approach. We want to continue to contribute to strengthening internal development with the “Active City and Local Centres” programme. We will continue to fund the energy-saving renovation of the social infrastructure.

Protection of historical buildings and monuments

The “Preservation of Historic Buildings” programme is indispensable for the preservation and renovation of historical city centres. To benefit the protection of historical buildings and monuments we want to guarantee investors planning security and will therefore maintain the tax incentives for monuments and buildings in redevelopment areas and urban development zones.

Rural Areas

In future it will be an important task to secure general services for the public in sparsely populated areas. We want to support these areas with the development of decentralised systems, with the use of alternative technologies for their energy and water supplies and sewage disposal, as well as with the pooling of resources and abilities. The infrastructure for nationwide access to broadband internet is being advanced on a large-scale basis.

Construction planning law

We will continue to develop planning law and planning objectives. Firmly establishing climate protection, strengthening internal development and the removal of bureaucratic obstacles in the authorisation processes are very important items. We will adjust and further develop the Federal Building Code (BauGB). We will also subject the Building Use Ordinance (BauNVO) to a thorough review. We will enter into dialogue with the federal states to explore opportunities for the general expansion of assumed approvals. An additional objective is to attain general applicability for essential points in the Model Building Regulations.

The conversion or divestment of unused inner city properties belonging to the federal government and state-owned enterprises must be accelerated. This will require the federal government to manage real estate more efficiently. The utilisation of new land for transport or dwellings will be reduced by strengthening inner urban development. In order to avoid conflicts of objectives arising in this context, in the upcoming review of indicators we will redefine the land utilisation target to attain the highest level of ecological efficacy. The target should pay more consideration to actual fragmentation and the sealing of living spaces.

Owner-occupied property

Owner-occupied property is a form of retirement provision and strengthens regional ties. The purchase of shares in a housing cooperative for personal residential purposes works in much the same way. We want to raise the proportion of owned residential property in Germany. To this end, we simplify the home pension scheme.

Housing construction

Housing markets exhibit regional differences. Additional housing must be constructed in population centres.

We will decide by mid legislative term whether the federal government will continue to provide the federal states with earmarked funds for financing measures to promote residential housing after 2013. At a European level, we reject funding residential housing with EU funds.

Construction industry and planning professionals

The construction, housing and real estate industries are particularly important economic sectors in our country. We advocate the recognition of their services in the public eye in line with the gross value added they provide. To this end the federal government will increase dialogue with the construction, housing and real estate industries.

Building culture is a trademark that contributes to creating the identity of any nation. For this reason we want to continue to support public awareness of building culture. The fee schedule for architects and engineers (HOAI) will be modernised as quickly as possible based on the federal council decree.

Federal buildings

The federal government will continue to function as a role model for building culture and sustainability with its construction projects. These aspects are to be incorporated into an extended efficiency audit of federal construction projects. The role model function also extends to energy-saving renovation of federal buildings, particularly with regard to the use of innovative technologies and materials.

The Federal Office for Building and Regional Planning (BBR) will be converted into federal agency that operates as a business and will be strengthened in its function as a service provider for domestic and international federal construction projects and as a federal co-ordination centre for building research. Co-operation with building research institutions will be expanded.

Building contract law

We will investigate whether an independent building contract law would help solve the existing problems in the area of building contract and works contract law.

Regional and structural policy

Within the framework of the European Fund for Regional Development (ERDF) the continued funding post 2014 for all eligible regions (regional competitiveness and employment regions) is to be secured. Special consideration must be given to the needs of structurally weak rural areas and to demographic development. In future, ERDF funds must also be able to be used for the classic funding of business investments. Member states and countries must also in future retain the right to set regional priorities themselves.

The Joint Programme for Improvement of the Regional Economic Structure (GRW) will be continued at the highest levels using standards that are uniform throughout Germany.

We are committed to ensuring that the state aid framework for regional support still includes the C aid areas post 2014. This implies the eligibility of large-scale enterprises and augmented subsidy rates.

4.5 Nutrition and consumer protection

In view of globalised markets and a growing array of products, the consumers' world is becoming rapidly more opaque when purchasing food, using digital services or buying financial services. More and more providers are entering the market. The individuals using new products, technologies and services are not always aware of their rights and cannot always gauge the consequences of their decisions but, at the same time, must be able to rely on the safety and quality of these items.

Our goal is to have well-informed and responsible consumers who have been empowered with a certain degree of control. In pursuing this goal we will raise the consumer's quality of life with more transparency, information, law enforcement and, where necessary, with more rights.

Nutritional education

Parental commitment to education and information on correct and healthy nutrition in kindergartens and schools are key factors. Educational programmes for families covering healthy nutrition for children and adults will be further developed. We will work together with the federal states to integrate nutritional education into the information and education programmes at kindergartens and schools and we will review the wider use of EU programmes on milk and fruits in schools.

Food Labelling

We will enforce the transparent labelling of the nutritional value of food. We reject the political supervision of consumption and the patronising of consumers by means of advertising bans and penalty taxes for allegedly unhealthy food. A colour coded traffic light system for nutritional value labelling only serves to confuse consumers. The "1+4 model" developed by the Federal Ministry of Food, Agriculture and Consumer Protection and the food industry is the correct approach. This model should be harmonised throughout the EU and, in addition, should be further developed in order to create a way of displaying this information in a clearer and more uniform way. The serving sizes for GDA values should also be standardised.

The EU directive on nutrition- and health-related information on food (health claims directive) must be amended to make it more practical and consumer-oriented.

Food packaging must only display what is inside and images should not mislead consumers. We will improve the quality of ingredients lists, images and descriptions on food packaging.

Changes in the EU food labelling regulations on imitation foods will ensure food products are clearly labelled to protect consumers and prevent them from being misled. We aim to introduce a regional labelling of origin that will specify both the place of origin and the place of processing.

Consumer Health Protection

Food is one of our highest priorities and we want to continue to increase food safety without increasing bureaucracy. Awareness of quality and safety issues must be improved over the entire food supply chain, including consumer awareness. We advocate the setting up of quality assurance systems across all stages that are rooted in the private sector and linked with state food inspection.

Food inspection

We advocate the publishing of the results of food inspections if there are repeated violations of the German Food and Feedstuffs Code. Transnational co-operation in food inspection must be intensified.

To avoid future contaminated meat scandals slaughterhouse waste (so-called K3 material) must be dyed.

Economic and legal consumer protection

Our consumer policy aims to support consumers with the goal of having well-informed and responsible consumers who have been empowered with a certain degree of control. Extensive consumer education, explanations and access to information will be required in order to achieve this. Consumers should have easy access to information and advice and their interests should be strongly represented. Long-term funding concepts will be developed for the funding of the advisory and information activities of consumer advice centres and independent consumer protection organisations such as *Stiftung Warentest*. These concepts

must take into consideration the increased need for independent advice that has arisen out of the financial crisis.

We advocate the use of clear and understandable German in consumer information. This applies especially in public spaces, in relation to product labelling and instructions, and in communications directed toward citizens.

The topic of sustainability is becoming increasingly important for consumers and we want to increase sustainable consumption. We want to cater to this need with voluntary systems which trade and business can participate in to provide additional information. We will introduce a central hotline to give consumers guidance.

Consumer information laws

The current consumer information law will be reformed to include the review results. Consumer information needs will be centralised in a uniform law that regulates information requirements.

European consumer policy

The planned full harmonisation of consumer protection regulations with the EU directive on consumers' rights is to be limited to certain areas.

We want to retain the German GS "safety tested" mark and call for a voluntary European safety mark to be modelled on it.

Extrajudicial dispute settlement

The establishment of an independent and comprehensive arbitration board for bus, rail, air and ship carriers will be enshrined in law.

Protection of investors

We want to create a consistent financial services law to better protect consumers from avoidable losses and wrong financial advice. Suitable protection for investors against dubious product providers or wrong advice will in principle be guaranteed regardless of the product or its distribution channel. Liability for products and distribution should be increased. That is why we want to standardise the requirements for consultants and brokers specifically with regard to qualifications, registration and professional indemnity insurance modelled on the insurance brokerage law. Providers of financial products should not be able to evade federal financial supervision.

Customers should be able to quickly recognise the essential elements of a capital investment including all charges, commissions and reimbursements.

Framework for digital communication

We need a binding confirmation field for the conclusion of all contracts on the internet. We can minimise internet scams with an obligatory price quotation window. We want to conduct a feasibility review on the problem of different methods of administrating the allocation of costs for waiting loops when being put on hold on the telephone.

The statutory regulations adopted in the previous legislative term regarding the trade in personal data, the protection of personal privacy on the internet and the introduction of transponder tags must be evaluated.

Consumer protection in utility supply

We will improve consumer information on durable goods with regard to energy and water consumption with, among other things, intelligent electricity meters and transparency in establishing prices.

Passengers' rights

Rail and air passengers' rights are being reviewed and will be updated if needed.

Property loan protection

We will enhance the protection of borrowers who are servicing their property loans according to contract. In future assigning the loan claim or transferring the loan relationship to a company operating without a banking licence will only be allowed with the authorisation of the borrower.

4.6 Agriculture and rural areas

Food and energy supplies as well as climate protection are among the greatest challenges in the 21st century. We need a strong and competitive agriculture, forestry and fisheries sector and food industry in Germany. Our businesses need planning security and good prospects. Many farmers are very capable of holding their own in the market. However, there are regions with agricultural production which require special assistance. There will be a one-to-one implementation of EU guidelines in domestic law.

We want comprehensive land management that combines both agricultural and corporate operating structures. Different structural and climatic production conditions justify the continued targeted support of agriculture in these disadvantaged regions and we will retain the use of comparative agricultural output figures (LVZ) as a central differentiation yardstick.

We do not want patent law to apply to livestock or agricultural crops irrespective of the protection of intellectual property.

Conclusion of WTO negotiations

We advocate a successful and balanced conclusion of the Doha Round. It should take into account the European agricultural model, and export subsidies and intervention measures should also be reduced on an international scale.

European common agricultural policy

EU direct payments must be certain up to 2013 to ensure reliability and planning security. For the period after 2013 we require both a strong first pillar as well as a well-equipped second pillar in the EU common agricultural policy.

Regions which have no alternative to grassland farming as well as particularly disadvantaged areas such as mountainous areas, low mountain ranges, steep slopes and fragile moorland must also be given sufficient funding consideration in future. The preservation of permanent grassland as a carbon sink is ecologically advantageous and in the interests of dairy farmers and society as a whole.

Agricultural diesel

We will work towards uniform taxation of agricultural diesel to eliminate the competitive disadvantage German farmers face. Until that time we want to continue the tax reduction on agricultural diesel.

Marketing structures and marketing

We will introduce a law for the liquidation of the sales promotion fund as soon as possible. We will increase trade promotion for German agricultural products in international markets and will place particular emphasis on promoting the interests of small and medium-sized companies in export markets.

Dairy farming in Germany

Various reform decisions at EU level have paved the way for the abolition of the EU milk quota system in 2015. Our goal is to maintain a competitive dairy farming sector in Germany. Due to current conditions in the market we will continue to urge for the suspension of the quota increases agreed at EU level. The necessary adjustment processes must be accompanied by suitable measures by 2015.

We will use the funds from the EU dairy fund to finance measures for structural improvements and for promoting sales.

We will implement the following supplementary measures due to the difficult income situation caused by the economic crisis:

- A two-year federal grassland dairy programme totalling EUR 500 million will be initiated to protect threatened fallow areas and prevent irrevocable damage to nature and the cultivated landscape.
- An increase of EUR 200 million in 2010 and 2011 in the government subsidy targeted at avoiding increased contributions for agricultural accident insurance (LUV) in the current crisis situation.
- A liquidity assistance programme totalling EUR 50 million for the next two years will be initiated for agriculture.

Organic farming

We support equal treatment of different economic methods of conventional and organic farming. We want to support organic farming and, in particular, research in this area.

Former Privatisation Agency land

The utilisation of *Bodenverwertungs- und Verwaltungs GmbH (BVVG)* land (state-owned agency responsible for the administration and privatisation of state-owned farm and forest

land in Eastern Germany) should be advanced under increased consideration of structural requirements of agriculture and largely concluded by 2025. Current sales practices of the BVVG will be reviewed. We will enforce improvements in the land acquisition amendment law in favour of the former owners.

Authorisation of pesticides

Authorisation procedures for pesticides will be simplified and accelerated to better protect people, animals and the environment. Current strict standards will be maintained.

Forestry

The Federal Forests Act will be amended. The following points must be addressed: the duty to safeguard the public, the definition of short-rotation plantations and marketing opportunities for forestry operation mergers. The Charter for Timber will be developed further. We want equal treatment for both timber certification systems in the application of the federal purchasing guidelines.

Federal Hunting Act

We support retaining the Federal Hunting Act in its current form so that hunters can fulfil their duty to use natural resources in a sustainable fashion for the benefit of preserving biodiversity.

Fishing

We support sustainable inland, sea, coastal and cutter fishing that maintains stocks, is species-appropriate and ensures animal protection. We will improve the framework conditions for a sustainable aquaculture and press for the creation of a management plan for cormorants at a European level. We vigorously advocate compliance with the international ban on whaling.

Green genetic engineering

Biotechnology has been established worldwide as an important new industry for research, business and agriculture and we want to responsibly utilise the potential of green genetic engineering. The protection of people and the environment remains the primary objective of Germany's genetic engineering law.

We support a greater scientific focus and more efficient authorisation procedures for genetically modified organisms at the EU level.

We are creating the legal framework so that the federal states can independently and within a uniform framework of criteria flexibly determine the minimum distances between fields with genetically modified plants and fields containing conventional or organic plants.

We will wait for the outcome of the legal proceedings regarding the genetically modified maize MON810 before issuing any cultivation ban. We support the cultivation of the genetically modified starch potato Amflora for commercial industrial use.

We will amend the Genetic Engineering Act and the Law regulating the implementation of the European provisions in the field of GMOs in order to enable an application of the EU zero tolerance for genetically modified organisms not authorised in the EU that is practical for business and monitoring. We will create an authority that will determine official sampling and identification methods.

In order to establish a comprehensive level of transparency for consumers we aim to create positive labelling (process labelling) at the European level.

Animal protection and animal health

Animal protection is of central importance. We advocate the humane treatment and feeding of animals. We want to reconcile animal protection in agricultural husbandry with economic efficiency.

To reduce animal experiments we will continue to promote the development of alternative methods. Successful animal protection can be achieved at both the European and global level. We will continue to advocate the shortening of animal transport times in the EU.

Rural areas

We advocate strong, high-quality rural areas and equal status for the development of rural regions and urban centres. We will devote more attention to the rapidly accelerating demographic change.

We want to maintain the diversity of rural areas and promote their strengths and economic potential. To this end we will use a target-oriented approach to expand the joint tasks for promoting regional economic and agricultural structures and initiate further infrastructure measures in support of rural regions.

We will further develop the Agriculture Act to make it a modern law for agriculture and rural areas and stipulate the goal of reaching sustainable land management throughout Germany. We will produce a catalogue of measures for reducing the loss of agricultural areas and stem the loss of agricultural areas to development, roads or ecological compensation areas. The management of compensation areas must be improved.

Spirits monopoly

We will campaign at the EU level to maintain the spirits monopoly until 2017 with an extension of the aid exemption which expires on 31 December 2010.

German wine industry

We support the preservation of the quality of our wine production, origin labelling as a recognition feature for consumers and ensuring the international competitiveness of the

industry. We support the preservation of planting rights, effective joint advertising and export promotion.

4.7 Services

Tourism

We will strengthen German tourism and release additional growth potential in the tourism industry as a job engine for the future. To this end we will improve the framework conditions for tourism and continue the development of federal tourism policy guidelines.

Distortions of competition and bureaucratic burdens will be reduced as much as possible. We will conduct a structural review of the regulations pertaining to VAT and the burdens it places on tourism and its competitiveness in a European context.

We will finance investment in tourist facilities using the existing range of instruments, which will be optimised if necessary.

Training obstacles in the hospitality industry will be dismantled by making the Young Persons Employment Act more flexible. Funding for the German National Tourism Board will be stabilised at high levels and the trade fair and conference industry in Germany will receive more support.

We will embed the goal of accessibility in all areas, tie culture and tourism more closely together, produce a tourism concept for rural areas, improve framework conditions for spas and investigate a revision of regulations on cable transmission in support of hotels.

Federal and federal state co-operation will be intensified with the aim achieving improvements in the framework conditions that are within the remit of the federal states such as regulations for restaurants, reduced radio and TV licence fees and the extension of the summer holiday period.

Healthcare management industry

The healthcare management industry will gain significantly in importance due to demographic developments. We want to create opportunities to offer health services and nursing services outside of the state-financed areas. This will require improvements in competitive structures. Furthermore, we want to strengthen investment and innovation in medical technology.

Creative Economy

We will continue and expand the culture and creative industries initiative. Further implementation will stress the creation of support programmes to increase professionalism for artists and those involved in creative industries and the funding of innovative projects and business models.

5. Fair rules for the global economy

Financial markets

An efficient and stable financial system is essential for Germany's economic development. It provides access to national and international financial resources according to demand and risk. It offers cost effective investment opportunities for institutional investors and private individuals making provision for themselves. Particularly in view of the current economic situation, further reforms in the financial sector have become necessary. These include structural improvements in private and state monitoring systems as well as the reinforcement of long term growth potential with reforms that are geared towards increasing competition. In our view, a transparent financial market lays the foundation for the individual citizen to make free choices.

In order to avoid crises like the one the financial markets are currently experiencing it is essential that the basic principles of a social market economy like liability and responsibility

once again guide the actions of the players on the financial markets. A regulatory framework must be in place both domestically and internationally that lives up to these principles. Our goal is to prevent the players on the financial markets falling back into the behaviour patterns that were evident before the crisis. Adhering to the European Stability Pact is a priority issue for us. The same applies to the preservation of the independence of the German Federal Bank and the European Central Bank. We will exert all possible efforts to avoid financial market and inflation risks. Germany will seize the initiative to assume a pioneering role both at European and international levels with regard to preventing future crises. In the future there should not be one single financial product, financial market player or financial market that is not regulated and monitored and we will advocate more effective and more stringent regulations and monitoring both domestically and internationally.

To this end will implement the following measures:

We support the tripartite banking system consisting of the private banks, *Volksbanken* and *Raiffeisenbanken* (credit co-operatives) and *Sparkassen* (savings banks). Our citizens benefit from this highly competitive banking industry. After the crisis has passed we will advocate banking regulations that will clearly differentiate capital requirements by risk and systemic importance in order to enable banks to bear more of the losses arising in times of crisis themselves.

We will specifically advocate regulations ensuring that banks with systemic relevance are required to hold more equity capital in proportion to the risk that these institutions represent for the entire financial system. At the same time we will advocate, domestically and internationally, that the intensity of regulation and monitoring of financial institutions is more strongly differentiated according to the risk and systemic importance of the individual institution and that qualitative requirements for equity capital take into consideration national circumstances.

In times of economic downturn a squeeze on credit must be avoided; the credit sector must be made aware of its responsibilities as financier of the German economy. We will advocate

the attenuation of the pro-cyclical effects in the current international financial reporting standards (IFRS) and in the Basel II capital regulations.

We want to avoid governments being forced to undertake rescue operations to secure institutions with systemic importance. To this end we will introduce suitable legal instruments governing restructuring and winding-up procedures in order to be able either to sustainably stabilise or to liquidate companies in the financial sector with systemic importance which get into difficulties before they are threatened with insolvency in a way that prevents major damage to the financial markets. We must develop and implement co-ordinated solution mechanisms at domestic, European and international levels.

Alternative investment funds such as hedge funds and their managers must be made to comply with an internationally co-ordinated body of rules and regulations in order to ensure suitable monitoring and regulation of all systemically important financial institutions, financial markets and financial instruments. Special consideration must be given to fund types that are particular to the German market.

Ratings agencies carry some of the blame for the international financial crisis and require effective monitoring as well minimum standards and possibilities for sanctions. Ratings agencies should not be allowed to simultaneously develop, market and evaluate financial products. Conflicts of interest of this type must be avoided in future. We advocate the creation of a European ratings agency.

We are exploring the establishment of an independent foundation for financial products modelled on the *Stiftung Warentest*.

We want to advance the standardisation of asset-backed securities. We want to investigate the possibility of setting a consistent and transparent standard by means of a securitisation law.

We seek a reworking of the international accounting standards within the International Financial Reporting Standards. In this context we would like the German point of view

articulated in the commercial code to find greater representation within the International Accounting Standards Board. Democratic legitimacy must be a given in the establishment of the financial reporting standards.

We support the functions of the Financial Market Stabilisation Fund (SoFFin) and will continue to develop parliamentary rights of control. The government stabilisation measures will be examined to determine their practical suitability and amended to meet requirements if needed. In order to safeguard the interests of tax payers and to avoid distortions of competition, government support measures should be repaid after the crisis has passed.

Regulations require effective monitoring. We advocate at a European level the standardisation of monitoring and auditing standards that apply to all member states. National competencies and budgetary rights remain unaffected.

We will relocate bank supervision in Germany to the German Central Bank. The offices of the former Federal Financial Supervisory Authority are not being called into question. The legal independence of the German Central Bank will not be affected by the additional sovereign responsibilities. We will quickly implement the reform of the EU financial market authority that has already begun.

Solvency II as one of the most important European projects affecting the financial services economy must be implemented in such a way that strengthens the German insurance market. Our objective is to strengthen the market for portfolio companies. We will create a standardised venture capital market in Germany. Superfluous obstacles in the German market for real estate investment trusts must be removed without neglecting the interests of consumers requiring protection.

We will amend investment law by reworking regulations that aggravate crises to balance the interests of investors and providers.

We support market-based products like microfinance funds and will remove existing obstacles.

Foreign trade

An open, rule-based world economy is the best guarantor of prosperity and global security. Foreign trade policy makes an important contribution to securing long-term growth and prosperity in Germany. In our trade policy we will fight against every kind of protectionism and strongly advocate further opening up of markets. In foreign trade promotion we will step up efforts to ensure German companies can successfully compete in a marketplace characterised by intensified competition.

In a globalised world the global economy and trade require clear rules that provide all countries with a fair chance and that promote the integration of developing countries into the global economy and ensure sustainable supplies of raw materials. The best solution for the further liberalisation of trade in goods and services lies within the multilateral approach of the WTO. A speedy and ambitious conclusion of the Doha Round is an absolute priority. It will make it easier for Germany's small and medium-sized companies that traditionally are very active in foreign markets to participate in world trade. WTO regulations must be extended. In this context we advocate making the mechanism for the settlement of disputes more effective with the involvement of the WTO general secretary.

In addition, we advocate bilateral free trade agreements with dynamic countries and regions which aim within the framework of the so-called WTO plus agreement to remove non-tariff trade barriers and include other trade-related issues such as competition and public procurement, and which are, as pioneers, shaping a potential expansion of the world trade system in a way that complies with WTO requirements.

Foreign trade and development co-operation must build upon each other and be integrated in a seamless fashion. Development policy decisions must take sufficient account of the

interests of the German economy, particularly the needs of small and medium-sized companies.

Foreign trade chambers should be informed in good time about development organisations' commissions when contracts are awarded.

Germany relies on foreign investment. We welcome investors from all over the globe and we will intensify our investment marketing. We will only use the recent changes made to the Foreign Trade Act in exceptional cases and review their effects after one year.

We will accelerate the selection process for export credit guarantees, investments and unrestricted financial credits and priority will be given to ensuring Germany's economy and the creation of jobs are supported. Individual decisions and cover policy will be adapted to international rules and guidelines which will be further developed to ensure fair conditions in international competition. In the area of the environment the OECD environmental guidelines are the sole standard for reviewing applications for export credit guarantees. The Foreign Trade Act (AWG) and the Foreign Trade Ordinance (AWV) will be streamlined and made easier to understand. Rules will be eliminated which place German exporters at a disadvantage over their European competitors. More attention must be paid to the international competitive situation of Germany's business community in the application of the Foreign Trade Act. We will create a level playing field here.

We will retain the responsible authorisation policy for the export of armaments. We will push at high levels for a harmonisation of the authorisation policies of all EU member states to ensure fair competition for the German economy. In this spirit we will also adapt the German authorisation procedures for the export of dual use goods. Bureaucratic obstacles will be removed and the procedure accelerated. Authorisation is to be granted if a civil application is a plausible probability.

The Lisbon Strategy of March 2005 focusing on sustainable growth and employment and the strengthening of the competitiveness of our companies should be continued with the same

focus in the period after 2010. The economic crisis vindicates the need for long-term structural reforms. In particular, this means: we advocate preserving the four priority areas (research and development, strengthening business potential, particularly for SMEs, job creation, and climate and energy).

Access to raw materials and their reliable supply are of particular importance for German industry and its cutting-edge, high-tech products and it is the essential objective of foreign trade policy.

6. German unity

The coalition will continue to promote German unity. We are committed to attaining the goal of equal living conditions throughout Germany by 2019. Our objective is to quickly reach a point where tax revenues cover the costs incurred in the former East German states. The central objectives remain the increasing of economic potential and a reduction in unemployment. The coalition will abide by its funding commitments in the *Solidarpakt II* (Solidarity Pact II) and expects expenditure to be in accordance with regulations.

We will evaluate the *Aufbau Ost* (economic reconstruction in the East) funding instrument in order to increase the efficacy of the funding for growth and job creation in the former East German states. The federal states must be given leeway to address regional specifics. The coalition has agreed to set up an expert commission to make proposals to be implemented in model regions.

The coalition advocates creating suitable transitional arrangements for the regions that will lose their maximum subsidies from the structural fund in 2014.

The subsidy gap between comparable regions with competitive disadvantages must be narrowed both in Germany and in the EU.

20 years after re-unification we want to work together with the new federal states to regulate the distribution of financial assets in accordance with article 22 of the Unification Treaty.

Innovation centre

The coalition will stabilise and continue high level support for both the “Companies in the Region” programme and the “SME Central Innovation Programme” to strengthen innovation in the economy and bring business and science closer together. Innovation funding must place more focus on knowledge transfer and usability. The “Top Research and Innovation” programme will be continued to promote university and research centres. The coalition agrees to review the degression of the investment allowance in 2011.

We will evaluate non-university and non-profit research institutions in the eastern German states and decide together with the federal states which institutions should be integrated into the government and federal state funded research organisations.

We will pay due consideration to the eastern German states when considering the establishment of new research facilities.

We will advocate as a priority the establishment of a research institute for the sustainable and secure supply of raw materials in the new federal states. The institution will be dedicated to research covering the entire value chain from surveying and producing new raw materials, their processing and finishing to recycling.

Skilled personnel and qualifications

Having regard to the existing problems with filling apprenticeships and jobs for highly qualified staff, and the demographic outlook, the federal government will work closely and as a priority with the new federal states and their chambers of commerce and social partners to develop a “Future Initiative for Securing Skilled Personnel” to find regional approaches to improving the skilled personnel pool.

Investment incentives and competitiveness

In order that the economy and particularly industry can match the high economic momentum experienced prior to the crisis, irrespective of the cyclically-induced rise in provisioning up to 2011, the federal government will resume 2008 funding levels for investment incentives for regions with competitive disadvantages under the “Regional Economy” joint task.

In co-operation with the individual eastern German states the coalition will produce future concepts for regions with industrial centres that have been hit particularly hard by the current economic crisis. The industry conference instrument will be continued to sharpen the profile of eastern Germany as an economic and technology centre.

Interregional transport infrastructure

The German Unity Transport Projects (VDE) are of special significance for economic recovery in the new federal states. The coalition aims to conclude VDE for roads in 2010 and rail in 2017.

We will work towards the goal of establishing an efficient rail connection extending from the Baltic Sea via the federal capital to southeast Europe to provide a competitive connection from the sea ports to southeast Europe.

Vigorous labour market policy

In order to combat the disproportionately high long-term unemployment in structurally weak regions, in particular in the new federal states, the coalition will lay the groundwork for testing new “incentives and demands” approaches in larger municipalities. The principle will be systematically implemented and cost-neutral for the public sector.

Comprehensive demographic policy – public services

The consequences of demographic developments will be felt earlier in the new federal states than in western Germany and are already today of the utmost importance for Germany as a whole. The coalition will draft an interdepartmental demography strategy by 2012.

In co-operation with the federal states the coalition will develop a plan of action to reduce migration and safeguard private and public infrastructure in rural areas that are hit hard by demographic change. Special focus will be placed on health care, education opportunities within local neighbourhoods, safeguarding mobility, high-speed internet access and strengthening municipal co-operation. Non-state functions are subject to public procurement laws.

The remediation of the environmental problems left behind by the former GDR will take generations. Funding for remediating the former open-cast mining areas and the bismuth landfills will be secured for period after 2012.

New federal government institutions should be located in the new federal states. The resolutions of the independent federalism commission shall continue to apply. The federal government representative for the new federal states must be informed of the decisions made in this regard in a timely fashion.

Memorial to freedom and union

To commemorate 17 June 1953 and Autumn 1989 we will construct a national memorial to freedom and unification on Berlin's Schlossfreiheit and support the construction of a memorial for freedom and unification in Leipzig.

Victim's pension for SED injustice

After the demise of the GDR united Germany took it upon itself to compensate for the injustices committed by the SED and state security service (Staatssicherheit). We will continually review the system of rehabilitation and compensation and consider the need for legislation with the aim of improving the eligibility rights of victims.

II. GERMANY THE REPUBLIC OF EDUCATION

Good education and strong research

Education is a prerequisite for inner and outer freedom. It provides intellectual independence, judgement capabilities and a system of values. Education and research are the foundation of economic and social progress. Education is a prerequisite for the individual to participate in the modern knowledge society. This is why we consider education to be a civil liberty and declare war on educational deprivation.

This will require a concerted effort from the entire nation. We want to improve equal opportunities from the very beginning and fair opportunities for advancement for all. We want to make Germany the Republic of Education, with the finest day-care facilities, the best schools and vocational schools as well as the best universities and research institutions.

Education is a collective national task and there must be close partnership between all responsible parties along the entire education chain. We therefore endeavour to have an education partnership between the federal government, the federal states and the municipalities whilst preserving the jurisdiction of the individual states. We will increase federal expenditure for education and research by a total of EUR 12 billion by 2013. We will take initiatives that will make it easier for federal states, business and private enterprise to raise their contributions to the 10 per cent level by 2015. In return, we seek binding agreements with the federal states regarding the implementation of training initiatives such as educational mobility, and in particular agreements on issues of admission and the recognition of degrees and partial degrees.

1. Education

1.1 Local education alliances

Every fifth young person in Germany attains such poor levels in reading and mathematics that they jeopardise their opportunities in the education and labour market. For this reason

we must start as early as possible in the educational development of a child to prevent this from happening. We will advocate local education alliances between all relevant stakeholders united by this objective – children and youth services, parents, schools, employment promotion facilities and civil society.

We will support their work with measures such as providing each alliance with an allocation of education vouchers to be distributed to disadvantaged children and young persons.

1.2 Language as the key to educational success

Every child must have good command of the German language before beginning school. We therefore support binding nationwide comparable language tests for all four year olds and if needed mandatory targeted language courses before school admission as well as language programmes that accompany classroom teaching.

1.3 Education funding

Make financial provision for the future today; many parents, and also grandparents or godparents, would like to do this for their children. The best investment is one that benefits children's education. We will deposit EUR 150 in a "future account" for every newborn child and award a bonus for deposits until the child reaches the age of majority.

Educational success must not be an issue of finances and we want to enable young people to study with BAföG funding (Federal Training Assistance Act), education loans and scholarships.

In the medium term we want to increase the number of student scholarship recipients from the current 2 per cent to 10 per cent. The scholarships are to be awarded exclusively on the basis of aptitude and will be independent of income. In conjunction with the federal states we will launch a national scholarship programme that will be subsidised by up to 50 per cent with public funding whereby we will exempt monthly scholarships of up to EUR 300 per month

that have been raised from business and private enterprise by universities and colleges of higher education from BAföG inclusion. Public funding should be divided equally between the federal government and the federal states.

The book allowance for organisations for the promotion of young talent will be increased to EUR 300 and is exempt from BAföG inclusion.

We will expand the successful career advancement grant programme to promote studying amongst qualified persons. We expect the organisations for the promotion of young talent to open up to groups that have to date been underrepresented and assist them in their endeavours.

We want to safeguard and expand BAföG. We will expand the opportunity for education loans on reliable terms past the age of 30.

We advocate early career guidance and study guidance in schools, which will also provide information on the myriad opportunities for financing studies.

1.4 Quality education and training

Particularly well-trained skilled personnel are required for quality education and training. We will increase investment in continuing education for teachers and support the federal states in the expansion of such training programmes, including at the academic level. We will contribute to strengthening teacher training at German universities. Improving media skills will play a very important role.

We expect the federal states to continue improving pupil-teacher ratios in schools and day-care centres and to guarantee delivery of the scheduled amount of teaching, uniform education and performance standards, the reciprocal recognition of school and academic qualifications and the advanced training of pedagogic staff.

We especially want to support advice for parents and educators of highly gifted children. Encouraging the gifted must start at an earlier age in Germany. We expect the federal states to adopt a holistic approach to diagnosis and support. We especially want to support *MINT* skills (maths, engineering, natural sciences and technology).

1.5 Quality studies and universities

We have set ourselves the goal of further increasing the quota of new students. In future, more students should come to universities from vocational training. We must ensure that more students successfully complete their studies.

The implementation of the Bologna Process is very far advanced in Germany and the essential targets have been largely met. The implementation of the Bologna Process must be evaluated in order to be able to make necessary adjustments with the universities to benefit students. In co-operation with the federal states and universities we will develop a “Bologna quality and mobility package” which will accelerate academic reform and improve further the quality of studies and the mobility of students. Further development of the curriculum, improving teaching and support and counselling for students make up the core elements of the package.

The domestic and international recognition of academic achievements and university degrees must be improved.

We will increase efforts to ensure the most talented individuals are encouraged to study in Germany. We will support the federal states in transforming the Central Office for the Allocation of Places in Higher Education (ZVS) into an efficient service centre. We will strengthen universities as centres for continuing education and review opportunities for the establishment of open universities.

We support the federal states in their goal of enhancing the freedom and autonomy of the universities. To this end we will abolish the Higher Education Framework Act (HRG).

1.6 Modern vocational training system

Vocational training in Germany is highly revered the world over. The dual system of vocational training is the centrepiece and a guarantor of a smooth transition into the labour market and, by international comparison, low levels of youth unemployment. We want to have success with the trademark “Training made in Germany” in the highly attractive global education market.

Occupational profiles must be adapted and more clearly formulated to meet the needs of the economy. Transparent and uniform procedures must be created for the recognition of vocational training received abroad. The “Entrepreneurship in Schools” initiative will be continued and expanded.

1.7 Dual system

The dual system of vocational training is a successful model. We will continue to develop the framework conditions that will allow it to meet highly demanding standards in future and meet the demographic, technological and economic challenges the future holds. The principle of regulated occupations must be preserved but at the same there must be more flexibility and modularisation. We will work with the business community to ensure that the most modern technology is available in the intercompany vocational training centres (ÜBS) and that scientific and that technological developments are transferred into companies via competence centres.

The German vocational training system must be able to stand up to international comparison. To this end we will intensify the international comparison of systems and promote research on competence assessment.

1.8 Education for everyone

We want to continue and further develop the successful education package with the business community and invite unions and federal states to join us in a new partnership.

In co-operation with social partners and federal states we promise every young person who is capable and seeks training that they will receive a training position that will lead to an accredited vocational certificate. At-risk young people must be identified and supported at an early stage. To this end we will expand early vocational guidance programmes in schools. We specifically want to address young people with an immigrant background as well those who have already been seeking an apprenticeship for some time with no success.

We will restructure the transitional system to make it more efficient. All measures, including those using education modules, should be fundamentally geared towards training and vocational certificates. Our objective is to provide tailored placement solutions for those seeking vocational training and individual who have been seeking a position for some time.

We advocate a suitable classification of vocational certificates awarded in the dual system within both the German and European qualification frameworks. The objective is to make vocational training attractive for all young persons irrespective of the qualifications they leave school with.

1.9 Lifelong learning

Strengthening lifelong learning is a task for society as a whole. To this end we want to forge a continuing educational alliance in co-operation with social partners, federal states, the Federal Employment Agency and training and development associations. Small and medium-sized companies in particular must be enabled to expand continuing education for their employees. In addition, we will improve access to education and qualification advice and increase transparency.

Study time accounts established in collective agreements are of particular importance. The social partners must fulfil their particular responsibility.

We will use the opportunity of developing a German qualification framework to strengthen equality, mobility and transferability in German and European education systems. In the European process we will pay special attention to ensuring the German education system preserves its own profile and emphasise the strengths of the German system within the EU.

We will co-operate with strong partners from the federal government, federal states, business and science, churches, charities and foundations as well as senior citizens' organisations to create new educational opportunities and incentives for older people. We want to work together with older people in co-operation with internet service providers, the media and associations to improve media literacy and reduce risks.

2. Science and research

Research and innovation for future prosperity

Research, innovations and new technologies are the bedrock of future prosperity. They are the source of economic success, growth and employment. At the same time, they will help us to tackle the challenges of our times, climate and environmental protection and fighting poverty and disease. This makes research and new technologies crucial for sustainable production and consumption, for resource efficiency and securing the world's food supply. It is important in Germany, the land of ideas, for technologies not only to be developed, but also implemented.

To this end we require a comprehensive dialogue about future technologies with and among our citizens. We advocate a future-oriented culture characterised by opportunities. We want to become once again an optimistic society, open to technology and innovation.

Continued development of the high-tech strategy

We will continue the high-tech strategy and concentrate specifically on climate protection/energy, health, mobility, communication and security. We will increase funding for these key technologies that are of such great importance for society. We will amend the legal framework to make it more conducive to innovation.

We will review and further develop the instruments used in the high tech strategy. In doing so, we will place specific emphasis on small and medium-sized companies. We will provide new impetus for knowledge and technology transfer and the validation of research results. In the spirit of the Lisbon Strategy we will seek to bring the high tech strategy to the European level.

Materials research

Materials research is an engine of innovation. We will therefore step up efforts in this field and translate the results into competitive products and processes as quickly as possible.

Biotechnology

We see a great opportunity for Germany to increase its competitiveness as a centre of business and science in biotechnological research, development and application. We will continue to develop the potential of responsible innovations in biotechnology and genetic engineering to secure Germany's position as a business centre and to meet our global responsibilities.

We will work together with the Bioeconomy Council to draft and implement an internationally competitive strategy for a knowledge-based bioeconomy. The scientific, business and agricultural communities require clear signals regarding research into and the use of genetically modified plants based on current law. Green genetic engineering can contribute to the fight against global famine.

Health research

Prevention is better than cure. We will strengthen prevention research. New findings produced by research must benefit people more quickly. We are paving the way for individualised medicine and therapies that are more effective and better tolerated by patients. This must be accompanied by new concepts in health system and health care research. With “German Centres for Health Research” that bring together research institutions, universities, university clinics and clinics in equal and long-term partnership we will create the necessary conditions for combating the rapid increase in common diseases.

Stem cell research

Stem cell research offers great opportunities for the health sector. We want to ensure that these opportunities can be realised in Germany. At the same time, ethically sensitive research must take place within the framework of current law and involve all the key players in society. We are investigating the establishment of a platform for dialogue called the “German Stem Cell Network”.

Dialogue with citizens

Research must take place in active dialogue with society. To this end we will establish new platforms for dialogue where we can engage in a more profound dialogue with citizens on future technologies and research results for tackling major global and societal challenges. With particular regard to future technologies that are controversial in society, we wish to establish an objective discourse that is based on tolerance, which will make possible a realistic assessment of the opportunities and risks for the individual and society and which sounds out the consensus that can be reached.

Under the guidance of the scientific community and in co-operation with the business community we want to establish a “House of the Future” in the capital city where Germany

will present itself as a knowledge society and driver of innovation. This will also provide support to research museums.

Strengthening science

The Higher Education Pact, the Pact for Research and Innovation and the Excellence Initiative will be continued as decided by the state and federal heads of state.

We will strengthen applied research in universities of applied science and we want to stress the importance of co-operative graduate schools at universities of applied science and universities as they can be funded by the German research community. We will continue the programme allowances within the framework of the Higher Education Pact and are reviewing their inclusion in federal project funding. We expect universities to introduce and use itemised cost invoicing.

Financial responsibility must be combined with the freedom of discretion. Science and research require more flexibility and discretionary scope in order to be able to recruit excellent personnel and co-operate with strong partners both domestically and abroad. We will promote additional alliances between universities and non-university research facilities and support models such as the “Research Campus” that also involves the business community.

We support the willingness of research organisations to co-operate more closely with one another and universities on items such as appointment procedures.

Academic/scientific freedom

We will continue the scientific freedom initiative with the specific aim of introducing global budgets and opportunities for corporate investment and spin-off companies. We will propose an “Academic Freedom Act” and supplement it with the requisite delegated legislation.

Science relies strongly on recruiting and maintaining highly-qualified personnel. The federal government is therefore investigating opportunities to allow remuneration elements outside collective salary agreements and collective bargaining autonomy for research organisations.

Young researchers

We advocate increased mobility between scientific and business career paths. This will also boost knowledge and technology transfer. We will contribute to improving career opportunities for women in science and research. We want to make Germany's universities more attractive to students and researchers. To this end we will support strategic international partnerships and reduce obstacles to mobility, including in the area of social security systems.

Humanities and social sciences

We will strengthen the humanities and social sciences as they are of significant importance for our cultural memory and for shaping our future.

Research in government departments

After the conclusion of the ongoing evaluation of departmental research facilities in 2010 a review will be undertaken of the structures of government department research which will be open as far as the outcome is concerned.

Roadmap for research infrastructure

We will initiate a roadmap process for major research infrastructures in which we will determine our priorities for future research infrastructure projects. This will be integrated into the European Strategy Forum on Research Infrastructures (ESFRI).

Internationalisation

Attaining excellence in science and forward-looking solutions through research requires international collaboration. We therefore strive for intensified European and international collaboration in education and research. We advocate the goals of the UN decade for “Education and Sustainable Development”. It is an important and a forward-looking task for all education providers.

In addition to entrenching it in the school curriculum, its implementation together with non-school partners such as educational establishments, economic institutions and associations is of major importance.

We will actively shape the European research area, the preparations for the 8th Research Framework Programme and the remodelling of the EU budget. In the process we will advocate more powers for the member states. We want to ensure that scientists in Germany can participate to the fullest extent possible in all European research and innovation programmes. We will expand the strategy for the internationalisation of science and research. We want to transform Germany into the world’s leading exporter of educational opportunities and give targeted support to their promotion. Education and research will become of the main areas of co-operation with developing and emergent countries.

III. SOCIAL PROGRESS

Through cohesion and solidarity

1. Marriage, family and children

A modern family policy for all generations must strengthen the fundamental structures of our living environment and ensure they are prepared the future, particularly in view of demographic change and the globalising world. We want to raise the birth rate in Germany by creating a pro-children and pro-family environment and improving conditions for families.

Families assume responsibility for each other that spans generations. It is the contribution of families that sustains society in our country and ensures the future. The values that exist in relationships in which people assume long-term responsibility for each other's well-being are also values that are fundamental for our society. This coalition aims to further strengthen the economic and social capacities of families. A pro-family environment should become the trademark of our cities, municipalities and companies.

The Basic Law gives mothers and fathers the primary authority and obligation to care for their children and makes the state responsible for protecting the institutions of marriage and family and safeguarding the exercising of parental rights and obligations. In this regard we want to emphasise prevention.

Parents should be free to choose how to organise family life and employment. Everyone raising children is contributing to society as a whole and deserves special recognition. Support measures should apply directly to the living situations families find themselves in.

We want to create suitable conditions and positive incentives for more people to assume responsibilities for the care of others – even outside of their own families.

Community service offers many solutions to the issues of generational cohesion and society as a whole.

This coalition wants to ensure equal opportunities for men and women both within the family and in the workplace. More and more men would like increase time spent with their families. Young people have a right to participate in society and a right to be empowered and supported. We aim to assist every young person to attain a school leaving certificate and find job training

A growing number of older people in good health wish to remain active in their later years. The goal of this government is to continue supporting them in their voluntary work and strengthen co-operation across the generations in all areas.

Parents bear the primary responsibility for raising their children. Our goal is to assist them in this task because strong children need strong parents.

We want to assist children from an early age to recognise their strengths, to increase their opportunities and prevent disadvantage, and combat child poverty.

Child care

We want to implement additional measures in child care to improve the number and quality of providers including of day care. We want to enhance ties with other family-support options such as family centres and multi-generational centres. This includes improving the qualifications of day care workers and teachers and improved conditions for education and profession in co-operation with the federal states, municipalities and associations. We will work towards agreement between the federal and federal state governments on uniform benchmarks for early-childhood education, and in particular language development. We welcome the voluntary certification of facilities if conducted with appropriate academic monitoring. We aim to improve framework conditions in order to recruit qualified personnel.

Noise caused by children must not be grounds for legal disputes and we will amend laws accordingly.

In order to extend access to additional public facilities and services, from 2013 we want to introduce a childcare supplement of EUR 150, possibly in the form of a voucher, as a federal grant for children under three.

Day care

We want to further develop and improve the qualifications of day care personnel to make child day care more attractive. The crediting of qualifications acquired in child day care towards training in pedagogical professions must be made possible.

Au pair employment

We want to make working as an au pair more attractive. We will review raising age limits and the possible extension of residency permits.

Family-friendly working hours

We want to create family friendly and child friendly framework conditions, including a family-oriented working environment, by promoting a family-friendly culture and infrastructure. This will allow for true freedom of choice in deciding to have children. We advocate family-friendly and flexible working hours and “sabbaticals” or time off from work so that people can take off time for important things like their family. In order to ensure that the reconciliation of work and family responsibilities becomes a permanent feature of a modern and sustainable personnel policy in companies we will upgrade the ongoing initiative to a major campaign. In the same way we will seek to improve the reconciliation of family and education.

Further development of the parental allowance

We want to develop the parental allowance further, make it more flexible and reduce bureaucracy, especially with regard to determining income. The number of months a partner can take off work should be enhanced and a partial parental allowance for up to 28 months

should be introduced. We will ensure that double claims do not result from simultaneous part-time employment and parental leave. We want to give more consideration to the self-employed.

Advance Maintenance Payments Act

We will amend the Advance Maintenance Payments Act to reduce bureaucracy and extend the period of advance maintenance up to a child's 14th birthday.

Single parents

We want to improve framework conditions for single parents with a package of consistent, flexible and low- threshold measures in reliable network structures. We will examine to what extent transforming the existing system of tax reliefs into a deduction from tax liability is possible and serves the interests of the target group.

Comprehensive evaluation of marriage and family-related benefits

We want to vigorously pursue the comprehensive evaluation of family-related benefits and make appropriate proposals. The goal is to produce clear recommendations for action in order to pool benefits and render them more effective and more efficient. We will also continue to examine how benefits within maintenance law and in tax law, social law and family law can be harmonised and we will take the appropriate action.

Child protection and early intervention

We want to have active and effective child protection. To this end we will propose a child protection act that contains an effective protection mandate and, in particular preventive measures (e.g., parental education, family midwives, paediatric nurses, and other low-threshold services) including in the area of the interface to the health care system subject to clarification of the issue of medical confidentiality.

National centres for early intervention should enhance the establishment and expansion of early intervention and support initiatives for proactive child protection in Germany.

Research

We will expand attachment and education research to improve the healthy motor, cognitive and emotional development of children.

Children's rights

We advocate strengthening children's rights. Parents must be made more aware of these rights. We want to create living conditions that are suitable for children in all areas, specifically in protection, advancement and participation rights. We want to withdraw the reservation relating to the UN children's rights convention.

We will co-operate actively in formulating a procedure for complaints by individuals in the UN children's rights convention.

We will promote the participation of children and young people from an early stage and advocate children and young people being able to shape their living environment and society in accordance with their age.

Assistance for pregnant women in distress

There are many reasons a women can be in distress during pregnancy. We must review the option of confidential birth and the possible legal basis. The decision to carry to full term must not be influenced by financial distress. Federal funds for pregnancy counselling will be distributed evenly to support pluralistic service provision.

Protection from sexual assault and exploitation

We aim to continuously improve the protection of children and young people from sexual assault and exploitation. To this end we will further develop the federal government's action plan. We want to work with children, young people and adults in co-operation with internet providers, the media, associations and organisations for the protection of children and young people to increase media literacy and minimise risks.

Combating violence against women

The support system for combating violence against women will find continued support in the areas of federal responsibility. This includes items such as a nationwide emergency hotline and a report on both the state of women's and children's shelters and the wider assistance infrastructure.

Multi-generation centres

We continue to support the successful work of the more than 500 generation-spanning multi-generation centres nationwide. We will also involve the multi-generation centres in the improvement of care for dementia patients and the relatives who care for them.

2. Young people

Modern upbringing requires values

We want to support parents, care institutions, schools and youth employment facilities to focus on values in their education and upbringing responsibilities.

Independent youth policy

We advocate an independent youth policy, strong youth welfare and youth employment which encourages young people to participate and which promotes and expands their potential. We want to improve support for young people in their transition from training into professions. We stress the central importance of cultural child and youth education in the personal development of young people. We must take more and better advantage of the new opportunities we have where youth, culture and school intersect.

Protection of minors

In conjunction with the federal states, municipalities, associations and the business community we will initiate a national action plan that comprises a comprehensive concept for improving the protection of minors and includes measures to improve participation, media literacy and the prevention of violence and substance abuse.

Young people for diversity, tolerance and democracy

Developing and strengthening tolerance and democracy are central objects of child and youth policy. A comprehensive support programme, which will be evaluated on a regular basis, will motivate and support children and young people and all other parties involved locally in their efforts towards diversity, tolerance and democracy, human dignity and non-violence towards left and right wing extremism, and against xenophobia and anti-Semitism. Parents, child care facilities, schools, youth employment facilities and the *Ring Politischer Jugend* (Council of Political Youth) bear special responsibility.

Child and youth welfare reform

We will review the child and youth welfare system and its legal basis in the *SGB VIII* (law on children and youth welfare services) to determine if targets are being met and efficiency levels. We want to have early, quick and non-bureaucratic access to assistance through highly

qualified service provision and the reduction of interface issues between youth welfare and other assistance systems. This applies especially in relation to early intervention and assistance for disabled young people. We will evaluate the quality of child and youth welfare and develop further standards if necessary.

Youth and media

We want to exploit the enormous opportunities the new forms of media offer society and individuals; we will work to counteract the risks involved in using new media. We want to increase the media literacy particularly of children and young people. To this end we will continue various successful projects including “*Vision Kino*”, “*Nationale Initiative Printmedien*” (national print media initiative) and the children’s network “*Frag Finn*” (Ask Finn). Computer games have become a common part of our everyday culture. Thus we must promote the development of high-value, culturally and pedagogically valuable entertainment media and enhance the status of the *Deutsche Computerspielpreis* (German computer game prize).

Criminal law on sexual offences

The CDU, CSU and FDP fundamentally reformed youth protection under criminal law in 1994. We want to resume comprehensive protection for children and youth in line with recent European law guidelines. We will revoke changes in the criminal law that are not necessary under European law and reject current considerations being made to expand European guidelines.

Youth violence and youth crime

We want to combat youth crime with effective measures and do everything within our power to counteract their causes. To this end we want to strengthen and expand prevention concepts, improve educational approaches with the involvement of all responsible parties and remove enforcement shortcomings in the implementation of current juvenile criminal law. We fully recognise the educational approach to juvenile criminal law. In order to expand

and improve the pedagogical response options in relation to criminal offences committed by adolescents and young adults we will introduce “warning-shot detention” along with suspended sentencing or enforcement of sentencing for young offenders on probation. Young offenders will be plainly informed at the beginning of their probation of the consequences of any further violations of the law, which should increase the impact of the educational effect. In juvenile criminal law we will increase the maximum penalty for homicide to a 15 year sentence.

3. Senior citizens

We want to promote a successful generational policy that enables the elderly to lead independent lives based on personal responsibility for as long as possible.

The transition from working life to retirement should be better prepared and supported and made smoother by business, companies and the public services.

Positive age image and retirement age

The active participation of older people relies on a modern image of age in keeping with the times. We want to initiate a broad-scale initiative on the topic of “rethinking age”. Current retirement ages, which may be discriminatory, must be reviewed.

Living in social networks for the elderly

We want to create living spaces and infrastructure that cater to the elderly and where appropriate meet intergenerational needs and to further develop and expand service and assistance structures in collaboration with civil society. We strive to have these issues made part of the education of architects and engineers as well as town planners.

Research for an independent life in old age

An independent life in old age is a matter of vital importance for many families. Much has been made possible with the use of medical technology. We therefore advocate the development of assistance systems for the elderly and innovative living models for the elderly. We will expand medical, technical and sociological research for an independent life in old age and strive to do this at the European level as well. We will launch a new innovation partnership programme called “Healthy in old-age”.

Demographic change

Demographic change will soon be starkly apparent in everyday life in Germany. Government and policies must be prepared. We therefore advocate a co-ordinated effort to address demographic issues. We will install an interministerial committee to improve co-ordination between the federal ministries. The opportunities presented by demographic change must become more prominent in the federal government’s public relations work and we will publish a “Federal Government Report on the Demographic Situation in Germany and Future Developments” in 2011.

4. Equal treatment

We want to remove discrimination in the working environment, politics and society. We will work for a culture of diversity and therefore welcome diversity strategies. We want to pay special attention to entrepreneurs and the self-employed.

We are creating an outline plan for the equal participation of women and men in all stages of life. The federal initiative for equal rights for professional women will be included.

Facilitating return to work

Women are now better qualified than ever before. Many would like to use their skills in gainful employment. The action programme “Prospects for Re-entering the Work-Force” will be continued and expanded in partnership with the Federal Employment Agency. We are currently examining to what extent local models of the programme which have proved to be very successful can be rolled out across the country and made permanent. Single parents must be given special consideration in the programme.

Overcoming wage disparity

We want to implement the principle of “equal wages for equal work” for women and men in order to eliminate wage disparity. We will promote the use of the advisor-supported “Logib-D” wage determination process in the business community. Wage differences and their causes will be assessed. The joint efforts to overcome wage disparity must be balanced. The public service must do everything within its power to become more women and family friendly.

More women in management

The goals of the Federal Equality Act and the Act on Appointments to Federal Bodies are being followed up with vigour. We will investigate if and to what extent the laws must be amended and made more effective. The percentage of women in management in the private economy and public service must be increased substantially. To this end we will produce a phased plan aimed at increasing the number of women serving on boards and advisory boards. The initial stage of the phased plan will focus on binding reporting duties and transparent voluntary commitments.

Policy for boys and men

We want to develop an independent policy for boys and men and continue and intensify existing projects for boys and young men to give them better prospects in the educational and nursing professions. Co-operation with fathers' organisations and other men's organisations focusing on equal rights should be intensified.

5. Integration and immigration

Promote integration, exploit opportunities

Integrating people with a migrant background is a key issue in Germany. We must live together in an environment characterised by respect, mutual trust, solidarity and shared responsibility. We want to ensure that our fellow citizens from immigrant families have access to all the opportunities a cosmopolitan country offers and enable their participation in society, the economy and culture. By the same token we expect willingness on the part of immigrants to integrate and accept German society.

We will further develop the National Integration Plan (NIP) from a concept for an integration policy into an action plan that features clearly defined objectives that that will be subject to verification. To this end we will also continue the dialogue based on trust between government and society, especially with immigrants, within an institutional body and also in consultation with the Federal Parliament. We want to establish a federal advisory committee for integration. The status and progress of integration can only be determined using objective data and we will ensure the requisite data is made available.

The federal government on the one hand and the federal states and municipalities on the other hand are partners in integration policy. While preserving the respective federal responsibilities we want to further develop this co-operation and transform the co-operation into binding national integration partnerships. Integration takes place primarily in municipalities. We must further develop the excellent integration projects that are often only

short term in nature and transform them into standard options. We aim to achieve the best possible cross-linking of the various local integration support measures. Federal and municipal centres as well as publically funded service providers should work together seamlessly. We want to specifically include integration course providers and job centres and, in model regions, pilot integration partnerships.

We want to eliminate the deficits in integration policy of the last decades. Many people live in our country who, after residing in Germany for many years, are not integrated and do not have a command of our language. We will therefore advocate instruments for sustainable integration. We want to optimise integration counselling.

To increase commitment levels in individual integration assistance we will create an integration agreement instrument that will apply to both new immigrants as well as those that have lived in the country for some time. We will specifically target people who have moved to Germany to be with their spouses and who have already begun acquiring German language skills in their country of origin by informing them of the broad range of integration measures available.

Integration agreements will contain commitments for the necessary measures to be taken to ensure successful integration into German society and into the German labour market; they will be reviewed on a regular basis. Emphasis will be placed on information and advice about the services offered by government and community organisations. We will include models featuring individual consultation such as *Integrationslotsen* (integration facilitators). Interfaces between advisory services and education providers will be verifiably improved.

We want to increase the service character of the present Foreigners' Authorities.

The coalition is in favour of parliament and society engaging in a wide-scale discourse on integration.

Command of the German language is a basic prerequisite for education and training, for integration into a profession, for civic participation and for social advancement. Integration

courses are an effective federal instrument for language promotion. We want to further strengthen participants' opportunities for success by providing more support and increasing standards.

To this end we will make integration courses more flexible and upgrade both quantity and quality. We will raise the number of hours in an orientation course from 45 to 60 in order to give participants more time to become familiar with how our democratic constitutional state functions.

We will incentivise successful learning. We want to improve the management of integration courses specifically to enable persons who have acquired preliminary German language skills in their country of origin before moving to Germany to join their spouses will be able to transfer to the integration course as quickly as possible

The courses will be organised to reach the primary objective of integrating participants into the labour market. Language proficiency may exceed the B 1 level. In addition, we want closer ties to the centres responsible for job placement.

We will strengthen the integration capacities of kindergartens and schools. Those receiving early support have better opportunities. We advocate the expansion of early childhood educational institutions and all-day schools as dictated by need. We support nationally standardised and binding language tests for all four year olds and, when needed, compulsory and targeted language support prior to school. All children starting school should be able to speak German. In addition, we support language programmes that accompany school teaching.

Parents who are charged with responsibility for the education of their children must be able to speak our language so they can provide their children with the best conditions for being successful in school. We want to provide more integration courses for parents at kindergartens and schools and strongly promote integration courses for parents via the "Learn German, Get to Know Germany" campaign. If the welfare of the child is jeopardised

due to the parents' lack of knowledge of the German language, for this reason alone it should in future be possible to require parents to participate in an integration course.

Too many young immigrants fail in school and in vocational training. In the national integration plan and the common qualification initiative the federal states have committed to reducing the number of dropouts among those with an immigrant background to a level on par with all pupils by the school year 2012/2013.

Within the framework of its responsibilities the federal government supports successful education in many ways. In difficult economic periods we will be sure to continue successful development programs (e.g., access qualifications and *Jobstarter Connect*). Young immigrants are the primary beneficiaries of these programmes. Coaching and counselling can be an indispensable part of supporting young persons in attaining a successful education. A new instrument of integral integration coaching (GINCO) assists integration into training and into the labour market and stabilises this integration.

We want to continue to improve employment opportunities for people with an immigrant background. In future effective instruments such as training in professional language skills should be readily available in SGB II and III. This will meet the special support needs of this particular group.

We want to strengthen existing companies run by immigrants and encourage new entrepreneurs. This will require tailored, needs-based start-up support for the initial phase of starting a company. A targeted advisory and qualification initiative should provide business competence, professional expertise as well as language skills.

We will strengthen the "Diversity Charter" in basic recognition of fairness and appreciation of employees in companies. We will promote the potential and talents of employees with an immigrant background. The "Diversity Charter" has become a very successful company network in a short space of time and we will make our contribution to its further development.

The federal government is also aware of the role it plays as an employer and will, within the scope of its options, employ an increased number of suitable immigrants who are capable and willing to work.

We will continue to advocate and strengthen the community involvement of immigrants. The planned expansion of the quality and quantity of the services provided by the Voluntary Service for Young People will contribute greatly to this. We want both to achieve an increase in participation among young people with an immigrant background in the Voluntary Service for Young People and to pursue the goal of tying in the year of voluntary social service to serve the interests of integration.

We especially want to address women and girls with an immigrant background with the “Integration through Sport” programme in order to recruit them as participants and trainers.

We want to support immigrant women and girls from all cultural groups to participate in public and social life. To this end we need an educational and training campaign for female immigrants. Special emphasis must be placed on information about human rights, civil rights and social rights and awareness about the equal rights of women and men.

Option provision

Gaining citizenship based on the principle of territoriality (*ius soli*) for children born in Germany of foreign parents was introduced for the first time into law of nationality and citizenship with the nationality reform law of 1999. A transitional rule allowed children born between 1990 and 2000 to receive German citizenship upon application. Approximately 50,000 children made use of this transitional rule. In 2008 the first children in this group reached the age of 18 (approx. 3,300) and were subject to the option provision. This means they have to choose either German or foreign citizenship by the age of 23. These first option cases should be examined to determine if there is a need for changes in procedural law or substantive law, and if so, then suitable proposals should be drawn up.

We promote the idea that as many people as possible should accept citizenship if they qualify. It is the strongest symbol of belonging to our country and for the mutual responsibility of its citizens. We will remove unreasonable obstacles on the path to naturalisation.

Education and recognition

Education is the basis for integration into society and personal success. Integration is also promoted when people can make full use of the qualifications they have acquired abroad in Germany. Many thousands of qualified immigrants live in Germany whose education and vocational certificates from their countries of origin are not or are only partially recognised. The shortage of skilled workers we have makes the knowledge and skills of all immigrants a resource we cannot afford to waste.

In consultation with the federal states we will therefore create a legal right to a recognition procedure that will determine to what extent qualifications acquired abroad are the equivalent of German training. We want the process to be simple, transparent and user-friendly and we are working on establishing a single point of contact. We will expand opportunities for retraining and supplementary qualifications. Partial recognition should also be possible and combined with an opportunity to receive retraining.

A database for the evaluation of foreign qualifications is being established.

Evaluation of language certificates

Knowledge of the German language is an essential prerequisite for successful integration. The regulations on the acquisition of language skills by spouses before subsequent immigration to Germany are therefore useful. It is essential for individuals wishing to relocate here to have access to opportunities to learn the language. We want to rapidly conclude the review we have already begun in this regard.

The way in which the provision of proof of language skills is organised must be simplified. The running of courses and administering of exams will be extended to all service providers who can guarantee the quality of service that to date has been the preserve of the Goethe Institutes.

The coalition partners agree to intensify efforts to prevent sham marriages and to review all measures such as the extension of the term during which a marriage needs to exist for setting up an independent right of residence from two to three years. A concerted effort must be made to combat the obtaining of residence permits by fraud.

The EU member states must retain authority to determine their own immigration policies. In negotiations we will be particularly careful to ensure that the principle of subsidiarity is observed and that the current national principles and standards are preserved.

At the European level we acknowledge Germany's responsibility in Europe with regard to international migration patterns and we will co-operate proactively to ensure humanitarian standards.

Provision on the right to remain

With regard to the grandfather clause we agree that there is a need for action regarding the holders of residency permits "on a trial basis" who are likely not to be able to meet the legal requirements for ensuring the means of subsistence due to the current difficult economic situation. A timely and suitable arrangement will be found.

The residence obligation should be dealt with in a way that allows for sufficient mobility to enable authorised employment; residence restrictions remain unaffected.

We will amend the legal obligations on public agencies to inform the authorities about illegal immigrants so as to enable children to attend school.

Visa procedures, visa warning file

We agree that persons must be identifiable who have exhibited illegal conduct in connection with visa procedures, or where there is conspicuous illegal conduct in cases with any other cross-border implications.

To this end we will create a central visa warning file in order to support the German visa authorities in their task and to accelerate the process of granting visas as a whole. Data concerning hosts, guarantors or corroborators will only be recorded as a necessary addendum to data sets if there warning elements in the file.

Evaluation of conditions for custody pending deportation

We abide by the imposition of custody pending deportation as an ultima ratio for individuals subject to deportation. It is crucial to apply these means in a measured way under strict adherence to fundamental rights. We want to work with the federal states to examine if – in light of the stipulations in the EU Return Directive – adjustments are necessary in the execution of deportation or to custody pending deportation.

Asylum Seekers Benefits Act

We will evaluate the Asylum Seekers Benefits Act with regard to the principle of payment in kind.

6. Community service

Promoting cohesion is also a function of government and policy in open, democratic societies and it makes a significant contribution to the social climate of our country. Millions of citizens make Germany a more peaceful and pleasant place in which to live with their voluntary work and civic activities. Societal integration by way of communicating values and

attitudes such as tolerance, respect and consideration through everyday dealings with family, schools, business, clubs and many other types of associations of like-minded people also serve to contain extremism, anti-Semitism and youth violence.

It is essential that people are not excluded from participating in society and its core social values. We will work together with all civil society groups to ensure that our children and young people take with them our core social values. Taking part in society must not be dependent on the financial means of individuals or families. The state cannot do without the collaboration of citizens taking responsibility for themselves and their families. We expect parents to exercise their rights and obligations as these two are inseparable.

The multitude of investments in volunteering must be enhanced, better interlinked and most importantly be made easier to access for individuals seeking to participate in civic activities.

We want to implement a national volunteer strategy with, among others, the National Forum for Volunteering and Participation, to pursue an law in support of civic activities that will comprise suitable framework conditions for a sustainable infrastructure and the stabilisation of volunteer work and participation and we want to create a nationally standardised funding instrument that will pool, co-ordinate and further develop support programmes.

We will secure and strengthen the quality of the “voluntary social year” and the “voluntary ecological year” conducted by the voluntary service for young people.

Child allowances in regulated and unregulated juvenile voluntary services will be standardised and a child allowance during military and community service will be also be considered.

Standardised and transparent conditions for all voluntary services will be established via a common interdepartmental strategy. We aim to introduce a standardised status for volunteers with a “Volunteer Status Act”.

We want to vigorously support the wide variety of volunteer work in relation to culture activities and personal development and raise awareness of volunteering. Volunteers should not be burdened by bureaucracy and liability risks. We want to expand the voluntary social year into the cultural sphere.

Active old age

The great potential and skills of older people are a valuable resource in these times of demographic change. In the medium term we aim to develop a sophisticated and comprehensive structure for promoting volunteer work, self-organisation and neighbourly help in old age

Civilian service

Civilian service has socio-political effects. In future we will also promote the use of skills learned in civilian service for further training. The possibility of performing both civilian service and a voluntary social year is to be ruled out in future. We want to examine the possibility of closing the gap between the completion of the civilian service and the start of training through fulfilment of the requirements of the civilian service in segments.

The future structure of the military service obligation will be reflected in the civilian service which helps to ensure the provision of services in social institutions.

7. Social support and social security

7.1 Unemployment insurance and the Federal Employment Agency

Increasing efficiency in labour market instruments

We advocate an effective and efficient labour market policy that assists the unemployed in quickly finding employment subject to social insurance contributions. The goal of this

proactive labour market policy is to successfully place jobseekers into employment. This is especially true for jobseekers who have specific difficulties in the labour market and exhibit a great need for qualifications and advanced training. The labour market instruments in the labour administration must be examined on the basis of this stipulation. We want to markedly reduce the multitude of labour market instruments. Our objective is to achieve a large degree of administrative discretion combined with effective monitoring and thus significantly improve the integration of jobseekers into the labour market in accordance with the regional situation. The coalition will therefore lay the foundation for piloting new approaches such as *Bürgerarbeit* (citizen labour) or the distribution of placement vouchers from the start of unemployment that are geared to market demand.

With these measures we will make an important contribution to increasing growth and employment as well as stabilising the contribution to unemployment insurance. We are addressing the concerns many people have regarding social decline and excessive demands by promoting jobs that are in conformity with market trends instead of funding unemployment. The principle of “incentives and demands” will remain the benchmark of our action.

7.2 Basic financial security

Additional earnings

Work must be financially worthwhile. We believe that working should be more worthwhile than not working. That is why we will make significant improvements to the supplementary earnings regulations in the basic financial security for jobseekers. In doing so, we will increase the incentive to look for and accept employment subject to social insurance contributions. This can make a contribution to easing the burden on the social security system.

Schonvermögen

(Personal assets a welfare recipient must use up before being eligible for assistance under the welfare programme for the long-term unemployed.)

We want to provide more protection for employees who have lost their jobs and have not been able to find new employment for an extended period of time. Promoting private pension schemes is an important measure to prevent poverty in old age among broad sections of the population in future. We will provide greater safeguards for private pension schemes. We will raise significantly the exemption amount for *Schonvermögen* in Social Security Code II (SGB II), which serves retirement provision. It will now be EUR 750 per year of life. The precondition for this is the assets for retirement provision must only be available upon retirement. In this way we will strengthen independent retirement provision in that it will not be penalised even when an individual is drawing unemployment benefit (*Arbeitslosengeld II*).

In addition, we want to fully protect owner-occupied residential property.

Structural reform of SGB II

The coalition will restructure how it performs its duties and finances the long-term unemployed to the benefit of recipients. We aim to arrive at a solution which conforms to the constitution without amending the Basic Law and without altering financial structures. The solution will contribute to reducing long-term unemployment and ensure that it is resolved as quickly as possible.

It will be essential to utilise the competence and experience the federal states and municipalities have as well as the Federal Employment Agency in its separate duties for counselling and placing the long-term unemployed in jobs. The existing *Optionskommunen* (local authority bodies) should be authorised to perform this function for an unlimited period; at the same time, however, consideration must be given to municipal restructuring.

The Federal Employment Agency will be tasked with offering municipalities attractive venues for voluntary collaboration. To this end the Federal Ministry of Labour and Social Affairs will prepare a “model contract” which will govern co-operation and preserve municipal self-

administration. Our objective is to attain a citizen-friendly administration that avoids unnecessary duplication of activities.

Flat-rate calculation

In this context we will also organise accommodation costs in a transparent and consistent manner. We will examine current legal regulations to determine whether it is possible to introduce a flat-rate calculation for energy and ancillary costs as well as accommodation costs. Regional differences must be taken into consideration. In doing so we want to reduce the complexity of the procedure and, at the same time, provide incentives for economical energy consumption.

We will review housing allowance regulations with regard to interfaces with other social security systems and aim to further simplify the calculation of housing allowances.

We will examine whether the payment of the child allowance currently carried out by the family insurance fund can be relocated. In addition, we will examine the possibility of aggregating other tax-funded family policy benefits.

***Bürgergeld* (basic income scheme)**

The coalition will undertake a review of the multitude of unwieldy tax-funded social benefits to determine whether and to what extent an aggregation is possible. We will include the concept of a needs-based ***Bürgergeld*** in this examination.

7.3 Other social insurances

Accident insurance

The catalogue of services will be reviewed with regard to targeted benefit entitlements, the efficacy of commercial employers' liability insurance associations will be improved and bureaucracy in statutory accident insurance reduced.

Improvements in reduced earning capacity protection

We want individuals who have reduced earning capacity to have sufficient social protection. We will examine whether cost-neutral improvements can be made in the government funded provision for protection against the risk of reduced earning capacity.

Artists' social insurance

We will continue to stabilise artists' social insurance with transparent and comprehensible compulsory insurance.

7.4 Persons with disabilities

We advocate effective participation by persons with disabilities in social life. Our objective is to create positive framework conditions for both the disabled and the non-disabled. Accessibility in all areas, from schools to training facilities to the workplace and in transport, the media, communications technology and town planning is a precondition for this. Political decisions that affect people with disabilities either directly or indirectly must be measured against the requirements of the UN Convention on the Rights of Persons with Disabilities. To this end we will develop an action plan for the implementation of the UN Convention on the Rights of Persons with Disabilities.

We want the elderly and persons with disabilities to be able to live longer and more comfortably in familiar surroundings. We will further develop the KfW support programme for suitable living space for the elderly.

8. Pensions

Improving child education about financial provision for old age

Within the scope of financial constraints we will examine opportunities for strengthening the family policy components in order to be able to give stronger consideration to education about making financial provision for old age.

Strengthening capital-funded old age provision

We recognise our responsibilities to provide federally funded old age provision. A large number of people use this option for their private pension provision. We will examine whether it is necessary and financially feasible to grant other groups, especially the self-employed, access to federally funded old age provision.

Combating poverty in old age

We are not closing our eyes to the fact that changing economic and demographic structures will produce a real danger of increasing poverty in old age in future. That is why we want to make private and company pension schemes worthwhile even for low earners and ensure that those who have worked full-time their whole lives and have made pension arrangements will receive income in old age that exceeds basic social security, that is based on need and that is financed by taxes. To this end a government commission will develop a proposal for an alignment rule.

East/West pension alignment

The statutory pension system has proved to be effective in the new federal states as well. In this legislative term we will introduce a uniform pension system in eastern and western Germany.

9. Health and care

We will ensure health care in Germany is open to innovation, effective and prepared for demographic change. We need to secure funding for the future, the ability to plan, reliability, solidarity and individual responsibility. We need a culture of trust instead of excessive bureaucratic rules.

Health is a very important issue for the people in our country. They must be confident they will be well looked after if they are ill or need nursing care. The quality of care and its universal provision are central concerns for us. People must come first in high-quality health care and a change of thinking has become necessary in order to achieve this.

Individuals working in the health and nursing professions make an important contribution to our community. They deserve our respect and recognition. These professions must be made more attractive with respect to the reconciliation of family and career. The health care system has very good prospects in an aging society and already employs more than four million people. This field already exhibits the highest levels of innovation and an increase in knowledge that is developing at a virtually explosive rate. We want to create a framework in which a competition of ideas for improving the quality of health care can flourish.

9.1 Health

Targeted prevention

Prevention is an important element in healthy lifestyles and for our society and must begin first and foremost with children and young people. Prevention can help to reduce future burdens on the social systems. Specifically targeted information should contribute to strengthening individual responsibility and health awareness.

Our prevention strategy will evaluate and co-ordinate existing structures, analyse domestic and international experience and findings, and expand and further develop successful programmes and roll them out nationwide. This will require a clear distribution of functions and funding that reflects the strengths of the structures already in place.

Funding health insurance cover

We want all people in Germany, irrespective of their income, age, social background or health risk to continue to receive high-quality and local medical care when required and to be able to benefit from all medical advances.

The structure, organisation and funding of statutory health insurance must be adapted to medical advances, advances in medical technology and demographic change. No generation should be unduly burdened.

Competition among health insurance companies operates as a regulatory principle and promotes diversity, efficiency and quality of care.

We want to ensure that health insurance companies have enough flexibility to produce competitive contracts and cater to regional differences.

The path to a single statutory insurance and a nationally centralised health care system is not the correct way to produce a people-oriented solution for future challenges.

Funding must be safeguarded for the medium and long term.

The healthcare market is most important sector for growth and employment in Germany.

Contribution/ benefits ratio must be adequate. Incentives for cost and health conscious behaviour are needed.

The insured should be given as much freedom as possible to choose their own health care cover using the existing schedule of benefits.

We want to move towards a more just and transparent funding system. Morbidity-oriented risk structure compensation (Morbi-RSA) will be reduced to an absolute minimum, simplified, made less bureaucratic and made less susceptible to manipulation. The current situation is characterised by a forecast deficit that consists of both reduced contributions resulting from the financial crisis and expenditure increases that are inherent in the health care system (demographics, innovation costs, unforeseen consequences).

Short-term measures are comprised of two components:

1. The insured should not have to bear the consequences of shortfalls in revenue resulting from the crisis alone; concerted national measures will be taken to tide us over the crisis.
2. Unnecessary expenditure must be avoided

In the long term the current system of compensation will be transferred to an arrangement with increased autonomy in relation to contributions, enhanced possibilities to account for regional differences and employee contributions which are independent of income levels and offset socially. The employer's contribution will be preserved because we want to achieve a decoupling of the health care costs and the non-wage labour costs. A government

commission will be installed at the beginning of the legislative term to establish the necessary steps.

Competition in the health insurance sector

We consider private health insurance in the form of comprehensive insurance and supplementary insurance to be a constitutive element of a liberal health care system alongside statutory health insurance. In relation to the elective rates of statutory health insurance, we will distinguish more clearly between these two insurance types and provide more opportunities for their involvement in options for elective and supplementary services.

We will observe closely how the *Basistarif* (basic scheme) in private insurances develops. We are examining the relationship between reduced contributions in the *Basistarif* due to the need for aid and the purchase of supplementary private insurance. In future transferring to private health insurance will be made possible again after the minimum annual income threshold has been exceeded.

High-quality and innovative supply of pharmaceutical products in Germany

Ensuring the supply of medicines nationwide is a major priority for us. Self-employed pharmacists play a central and important role in the good provision of medicines. This is why we reject any change to the current ban on third-party and multiple ownership. We will curb mail order excesses by banning the dispensing of medicines at so-called pick-up centres.

We will subject the multitude of partially contradictory instruments regulating the pharmaceuticals market to review. Over-regulation will be dismantled. The pharmaceutical market will be restructured to be more efficient and competitive and to better meet the needs of patients and small and medium-sized companies.

We want patients in Germany to continue to have access to innovative medicines. We want to improve the opportunities innovative medicines present for patients and for growth and

employment without endangering health insurance funding. One way to achieve this may be agreements between pharmaceutical manufacturers and health insurance companies.

Cost-benefit analyses must be conducted using clear and unambiguous criteria. We will examine the work of the German Institute for Quality and Efficiency in Health Care (IQWiG) with respect to more stringent and transparent procedures and thus improve the acceptance of decisions pertaining to patients, service providers and manufacturers. We will involve those affected into the process at an early stage.

Diversity and competition in health care

Service, quality and price competition make it possible for health insurance schemes to reflect the needs of their insured members and facilitate good medical care. On the insurance and the supply and demand side, the conditions for functioning competition to achieve innovative and efficient solutions are being created, which benefits patients as they are the primary focus and their scope for choice is increased.

We want the regulatory framework of general competition law to apply in principle also to statutory health insurance. We see a need for review particularly with regard to discount contracts as well as hospital and health insurance company mergers; the review will also include recourse to law.

Medical care and freelance medical professionals

Doctors' exercising their profession in private practice is an underlying principle of our health care system that ensures freedom of choice of treatment. The ability of patients to choose their own doctors is an expression of a liberal health care system and the basis for establishing a relationship of trust between medical professionals and patients. We want to preserve this ambulatory health care structure. Specific aspects of community-based medical care in rural areas will be given due consideration.

Medical care centres (MVZ) should only be authorised in very specific circumstances. Business shares can only be held by licensed doctors and hospitals. It is essential that a majority of the business ownership and voting rights are reserved for doctors and that the MVZ is operated on the responsibility of doctors. With regard to underserved areas, hospitals must be provided with a saving clause if there are no interested parties among doctors.

Doctors require a reliable framework to exercise their profession. A simple, easy to understand remuneration system that adequately reflects the services rendered is a basic requirement. Regional differences must be given consideration. With this goal in mind after a critical examination together with all participating parties price adjustments will be integrated into fee reform.

We want to increase transparency for both doctors and the insured. We therefore want to expand cost reimbursement options. The insured should not incur additional costs by choosing reimbursement.

The scale of charges and fees (GOÄ) will be adjusted to reflect current scientific knowledge and must take account of cost trends.

Given the diversity of evaluation instruments we will examine if there is still a need for medical prescription benchmarks. We want to transform payment of the practice fee into a non-bureaucratic collection process.

After three years we will determine how many general practitioner contracts have been concluded nationwide.

Nationwide need-based care

Ensuring nationwide, need-based care is one of our central health policy concerns. In view of demographic and social developments it is becoming even more significant.

We must effectively counteract problems related to the issue of unmet medical needs in many regions due to a shortage of doctors and increased waiting times. We will create the preconditions for the joint self-governing bodies to be able to develop demand planning in a targeted fashion.

We want to examine possibilities for the federal states to intervene to better fulfil the joint responsibilities for regional needs and structures.

The acute shortage of doctors expected in the next years can be effectively addressed with performance-based remuneration and the following measures:

- targeted recruiting of junior personnel, support for medicine students and improved general medicine education,
- increased incentives and relocation assistance for doctors in underserved areas and
- increased options for delegating medical and other services to ease the burden on doctors.

Dental care

The measures in the area of dental care provided under contract aim to further improve oral health and prevention-oriented care. Private practice structures and free choice of practitioner are key.

Budget planning via reference to the total basic wage is outdated with regard to remuneration of contracted dentists and new arrangements must be found. Regional conditions will be taken into consideration. The remuneration of contracted dentists will be adjusted in the new federal states.

Bureaucratic obstacles and constraints will be removed in order to make it easier for patients to choose cost reimbursement.

The dentists' fee schedule (GOZ) will be adjusted to reflect current scientific knowledge. Cost trends must be given consideration.

The regulations on the licensing of dentists must be amended.

Hospital care

Germany needs efficient hospitals in order to provide high-quality, innovative, community-based patient care nationwide. We want to secure the preconditions to make this possible and ensure that working in hospitals remains an attractive option. This will require efficient structures. The process of improving networks between sectors will continue. The objective is to preserve and expand the current system of the *Belegarzt* (general practitioner who also looks after patients in a hospital).

We will undertake a critical examination of the procedures for authorising hospitals to provide ambulatory care for highly specialised services, rare diseases and diseases with special ailment patterns and formulate them more precisely if necessary. Reliable investment funding must be used to preserve the efficiency of hospitals in rural areas. We view the DRG system as a learning system. Particular attention must be given here to emergency care. We reject the notion of nationally fixed prices

Humane hospice and palliative care

Current regulations on hospice and palliative care must be quickly implemented without excessive requirements and amended if experience makes this necessary. The recognition of volunteers and providing them with suitable framework conditions are very important in this context.

Patient autonomy and patient rights

The welfare of patients is a central issue in medical care. The insured must be placed in a position to independently exercise their rights vis-à-vis health insurance companies and service providers. Independent advisory services for patients must be expanded in order to

achieve this. Patients must be supported in defending their interests. We want increased transparency and guidance for patients and the insured in the health care system particularly with regard to quality, service and price. Transparency must also extend to insurance rates in specialised treatment and specialised contracts.

We want to combine patient rights in a separate Patient Protection Act which we will draw up in collaboration with all participants in the health care system.

Flexibility in individual choice and decision-making

We want to expand flexibility in the individual choices and decisions patients and the insured are able to take. Experience with fixed allowances for dental prostheses, medicines and medical rehabilitation have been largely positive. We will therefore examine additional possibilities where it could be sensible to have regulations in place for additional charges without excluding patients from medical advances or overburdening them.

Qualified rehabilitation

Qualified medical rehabilitation is an important precondition for the integration of sick persons into professional life and into society and is becoming increasingly important in health care.

Prevention, rehabilitation and care must be better co-ordinated. Prevention must be given priority over rehabilitation. The principle of “rehabilitation before care” has received insufficient implementation to date and must be given greater consideration. Co-ordination and interface problems between service providers must be resolved.

We want to increase transparency and guidance regarding the range of services offered by different providers, improve advice to insured persons by rehabilitation providers and increase options for the insured.

Arbitration boards should be set up when health insurance companies and rehabilitation facilities enter into contractual agreements.

Telematics infrastructure

Germany must have a telematics infrastructure that enables medical data to be securely and easily exchanged in case of need.

The doctor-patient relationship is particularly sensitive and must be vigorously protected. Data security and the privacy of personal data for patients and the insured are of the highest priority as we examine the introduction of an electronic health card.

Before further implementation we will conduct a review that will examine and evaluate the business model and organisational structure of Gematic (Gesellschaft für Telematikanwendungen im Gesundheitswesen) and its co-operation with self-management and the Federal Ministry of Health as well as previous experiences in test regions. After the review we will determine whether continued collaboration on the basis of these structures is possible and expedient.

Organ donation

Many people in Germany demonstrate shared responsibility for their fellow citizens with their willingness to be organ donors, including after death. Organ donation and organ transplants are issues that affect all of us. We see an urgent need to take action to increase the number of voluntary organ donations. We will undertake a critical evaluation of transplant medicine in Germany since the enacting of the Transplantation Act in 1997. We will explore how the organisational and structural framework conditions in hospitals can be developed to benefit organ donation and organ transplants. We will launch a major public campaign to promote organ donation in order to save lives.

Responsible drug and addiction policy

Our drug and addiction policy emphasises prevention, therapy, withdrawal counselling and the fight against drug crime. Drug addicts are sick people who require comprehensive medical care and support.

An increase in excessive alcohol consumption by children and young people is giving us great cause for concern. In light of these developments we will review current prevention strategies and develop programmes that involve parents in fulfilling their responsibilities. In the same fashion the concepts and measures implemented by the Federal Centre for Health Education must be further developed.

Modern self-administration

Self-administration is a primary regulation principle in the German health care system that enables service providers and the health insurance providers to supply health care in partnership on their own responsibility. This principle must be preserved and adapted to take account of modern developments. Legitimacy, acceptance and efficacy are all criteria that must be strengthened. In future the associations of statutory health insurance physicians must have more flexibility in determining remuneration policies in order to fulfil their mandate for local medical provision. Transparency and active democracy are essential for a functional entity.

We want to achieve representation for employers on the governing boards of all health insurance companies in relation to joint funding.

The functions of the Central Federal Association of Health Insurance Funds should concentrate on the areas that must be implemented uniformly and in collaboration.

Enhanced health services research

Innovations from health research contribute to increasing the quality of life of people in all spheres and at the same time ensure the financial viability of the health care system. Knowledge of health care processes in everyday circumstances is crucial for increasing the quality and efficiency of health care with limited resources. For this reason we will systematically enhance health services research.

9.2 Nursing care

Expansion of long-term care insurance

Every person has a right to nursing care that is provided with dignity. In order to make this possible carers require time to provide care services as well as personal contact and attention. Family carers and persons in the care professions show great personal and professional commitment every day. We will carry out a rigorous review of the framework conditions for carers and service providers and reduce bureaucracy in order to increase the amount of time actual care is given.

We want to work together with the business community and the public sector to develop measures that will improve care-giving and working hours to better reconcile providing care and working in order to give families an opportunity to pursue employment and support family members in need of care.

We want to improve the occupational image of care for the elderly. In addition, we want to fundamentally modernise and consolidate the training for the care professions in a new occupational law.

We will ensure that both foreign care workers and family carers or German care workers can provide the everyday tasks necessary for care.

Care must take into consideration the needs of the individual requiring care. Enhanced transparency in service options, prices and quality, will provide individuals needing care and their families with more flexibility to choose their services and service providers. They should have a greater choice between non-cash and cash benefits. Funding for the construction of care support centres is being discontinued. In quality audits quality of outcome must be given precedence over quality of structure.

We want a new and more sophisticated definition of persons in need of long-term care. This will allow for increased benefits fairness in long-term care insurance. There are already some good attempts to reclassify persons in need of long-term care so that not only is physical impairment taken into account, but other needs such as dementia are also included. We will examine the effects these approaches have on long-term care insurance and other benefit systems. Inversely, to better provide the services required, living facilities and care services that cater to the needs of those receiving care must be made available, e.g., shared accommodation for dementia patients. Our goal is to provide care that is result-oriented, that caters to the needs of the persons receiving it and which can be freely chosen.

Long-term care insurance will remain an important element of social security. Persons in need of long-term care must in future still be able to receive suitable care services at prices they can afford. A pay-as-you-go system of long-term care insurance cannot in the long term fulfil the task of guaranteeing all citizens a reliable partial funding of care costs. That is why we require a capital cover system in addition to the existing pay-as-you-go system that must be compulsory, individualised and fair for all generations. To this end, an interministerial working group will shortly come up with a proposal.

Funding changes open up possibilities to make long-term care insurance benefits more dynamic in the long term and to redefine the meaning of need for long-term care to benefit persons with limited daily living skills such as dementia patients.

All efforts to hedge against the risk of requiring nursing care with long-term care insurance do not exonerate individuals from assuming personal responsibility and taking private initiatives to provide for care.

10. Religion, history, culture and sport

Religious communities

The Christian churches fulfil an indispensable role in conveying the values on which our community is based. We acknowledge that other religions also convey values that have a positive influence on our society. We hold all religious denominations in respect. We bear special responsibility for the Jewish community as a part of our culture. We will intensify dialogue with churches, faith communities and religious associations.

Continuation of the German Islam Conference

The German Islam Conference (DIK) provided an opportunity for the Muslim population in Germany to begin learning about German religious constitutional law alongside the religious dialogue which had been the preserve of religious communities. It is essential we promote this process and we therefore want to continue the DIK as an important forum between the German state and the Muslims residing in Germany.

History and culture

Germany is a European cultural nation. Art and culture are driving forces of a society. At the same time, the rich cultural heritage stemming from the diversity in the federal states and regions in Germany shapes our national identity. Cultural life in rural areas is an important element of Germany as a cultural nation. We are committed to artistic freedom. The state and politics are not responsible for art, its forms of expression or contents; however, they are responsible for creating the conditions in which art and culture can flourish. We must provide

people with the opportunity to create an economically successful existence for themselves and enrich others culturally with their artistic creativity.

Federal funding for culture was able to be increased substantially in the last four years. And we are now in the middle of a financial and economic crisis. Cultural funding is not a subsidy; rather it is an indispensable investment in the future of our society.

The funding of investment within the National World Heritage Sites programme (UNESCO programme) must be better harmonised between the federal government and the federal states.

We want to improve the framework conditions for private cultural funding through foundations, cultural patronage and sponsorship by removing bureaucratic obstacles.

In co-operation with the federal states we want to facilitate access to cultural activities irrespective of financial standing or social background. We also want to increase cultural education activities. Cultural education is also a way to promote integration.

The Culture and Creative Economy initiative will be continued and expanded. We will continue the Cultural Statistics working group.

Twenty years after the peaceful revolution in the former GDR and the fall of the Berlin Wall, coming to terms with the SED dictatorship remains a socio-political challenge of continued immense importance.

In order to counteract the romanticisation of the SED dictatorship the federal government will step up measures for helping citizens cope with the past. The federal government will make concrete proposals in the course of 2010.

They shall include:

- instituting a special focus on the “reappraisal of the SED dictatorship” at the Federal Agency for Civic Education;
- examining the feasibility of establishing a youth centre for reappraisal of the SED dictatorship as well as the creation of a co-ordinated contemporary witness office with the participation of institutions supported or funded by the federal government;
- the continuation of federally funded programmes against right-wing extremism as “anti-extremism programmes” that include combating left-wing and Islamic activities as well as the publishing of a federal annual report on the reappraisal of the SED dictatorship.

We will set up an expert commission which will analyse the progress of the tasks allocated by statute to the Federal Commissioner for the Files of the State Security Service of the former German Democratic Republic (BStU) and submit proposals as to whether and to what extent these tasks can be fulfilled in the medium and long term.

Reappraisal of Nazi terror regime and the SED dictatorship will, as stipulated in the federal memorial site concept plan, be continued and enhanced.

We will implement the resolution of the German Bundestag from 2000 and establish a Magnus Hirschfeld Foundation as part of the collective compensation for homosexual victims of the Nazis. The foundation will work to counter discrimination against homosexual men and women with interdisciplinary research and education.

We will continue support for the cultural heritage of Germans in Eastern Europe as per § 96 of the Federal Law on Expellees. The “Exodus, Expulsion and Reconciliation Foundation”, a documentary centre in Berlin, will be established in accordance with the legal stipulations.

We will support the establishment of a museum for Sudeten Germans in Munich.

The decision of the German Bundestag on the construction of the Humboldt Forum on the site of the former Berlin city palace will be implemented.

We will continue federal funding for monument protection and for the lighthouse projects in the new federal states.

We will work together with the federal states to produce a concept for national heritage conservation for endangered written document cultural assets. A co-ordination centre will be established to enhance the protection of these cultural assets.

We acknowledge our duty to continuing supporting provenance research in accordance with the Washington Agreement.

We will continue to strengthen Germany as a film centre with continued support for the successful German Federal Film Fund. The Film Promotion Act will be amended and there will be greater involvement of the KfW bank group in financing films in order to secure sustained funding for cinema films in Germany. A joint effort between the film industry, the *Filmförderanstalt* (FFA: Federal Film Board) and the federal and federal state governments should ensure the gradual digitisation of all cinema films in order to preserve cultural diversity in Germany. The natural film heritage must be permanently secured.

Displaced persons – repatriates – German minorities

We acknowledge the special obligations we have towards Germans from countries in Central and Southeast Europe as well as the successor states of the Soviet Union who have relocated to Germany as repatriates or who live as German minorities in these countries. We are convinced that German minorities as well as displaced persons and repatriates can make a contribution to the realm of civil society and build cultural bridges to the countries in Central and Southeast Europe as well as some of the successor states of the Soviet Union. We will therefore continue support for German minorities.

Protection and support for national minorities

Experience gained from long-term, continuous minorities policy in the German-Danish border area has revealed the significance of supporting national minorities to overcome earlier conflicts between nations and for the development of an awareness of European identity that provides suitable expression for the cultural diversity of European settlement history. The system of reciprocal, cross-border support of the German and Danish minorities developed here will remain an obvious task of the federal government.

We will increase funding for the continuation of the work of the European Centre for Minority Issues (ECMI) established by Germany and Denmark in Flensburg. Providing protection and funding for the four recognised national minorities in Germany who make a substantial contribution to the cultural enrichment of our country will also remain an important concern of the federal government. The coalition acknowledges the funding agreements made for the Foundation for the Sorbian Nation.

Sport

We know that sport makes an indispensable contribution to promoting exercise and cohesion in a modern society and that Germany has magnificent traditions and achievements in sport that must be preserved and further developed. To this end we will assume special responsibility for our function as partner and sponsor of sport. We aim, within the scope of the authority and means of the federal government, to continue to maintain and expand sport facilities in Germany.

Funding for elite sport

We will continue to provide high levels of financial support for elite sport in Germany. We will intensify efforts to open up opportunities for a “dual career” for elite athletes with disabilities.

Munich's 2018 bid

Olympic and Paralympic games are exceptional sporting events. We will continue to promote and support Munich's bid for the Olympic and Paralympic Winter Games in 2018 and, if awarded by the IOC in July 2011, we will provide support for the staging of the Games as a matter of national importance in the interests of the federal government, the federal state and municipalities.

Anti-Doping policy

The essence of our sports policy is the importance we place on the autonomy of sport and the associations that run it. We want to support sport by safeguarding and realising its values. In doing so, we will focus our attention on vigorously fighting doping by utilising a combination of sports sanctions and criminal prosecution.

For us, only sport that is drug free deserves promotion. We will implement the national doping prevention plan that was adopted in summer 2009 by the federal government, federal states, the German Olympic Sports Federation (DOSB) and the National Anti-Doping Agency (NADA). Research into how to combat doping must continue to be promoted in a targeted fashion.

Goals such as combating doping, the co-ordination of autonomous sports movements and their regulation in the European legal context can be best achieved with transnational efforts. To this end we will increase international co-operation on sports policy.

IV. FREEDOM AND SECURITY

Civil rights and a strong state

We are committed to freedom, freedom with responsibility and security. The state has the obligation to uphold the inalienable rights of each individual by providing adequate political, legal and social conditions. At the same time, the state must guarantee peace and freedom with its monopoly on the use of force. The state is also subject to constitutional obligations, the prohibition on inappropriate violations of basic rights being one of them. These principles find concrete application in the framework of our federal security architecture. The vigorous application of applicable law, well-equipped security authorities and the elimination of shortcomings in enforcement always take precedence over the expansion of state intervention powers.

1. National security and civil rights

Security architecture

We will utilise the knowledge gained from the new federal police structure to strengthen core competencies. We want to expand our participation in international police missions with joint federal/federal states operations and improve the conditions necessary for the deployment of the federal police as an instrument of civil crisis prevention.

In view of the financial crisis and its financial consequences we must strive to achieve more with the resources at our disposal. To this end we will evaluate the current functions and responsibilities of the security authorities at the federal and federal state levels while maintaining the established federal security architecture. The interface between customs and the federal police will be included in the evaluation.

We are committed to preserving the separation of police and intelligence services. We will evaluate current security files in terms of factual and legal aspects in collaboration with Joint Internet Centre of German Security Authorities (GIZ), the Joint Terrorism Prevention Centre

(GTAZ), the Joint Analysis and Strategy Centre for Illegal Migration (GASIM) and the Competence and Service Centre for Telecommunications Monitoring.

We want to merge the responsibilities of the federal agencies currently involved with coastal protection with the goal of establishing a national coast guard at a later date.

Federal Criminal Police (BKA) Act

We concur with the Federal Constitutional Court about the existence of one last inviolable area of human freedom that is beyond the influence of government authority. In order to improve the constitutionality of BKA measures in defence against international terrorism we want to introduce regulations that optimise the protection of the core areas of private life and increase protection of basic rights by means of procedures.

To this end we will examine the BKA Act on the basis of the constitutional court's case law to determine if and to what extent the protection of the core areas of private life must be improved.

We will improve the protection of core areas with regard to authorisation for sound and image recordings outside of places of residence.

In future, a Federal Supreme Court Judge should be responsible through the agency of the Federal Prosecutor General for ruling on the use of covert investigative methods pursuant to the paragraphs on defence against international terrorism in the BKA Act. This authority replaces the previous authority of the regional court at the headquarters of the BKA.

Expansion of security research

We will expand research into civil security in order to protect citizens, goods and infrastructure from terrorism, organised crime as well as natural and environmental disasters. In the process we want to pay heed to all the relevant players such as research institutions,

universities and companies in Germany and we will follow international developments closely.

Efficient civil defence

Germany's civil defence, which is based on the responsibilities and resources of the federal government, the federal states, municipalities and aid organisations, is well-equipped. We will continue to develop the Federal Agency for Technical Relief (THW) and the German Federal Office for Public Protection and Disaster Aid (BKK) as fundamental pillars of a modern civil defence system. We will improve their competencies in analysis, risk evaluation and forecasting. We want to help the population to have a heightened awareness of danger with more proactive and more modern risk and crisis communications, including warning mechanisms.

Individuals who dedicate themselves to providing security for their fellow citizens with volunteer work in fire brigades, aid organisations, rescue services and the Federal Agency for Technical Relief must receive strong and steady support. They are role models in our society.

Private pilot background checks

We want to examine the German Aviation Security Act to determine whether it is possible to reduce background checks on private pilots while preserving the same level of security

Combating political extremism

We do not tolerate violent and extremist forms of political confrontation. We will confront extremism of any sort with determination, whether it is left-wing or right-wing extremism, anti-Semitism or Islamism. The basic values of a pluralistic society, especially the expression of personal freedom, freedom of opinion, freedom of the press, artistic and scientific freedom, are constitutive values of our liberal-democratic rule of law. This we must protect and defend

We want to combat the causes of extremism with long-term commitment and sustained prevention. We will continue the development of programmes that aid extremists in leaving their movements, ensure the funding of these programmes and focus strongly on vulnerable regions.

The activities of the Fund for Victims of Right-wing Extremist Violence and the Alliance for Democracy and Tolerance should be expanded to cover every form of extremist violence.

Weapons law

Germany already has one of the strictest weapons laws in the world. We agree that currently there is no need for amendments to weapons law. Within the framework of the evaluation of the efficacy of the regulations introduced regarding the safe storage of weapons and protection against unauthorised access that must be conducted by the end of 2011 we must focus on whether unreasonable burdens have been placed on weapons owners in the practical application of the regulations.

Terrorist camps

We will evaluate the act on monitoring preparations for seditious acts of violence with regard to its efficacy against threats from international terrorism by the middle of this legislative term.

Evaluation of telecommunications monitoring

We will evaluate the reform of telecommunications monitoring to determine if its objective have been met and what measures can be undertaken to optimise it.

2. Information and media landscape

The internet is the most liberal and efficient information and communication forum in the world and contributes greatly to the creation of a global community. The information society offers each individual new opportunities for personal development and for the democratic advancement of our community and opportunities for new economic activities. New forms of media are part of everyday life for a growing number of people. Germany has long since arrived in the information society.

We must lay the foundation for people to benefit from the new opportunities for freedom of expression and information, freedom of communication and the economic benefits of the internet, and to exploit the opportunities the information society provides in order to prevent a digital divide in society. Providing easier access to the new media for all people is therefore one of our central concerns both with regard to availability and accessibility, as well as media literacy.

We will continue efforts to increase broadband access in Germany both in terms of areas covered and speed. The use of frequencies that have been released from television use should contribute to closing the access gaps in rural areas in the short term. To the extent possible, the government will provide tenders in electronic form. Government agency bids should be advertised electronically.

We will gear our policies towards giving positive support to the social changes brought about by the internet and new media, taking into account the social realities of the majority of people living in Germany. In doing so, we will incorporate innovation and regional development policy, the participation of citizens and civil society interest groups as well as data protection and network security into our policies.

We trust that the existing competition will ensure the neutral transmission of data on the internet and other new media (net neutrality) but will observe this closely and, if necessary, take countermeasures to preserve net neutrality.

We reaffirm our position that already today justice and the law apply on the internet and should continue to do so in future. To this end we will ensure more data protection as well as improvements in the application of current law regarding the prosecution of crime on the internet by enhancing IT competence and appropriately trained personnel in the security authorities.

Here, we will focus strongly on informing the public. Awareness of the need to protect private data must be raised and it should be made easier to protect one's own data in order to prevent misuse of data. We will therefore examine how the protection of personal data on the internet could be improved by amending the Data Protection Act. We do, however, expect each individual to adopt a responsible approach to the use of personal data on the internet.

Fraud and identity theft on the internet must be vigorously prosecuted, but at the same time the focus must shift to possibilities for making communication more secure. We will protect children and young persons from unsuitable content by rigorously implementing current laws for the protection of minors.

In collaboration with the federal states we will work to develop improved law enforcement in communications networks with items such internet police patrols, specialised public prosecution offices for internet crime or ways to make it easier to contact the police electronically. Similarly, we will campaign at the international level for better solutions to fighting child pornography and crime in general on the internet.

The information society also holds great opportunities for public administration. We will therefore continue to fund e-government and, where and when necessary, amend legal regulations (E-Government Act). We will focus specifically on creating the foundation for secure communication between citizens as well as between companies and their management.

We see great opportunities for a push for modernisation in administration in the proposals for ways to communicate with the authorities described in the EU Services Directive. As

quickly as possible, we will create the conditions in administrative procedure law to provide legally binding electronic communication in administrative procedure.

With regard to higher levels of citizen acceptance we will rely on the market to develop user-friendly and more secure electronic communication and identification solutions for the new forms of media. One possibility could be voluntary identification with an electronic ID.

We will adopt a law (De-Mail-Gesetz; a state-accredited solution for legally binding online communication) that takes into consideration the findings from the pilot project as well as the views of the Federal Commissioner for Data Protection. In doing so, we want to enable companies to conduct business process electronically.

Data protection and data economy are important elements in all e-government projects.

Information technology used by the federal government needs to be consolidated, standardised and made more efficient, and existing resources must be pooled. To this end we will enhance the position of the Federal Commissioner for Information Technology. We are examining to what extent federal IT can be based on open standards in future and how open source solutions can be taken into consideration.

We will advocate increasing IT security in the public and private sector primarily in order to protect critical IT systems from attacks. We want to use information and awareness campaigns to encourage people to protect themselves and utilise secure IT products. The authority of the Federal Office for Information Security will be increased with this goal in mind.

The risks of digitisation must not be exacerbated by government actions as digitisation makes it possible to merge data at the touch of a button and create comprehensive personality profiles by evaluating digital tracks. We will therefore respect the right to confidentiality and integrity of IT systems formulated by the Federal Constitutional Court in our deliberations on IT law. We reject the general surveillance of internet data traffic.

Trustworthy, efficient and secure information and communication technology are indispensable for Germany's economy and our country as a hub of high technology.

We will protect IT against internal and external threats in order to preserve economic efficiency and the capacity of the administration to act.

To this end we will focus strongly on defending against IT attacks and pool the federal administration's responsibilities within the remit of the Federal Commissioner for Information Technology. We will continue to enhance the Federal Agency for Security in Information Technology to transform it into a central cyber-security agency in support of the Federal Commissioner for Information Technology so that defence against IT attacks is better co-ordinated.

In the process we will work closely with the internet and communications industries. We will adjust the liability of system and service providers for the IT security of their services to preclude IT risks being unreasonably passed on to end users.

Energy efficiency in the use of IT is an important contribution to fighting climate change. We will therefore make responsible use of natural resources in all federal IT projects and reduce energy consumption in the federal administration. We want to utilise the enormous opportunities information and communications technology can provide the economy and our society. To this end we will enhance ICT research and draft an ICT and digital media strategy.

We will continue to develop regulations on responsibilities in the German Broadcast Media Act (TMG). We must continue to guarantee a fair balance between the legitimate interests of service providers, rights holders and consumers.

The ability to integrate ICT into products and processes is of strategic importance for all branches of the German economy. We will vigorously employ the benefits of ICT in finding solutions for social challenges such as health, energy efficiency/climate protection, security and mobility. We will continue to strengthen the internet of the future and telemedia on the basis of our legal and value systems. Technical and legal aspects will be brought together

early on so that freedom of information and protection against illegal content can be given equal consideration.

Copyright

Copyright issues play a key role in the modern media and information society. We will vigorously pursue the further development of copyright with the aim of guaranteeing high levels of protection and effective enforcement.

In order to achieve this we will quickly begin work on a third law to regulate copyright in the information society (“third basket”)

The internet cannot be a lawless vacuum where copyright does not apply. We will create better and more effective instruments to vigorously combat copyright infringements on the internet while also maintaining data protection. We want to work with rights holders and internet service providers to find ways to promote opportunities for self-regulation. We will not undertake any initiatives for imposing internet blocks for copyright infringements.

Publishing houses should be on equal footing with other producers of work in the online world. We would like to create an ancillary copyright law for press publishers in order to better protect press products on the internet.

The system of the management of rights by collecting societies with efficient and transparent structures has proved successful. With regard to online use we want to make licensing across Europe easier for collecting societies. We will therefore advocate the creation of a European law for safeguarding rights. Copyright protection is a necessary precondition for the creation and exploitation of creative works. We therefore want to support measures that promote understanding of the meaning of copyrights and increase respect for the intellectual property of others.

We are committed to creating a European legal framework for collecting societies that will guarantee a transparent licensing process across Europe and which protects cultural diversity.

Fast internet for all of Germany

We consider nationwide broadband coverage a service in the public interest. Modern communication networks provide increased access to information and contribute to economic growth and the quality of life. They are thus crucial for the development of industrialised nations. Competition, regulation and co-operation are crucial for the rapid implementation of a broadband strategy.

We will undertake the following measures in order to provide fast broadband in all the rural areas in Germany that have hitherto not had access and in order to accelerate the construction of high-speed networks:

- We will rapidly initiate a monitoring process to determine the extent to which the broadband strategy has been implemented and in light of what has been achieved so far, exhaust all possibilities including regulatory instruments to foster investment, in order to meet the targets of nationwide high-performance broadband coverage in a competitive environment and with the right technology mix and use synergies to the greatest extent possible in the construction of infrastructure.
- We will rapidly implement the new EU framework legislation in the Telecommunications Act in a way that is conducive to innovation and investment and thus advance the broadband strategy. We will continuously review the EU legal framework.
- We will mesh more closely the measures the federal government and the federal states are undertaking to install broadband. In collaboration with the federal states we will implement the framework initiated by the EU Commission for future broadband subsidies in a non-bureaucratic and practicable way.

- We will utilise all possible synergies in the construction of a broadband infrastructure and, at the same time, examine new planning law instruments for speedy implementation.
- In a cross-industry dialogue that includes power grid operators we will advocate increased efforts in the construction of high-performance broadband networks.
- Frequencies will be rapidly auctioned so that rural areas can be quickly guaranteed affordable broadband access.

Internet blocks

Fighting paedophilia and child pornography is of exceptional importance for us. All means must be used to fight child pornography in communication networks. A sustained, effective fight against paedophilia is both a political responsibility and a constitutional imperative.

We agree it is necessary to delete criminal material of this sort as quickly as possible rather than imposing internet blocks. For a period of one year we will therefore refrain from blocking pornographic material involving children on the internet in accordance with the Access Restriction Act. Instead, the police authorities will work closely with the self-regulation forces in the internet economy, the German internet complaints office and the INHOPE provider network to delete online child pornography.

After the period of one year we will evaluate the success and efficacy of this approach and use the new findings to carry out a re-evaluation without any fixed expectations regarding the results. Before the completion of the re-evaluation the BKA will not create lists of banned sites either in accordance with the Access Restriction Act or on the basis of contracts concluded between providers and the BKA nor convey such information to providers..

Dynamic services

We must work with the federal states to make adjustments to media and communications regulations so that they reflect the changed technological and economic landscape. We support the federal states in their efforts to place public service broadcasting on secure financial footing.

We must examine media concentration law and press cartel law in the interests of preserving the plurality of the press and diversity of expression. The *Presse-Grosso* press wholesalers' distribution channel will remain an indispensable part of our media policy.

3. Data protection

Modern data protection takes on special significance in today's information society. We want to have high levels of data protection. We want to promote the principles of proportionality, data security and economy, purpose limitation and transparency more strongly in the public and private sectors. To this end we will incorporate European legal developments into the Federal Data Protection Act, make it easier to read and understand, make it technology neutral and place it on a solid foundation for the future. Consent is an important pillar of the right of self-determination with respect to information. The goal of reforms must therefore be to create improved conditions for informed and free consent. To this end, information obligations must be expanded and the voluntary nature of consent must be granted more significance.

In addition, we will establish a data protection foundation which will be tasked with determining the data protection levels of products and services, improving data protection education, improving personal data protection with information campaigns and developing a data protection audit. We are convinced that these solutions will strengthen Germany as a technology centre if technology from Germany can be marketed worldwide as certified quality technology.

We will enhance the personnel and material resources made available to the Commissioner for Data Protection and Freedom of Information. The independence of the data protection inspectorate is of primary importance for us.

Individuals also bear responsibility for their personal data. We therefore want to raise citizens' awareness and personal responsibility for their own data

Data retention

We will suspend federal authority access to data retained by telecommunications companies until the Federal Constitutional Court ruling on the constitutionality of data retention and until that time restrict access to cases involving a specific risk of someone being killed, injured or deprived of their freedom.

Employee data protection

Privacy is at the core of personal freedom. We advocate improving employee data protection and want to protect employees from being spied on in the workplace. Only data that is necessary for the employment relationship may be used. There must be a ban on processing data that, for instance, pertains to activities outside of the workplace that are of no consequence for the employment relationship or health issues that have no relevance for the workplace. Practical rules must be created for applicants and employees and, at the same time, employers must be given reliable tools for combating corruption. To this end, we dedicate an entire chapter to employee data protection in the Federal Data Protection Act.

Air passenger data

The agreement between the EU and the USA cannot serve as a benchmark for EU legislation on the use of Passenger Name Records (PNR) due to the disparate framework conditions. In our negotiations at the EU level we are pursuing higher levels of data protection.

SWIFT agreement

We will pursue high levels of data protection (strict purpose limitation, deletion of data, clear regulations regarding the release of information to third states) and effective legal protection in the negotiations on a SWIFT agreement. Automatic external access to SWIFT must be ruled out. The release of data will be made contingent on offence requirements and limited in scope based on the results of a threat assessment. The amount of data released is to be kept at an absolute minimum. The agreement must be subject to ratification.

4. Legal policy

Increased protection for professions subject to professional confidentiality

In § 160a StPO (Code of Criminal Procedure) there is currently a distinction between various professions subject to professional confidentiality. We will remove the distinctions pertaining to lawyers as we consider them an institutional organ of the administration of justice. Furthermore, we will conduct a joint review to determine whether including additional professions subject to professional confidentiality in the absolute protection of § 160a paragraph 1 StPO is in order and justifiable in view of the implementation of the state's right of prosecution

Leniency policy

We want to adjust the criminal code to reserve the option of mitigating a sentence to instances where the offender's disclosures relate directly to his own offence.

Preventive detention

We want a harmonisation of the legal prerequisites in the criminal code for a preventive detention ruling. This should conform to the constitution and European law. In the process, we want to close the protection gap in current law that has become evident in recent criminal

proceedings. In these legal provisions we will take special care to ensure preventive detention preserves its exceptional nature in providing the necessary protection for the population and that its application is reserved for the most serious cases.

Freedom of the press

We will enhance freedom of the press. To this end we will ensure in the criminal code that journalists are no longer liable to prosecution for aiding and abetting the breach of the obligation of official secrecy by publishing confidential material that has been given to them. In addition, we will enhance exemption from seizure for journalists. In future, seizure will only be possible if the journalist is strongly suspected of having committed a criminal offence.

Combating human trafficking and forced marriage

We want to improve the legal framework for victims of human trafficking and forced marriage. Forced marriage is a violation of our free democratic appreciation of values and a blatant human rights violation.

We will make forced marriage a separate criminal offence as a measure to combat forced marriages. Having regard to victim protection we will remove the disadvantages under civil law and residency law that may accompany such criminal offences (especially right of return) and increase advisory, support and protection programmes.

§ 153a StPO – Termination of proceedings

Subject to certain conditions we will expand the options for termination of criminal proceedings in accordance with § 153a StPO. This will also apply to appellate courts.

Euthanasia

We will make any commercial assistance for suicide subject to the criminal law.

Resistance against enforcement officers

Police officers and other persons executing public duties are more frequently becoming victims of brutal violent attacks. We want to enhance their protection under criminal law specifically by revising § 113 paragraph 2 StGB (Criminal Code).

Changes in the law on the resumption of proceedings

We are examining the constitutionality of a resumption of proceedings to the disadvantage of the defendant in serious criminal cases (homicide, genocide) where new scientific methods of investigation (DNA analysis) can subsequently deliver proof of the crime.

Witness attendance obligations before police authorities

We will create a legal obligation whereby witnesses in preliminary proceedings must not only appear before the judge and the prosecutor but must also – notwithstanding statutory witness rights – provide a witness account before the police authorities.

Reform of rights for transsexuals

Current law applying to transsexuals is in essence nearly 30 years old and no longer reflects all aspects of contemporary medical science knowledge. Having regard to Federal Constitutional Court rulings we will therefore place the law for transsexuals on a new, contemporary footing in order to enable the individuals concerned to live their lives freely in the way of their own choosing.

Expropriations in the Soviet Occupation Zone (1945-49)

We will set up a working group to examine whether there are still opportunities to offer persons affected by expropriations in the Soviet Occupation Zone between 1945 and 1949 preferential conditions for the acquisition of properties that are in public ownership.

European private company / Exporting German law

We are promoting the creation of a European private company in support of small and medium-sized companies. We will give consideration to issues such as cross-border character, creditor protection regulations and sufficient minimum share capital.

The German legal system is an international locational advantage for Germany. At an international level we want to clearly highlight the advantages it has over the Anglo-American legal system. The Foundation for International Legal Co-operation can assist us in doing this.

European contract law

We reject the creation of a uniform European contract law. The basic principle of freedom of choice of law must not be abandoned in Europe. We need reliable framework conditions for cross-border issues, especially in family and inheritance law, in order to provide our citizens with legal security. We reject the introduction of class-action lawsuits both domestically and on a European level.

Protection of intellectual property

Innovations and inventions are of central significance for the economic development of our resource-poor country, for the international competitiveness of our country and for the preservation of jobs in Germany. We therefore want to continue to improve the legal framework for the effective protection of intellectual property via patents, brands and designs and we want to make access to trademark rights easier for small and medium-sized companies. We will work at European and international levels to establish effective means of combating global brand and product piracy.

Legal education

The Bologna Process presents legal education in Germany with some particular problems. High quality standards, academic depth, thematic diversity and a strong practical emphasis must be preserved as benchmarks for university degrees.

Tenancy law

We want to review tenancy law to determine whether it is fairly balanced while preserving its social character. We want to make it easier to carry out renovation to increase climate and environmental protection while preserving the landlord's freedom of decision. Building measures that serve this purpose must be tolerated and will not entitle tenants to rent reductions. We will tackle the issue of "nomad tenants" and renovations that upgrade buildings to luxury status with the aim of freeing them from occupancy. Notice periods should be the same for landlord and tenant. Tenancy claims must be able to be effectively enforced. Earmarked government transfers for housing costs must actually reach the landlord.

Litigation costs and legal advice services

We will examine the extent to which laws governing assistance with litigation and legal advice costs can be reformed with a view to combating the misuse of the services. We will ensure that access to these entitlements remains open to all citizens irrespective of their income or assets.

Investigation committee law

We agree to undertake deliberations on the reform of the law pertaining to investigation committees in the German parliament (Bundestag).

Amendments to the Basic Law

The coalition will enter into talks with other factions in German parliament and the federal states regarding possible amendments to the Basic Law.

5. Modern government

Public administration in Germany upholds legal security and reliability. We will continue to modernise the federal administration by increasing transparency and the quality of service and adopting a more citizen-oriented approach.

Benchmarking in accordance with article 91d GG (Basic Law) must become an instrument of administrative development. An annual work plan should determine what is to be benchmarked.

The 115 single contact number for Germany's public authorities is improving service for all citizens. All public authorities should be incorporated by 2011 and it should be accessible throughout Germany by 2013.

Residence registration law

A federal registration act will fulfil the call by the Federalism Commission I for the current framework law to be replaced with a regulation in the exclusive legislative power of the federal government. The act will harmonise registration law and reintroduce the requirement of landlord consent for the registration of tenants.

Citizen participation

We want to increase opportunities for the population to participate in the democratic opinion-forming process. To this end we will continue to develop and improve the use of petitions. For mass petitions, in addition to the existing right to be heard by the Petitions

Committee we will add to the right for the matter to be dealt with in the plenum of the German Bundestag which will be attended by the relevant committees.

Efficiency of the civil service

The civil service plays a key role in ensuring the operability and efficiency of the government. The civil service system is an essential guarantor for fulfilling this task. We will continue to develop civil service law to meet the constitutional mandate and adapt to changing framework conditions.

In addition, we will produce a concept for the long-term adaptation of personnel structures in the federal government to demographic changes. The expected consequences of demographic change will necessitate measures that consider the special needs of older employees by, for instance, flexible retirement, maintaining the federal government's competitiveness with respect to competition from other employers and industry in the recruiting of junior staff. This will require ensuring attractive working conditions including the possibility of differentiation based on region, the labour market and the tasks involved.

We want to improve the balance of rights and obligations for registered civil partnerships. The family and marriage-related regulations pertaining to pay, pension and benefits will be carried over to civil partnerships.

We will scrutinise the effects that the reform of federalism has on the employment conditions for civil servants at federal and federal state level with the aim of preventing excessive disparity.

We support the Bonn-Berlin Act, especially with regard to the federal government's cultural obligations.

Bailiffs

We want to increase the efficiency of the enforcement of court judgments and strengthen creditor rights. To this end we will transfer the bailiff's function to contractors vested with public authority.

Transfer of functions to notaries

As a contribution to increasing efficiency and to relieve the burden on the justice system we will enable the federal states to transfer the function of probate courts of first instance to notaries.

Fusion of social and administrative courts

In order to use funding for the judiciary more efficiently, we will allow federal states to fuse their social and administrative courts into special courts while preserving judicial independence.

State liability law

We want a just and fair codification of state liability law.

Establishment of a central will register

We will create the statutory preconditions for the establishment of a fee-financed central will register at the National Association of Notaries. The objective is to modernise the information system in testamentary matters. We will ensure that data protection requirements are met and that information from the register will only be given to courts and notaries who demonstrate a legitimate interest.

Local politics

We want strong municipalities in Germany. Our cities, communities and counties are facing a multitude of challenges in demographics, integration, the environment and the economy.

Municipal self-administration is a valuable commodity. We are committed to efficient cities, communities and community associations in order to be able to continue to fulfil a broad range of functions. Together with community umbrella associations we will seek ways to relieve the burden on municipalities with, for instance, more flexibility in standards and equality in the fulfilment of national tasks and more scope for action in municipal affairs. We want citizens to feel at ease where they live.

The economic and financial crisis has put a strain on many municipalities and questions have been raised as to the quality of municipal performance. We will propose to the federal states that a joint critical appraisal is produced with recommendations for action to strengthen municipal self-administration.

This must address issues of funding relationships between the federal government, the federal states and communities (linkage principle) and the municipalities' participation in federal legislation and of providing broadband access in rural areas.

Transparency of municipal associations

The decisions taken by municipal associations must be transparent. In municipal decisions much more weight must be given to the principle of openness in the context of balancing the obligation of secrecy under corporation law.

V. SECURING PEACE

Through partnership and common responsibility in Europe and the world

Germany's future in peace, freedom, security and prosperity is inextricably linked to political developments in Europe and the world. We are committed to a policy that both serves the interests of our country in a unified Europe and contributes to peace in the world. To this end, we assume a formative role in the alliances and international organisations with which we co-operate.

Our political strategies are shaped by the values in the Basic Law and directed by the goal of protecting the interests of our country. We are committed to the universality of human rights, the rule of law domestically and in international relations and consider human rights an invariable constant of German foreign and security policy.

We are committed to strong partnerships and effective multilateral structures. Transatlantic co-operation and European unification are the centrepieces of our policy. A strong Atlantic alliance and a Europe capable of action complement each other.

The consequences of the financial crisis have made it clear that we need a common and structured approach for all players in globalisation. We advocate adapting the instruments of global governance. This applies equally to the United Nations, the International Monetary Fund, the World Bank and the G-7 and G-8 summits. New global governance instruments and formats such as the G-20 are necessary because they give emergent countries a say and joint responsibility within the circle of the most important economically advanced nations.

As an export nation we have a great interest in preserving the liberal structures of the global economy on the basis of the charter for sustainable economic activity and in free and secure transport routes. We are committed to a speedy conclusion of the World Trade Organisation negotiations (Doha Round) as an effective measure against protectionism. International terrorism, organised crime and piracy, climate change, the fight against poverty, food and

resource security as well as epidemics and diseases are the issues that today produce security risks that can only be mitigated if we work together.

We advocate strengthening the United Nations and are committed to comprehensive reforms. We are committed to structures in this global organisation that reflect present day realities. In this context we will continue to advocate a permanent joint EU seat on the Security Council in the overall reform of the UN and in keeping with the Lisbon Treaty. In the interim, Germany remains prepared to assume greater international responsibility with a permanent seat on the Security Council. We are aiming for a non-permanent seat on the Security Council for the 2011/2012 term and are open to temporary intermediate steps that lead to a permanent seat.

We will continue to expand Bonn as a location for the United Nations and international non-governmental organisations. We want to increase the numbers of German personnel at the European Union and in international organisations.

1. Germany in Europe

We want an effective and self-confident EU that speaks with one voice and is vigorously committed to safeguarding peace, freedom and prosperity. Only with a unified Europe can we successfully represent our values and interests in the world. The Lisbon Treaty will make the EU more democratic and capable of acting. We will work with our partners in the EU to launch initiatives and concrete projects in areas such as energy policy, bank supervision and EU security and defence policy.

The EU is strong because the member states meet as equal partners irrespective of their economic or geographic size. We advocate preserving the consideration of the interests of small and medium-sized EU member states as a trademark of German European policy.

As a consequence of the consolidation and enlargement of the EU, there is closer political co-ordination between member states and closer interaction between our societies.

Close and trusting relations with our partners in Europe are a constituent element of our commitment to Europe. German-French relations are unique in their depth and breadth and make a considerable contribution to European unification. In this spirit and in the interests of all European citizens the federal government seeks to further intensify collaboration in the areas of education, climate protection and space exploration as well as security and defence.

We also seek to deepen our close friendship and collaboration with Poland and exploit to the fullest the opportunities in the Weimar Triangle. We are committed to providing a new impetus for European integration through German-Polish collaboration. At the same time, we are fully aware of the significance of friendly, trusting and future-oriented relations with our other neighbours.

Democratic EU closer to its citizens

We are committed to a democratic and transparent EU that is closer to its citizens, that is shaped in accordance with liberal principles and which creates conditions for citizens to realise opportunities in their lives and lead lives characterised by self-determination and unity of interests.

We are committed to continued efforts to markedly reduce bureaucracy. We advocate the effective implementation of the EU action plan on reducing bureaucracy by 25 per cent by 2012.

The functionality of the European internal market hinges on the timely implementation of EU directives. Implementation that exceeds EU guidelines or that is combined with other legal measures should, in principle, be excluded.

The subsidiarity principle and the proportionality principle as well as the principle of limited individual authority must be strictly adhered to. The EU can only act in a regulatory way if an appropriate legal basis is in place, if it can be proved that member states do not provide

sufficient regulations and when a regulation at the EU level is superior to national regulations.

We advocate that EU planned legislative projects which are not adopted within the term of an EU Commission's term should lapse. We also want European legal instruments to place greater emphasis on proportionality and be more in line with citizens' needs. Corporate notification requirements and reporting duties should be reduced significantly.

We support a social Europe on the basis of a market economy that is the outcome of social policy at a national level. We reject cross-border EU social systems in order to preserve the high standards we have in Germany.

We advocate substantially increasing the equal use of the German language as a working language in European institutions; this applies as well to translation practices and the provision of translated documents.

The Bundestag and Bundesrat have redrafted the accompanying acts to the Lisbon Treaty that specify their rights of participation. We will actively contribute to ensuring these laws are implemented in the new legislative term and that parliamentary rights are actively and comprehensively safeguarded. Over the course of the legislative term we will evaluate whether the opportunities for increased parliamentary control presented by the accompanying acts are fulfilling their requirements in practice and take appropriate initiatives if necessary.

Competition and internal market

Undistorted competition in the European internal market is the foundation of Germany's prosperity. Germany's position as a leading export nation rests on open markets in Europe as two thirds of Germany's exports go to EU countries. The sustained creation of new jobs is only possible with competitiveness and economic growth. We will not accept protectionism in any form.

The European internal market has become the largest economic area in the world. It provides the basis for our welfare state and our high environmental standards. Innovation, growth and the welfare of consumers are boosted by healthy competition. We therefore will vigorously pursue the completion of the internal market and the creation of a framework for healthy competition.

We will ward off all attempts to jeopardise the independence of the European Central Bank and are committed to the Stability and Growth Pact. We are aware of the necessity for a fundamental reorganisation of the financial system that specifically entails the creation of a uniform system of EU banking supervision.

EU finances

The EU budget cannot disregard efforts to achieve sustainable public finances that are fair for all generations. European added value and subsidiarity must be the guiding principle in the upcoming negotiations on the future of the EU budget. We advocate a sustainable and responsible European budgetary policy. The resources that are currently available must be concentrated on the strategic areas of European policy that require joint action and where results are superior to what can be delivered at a national level.

Member states' contributions to the EU must reflect their economic strength but should not exceed 1 per cent of their Gross National Income. This should be the EU's main source of income in addition to the traditional sources (customs duties). In addition, correction mechanisms must ensure that the distribution of contributions and burdens is fair.

We reject an EU tax or the EU's entitlement to national taxes and levies. The EU also must not have any authority to impose duties or to borrow its capital resources.

Germany is committed to the Lisbon Treaty which aims to transform the EU into the world's most competitive economic area. All EU expenditure must be seen in this context. More of the resources from the structural fund must be dedicated to this objective.

We will work to ensure the eligibility of suitable projects under the “Regional Competitiveness and Employment” funding objective (“Objective 2”) in the coming funding period. With regard to the “Convergence” funding objective (“Objective 1), we aim to limit funding starting from 2014 to the really needy regions and to find an interim solution for the regions that are excluded from Objective 1. In principle, all funding is temporary and degressive in character.

Having regard to current EU budget ceilings, Germany is committed to a gradual restructuring of joint European projects for the future in areas such as Trans-European transport networks, cross-border education, judicial and police co-operation, and research and innovation.

We will draft proposals for this restructuring in 2010. In the upcoming EU funding negotiations Germany will advocate increased expenditure from the EU budget for joint foreign and security policy. We seek an increase in funding from European resources for operations within the Common Foreign and Security Policy (CFSP).

We will pursue full parliamentary participation and control in relation to the EU budget at both European and national levels. We advocate full disclosure and control of EU expenditure. The oversight gap in relation to the application of EU funds must be closed.

We advocate effective budgetary controls for EU agencies, a review of their functions with a view to avoiding dual structures and reducing their numbers when possible.

Enlargement and European neighbourhood policy

We advocate a moderate enlargement policy. There must not be any concession on criteria or any automatic acceptance of accession by naming an accession date before concluding negotiations. Enlargement negotiations will be conducted with no prejudging of the outcome. Strict compliance with the Copenhagen criteria remains the precondition for membership. In

all cases both the candidate's fitness for accession as well as the EU's capacity to absorb new members is decisive.

Germany has a special interest in deepening mutual relations with Turkey and in linking the country to the European Union. The negotiations which commenced in 2005 with the aim of accession are an open-ended process that is not automatic in nature and the outcome cannot be guaranteed in advance.

If the EU does not have the capacity to absorb a new member or if Turkey should not be in a position to meet all the obligations of membership, Turkey must be linked as close as possible to European structures in a way that allows the country to further develop its privileged relationship with the EU.

We support an expansion of the EU's neighbourhood policy. The objective is to promote democratic, economic, social, constitutional and ecological development in our immediate environment and enable these countries to enjoy peace and prosperity. We advocate the expansion of co-operation with our Eastern partners on the basis of common values.

Successful EU foreign policy

Europe and the EU states are strong when they act as one in the international arena. The establishment of the office of a high representative for a common security and defence policy is an important step towards increased unity in EU foreign policy.

We are committed to the European External Action Service (EEAS) being enabled to fulfil its functions in an effective manner and to ensuring that it has the requisite resources and instruments at its disposal. A EU foreign policy that dovetails with the foreign policy of the individual member states will be best achieved with an independent EEAS in which representatives of the member states are suitably represented at all levels and are on equal footing.

The partners in the European Union must work together in consultations and on decisions regarding the elementary issues of security, defence and disarmament; national parliaments and the European Parliament must be involved to the greatest extent possible.

The EU should be equipped with its own planning and leadership capabilities. Wherever possible the EU must pool its strengths, share out duties and set priorities. Only in this way will we be able to respond to the new security threats. Europe must enable itself to prevent conflict and, when necessary, act jointly, quickly and flexibly.

We are committed to a Europe that can bring its political weight to bear in a new disarmament policy. We are going to lobby for the further development of the common European security and defence policy. Our long term objective is the establishment of a European army under full parliamentary control.

2. Value-oriented and interest-led foreign policy

Close co-operation and joint action within the western community of values, i.e., the enlightened, liberal democracies in this world, have been and will remain a major element in Germany's successful foreign policy strategy. In the globalised world of the 21st century we still regard the "idea of the west" and its institutions as the foundation of and the platform for German foreign policy. In the age of globalisation the west must move closer together to pursue its interests and preserve its common values.

Germany's membership of the European Union and the Euro-Atlantic institutions, most importantly NATO, serve this interest in the same way as the bilateral relationship with our most important partner outside of the EU, the United States of America. We are determined to utilise the opportunities transatlantic relations present and we will therefore systematically strengthen the German-American relationship of trust. We regard close political co-ordination with the United States as a power booster for our own interests that increases the significance of Germany in Europe and the world.

We are pursuing an intensification of our economic relations within the framework of a Transatlantic Economic Area.

Our relationship with the USA and Canada is shaped by a unique diversity of contacts on both sides of the Atlantic. We therefore want to work to bring particularly young people from these countries together.

The North Atlantic Alliance will remain the strongest element of our common security. It connects Europe and America; it is the foundation of our collective defence and possesses unique political and military instruments to preserve and restore peace. It serves to achieve political goals and comprises security co-operation, disarmament, trust-building and peaceful conflict resolution. The strategic concept of the Alliance will allow it to adapt its strategic foundation to meet contemporary challenges.

We are committed to removing obstructions to co-operation between the EU and NATO and to exploiting common potential between the two. We advocate that the NATO Council should again become the central place for security policy debates in the Alliance.

We want the Alliance to realise the strategic partnership outlined in the NATO-Russia basic agreement of 1997 and to make more use of the forum for NATO-Russia dialogue on issues of common security. Our objective is to establish a Euro-Atlantic security architecture that includes close partnership with Russia and is based on established institutions including the OSCE and the Council of Europe. The federal government wants the Alliance to keep its door open to new members and to enhance the quality of partnerships.

We want to emphasise the high standards to which the partners and members of NATO, the EU, the Council of Europe and the OSCE have committed themselves in particular in relation to dealing with crises and conflict and to make better use of their instruments.

We strongly support the proposals made by US President Obama regarding comprehensive new disarmament initiatives – including the goal of a world free of nuclear weapons.

We do not consider disarmament and arms control to mean a loss of security, rather, they are a central element of a future global security architecture. We want to seize the chance to reverse the global trend towards rearmament and return to a period of substantial progress in the areas of disarmament and arms control.

We are convinced that interim steps in the achieving a world free of nuclear weapons could mean significant gains in security. We must prevent new nuclear powers from emerging, new arms races from being triggered, conventional arms being considered an alternative to renouncing nuclear potential and the technology needed for building weapons of mass destruction and fissile materials landing in the hands of terrorists.

We are concerned about the erosion of international disarmament and arms control agreements. We are convinced that follow-up treaties to expired agreements must be negotiated and the nuclear test ban treaty or the amended Treaty on conventional armed forces in Europe ratified.

We are committed to supporting new disarmament and arms control agreements internationally. We want to use the review conference on the Nuclear Non-proliferation Treaty in 2010 to provide new impetus for contract-based regulations.

In this context, as well as in the course of the drafting of a strategic concept for NATO, we will advocate within the Alliance and with our American allies the removal of the remaining nuclear weapons from Germany.

We are prepared to ratify the CFE Treaty (Treaty on Conventional Armed Forces in Europe) in order to preserve the agreements in the CFE regime, including Russia's return into the treaty regime.

We consider Russia an important partner in coping with regional and global challenges. This includes trouble spots in Afghanistan and the Middle East as well as the co-ordinated

approach in the E3+3 to the Iranian atomic programme, issues pertaining to international terrorism, climate protection and global epidemics.

At the same time we will vigorously continue our support for Russia on its course towards modernising the country and by doing so assist in reducing shortcomings in the areas of human rights, the rule of law and democracy. To this end we also want to promote civil dialogue. We want to expand economic ties and create long-term, reliable energy partnerships without one-sided dependencies. We will take into consideration the legitimate interests of our neighbours in our bilateral relations with Russia.

3. Germany's international responsibilities

Asia

In our foreign policy we will grant Asia the status the continent warrants with its rapidly growing importance. We regard this increased importance first and foremost as an opportunity; at same time we do not want to overlook the challenges this presents.

Asia is the most economically dynamic region in the world. In addition, Asia's participation is indispensable for solving global problems such as climate change, raw material and energy security and the restructuring of the international financial system. We will call for active participation on the basis of partnership especially from our larger partners, China, India and Japan, in solving these issues as well as in dealing with regional conflicts and trouble spots. We will strongly support current approaches for regional co-operation, especially ASEAN and EU-ASEM co-operation.

Civil society plays a significant role in the dialogue with countries in Asia; promoting political participation is an important issue for us. We will continue and intensify our dialogue on the rule of law with China.

Latin America

The partnership between Germany, Latin America and the Caribbean is based on common values. We share a cultural heritage and many years of co-operation in the areas of politics, economy, culture as well as science and technology. The economies in the EU and Latin America are very complementary. We want to draft an interdepartmental concept for the long-term structure of our Latin America policy.

Within the EU we will urge member states to take a coherent and co-ordinated approach. Together with our partners in the common market of South America (Mercosur) we strive to have a quick conclusion of the Doha World Trade Round. We do not exclude the possibility of sub-regional and bilateral approaches as an alternative where we will focus our support on democratic structures and the rule of law.

Africa

We are committed to creating a new, interdepartmental concept for Africa that will take account both of the security, social, ecological and economic challenges and of the immense potential for development in our neighbouring continent. Our objective is to have self-sufficient development in as many regions as possible and in relation to coping with the great challenges of poverty, food shortages, epidemics, refugee flows, the absence of the rule of law, political extremism and environmental degradation.

We are committed to supporting African security efforts and, in the framework of the United Nations and the European Union, we will participate in peace initiatives. We support a strong African union as an important component of African self-determination and for a sustained stabilisation of the continent. The federal government will make targeted contributions based on the EU Africa Strategy adopted in December 2005.

Middle East

We are committed to Germany's special responsibility to Israel as a Jewish state. We affirm Germany's and the EU's overriding interest in freedom, stability and democratic development in the Middle East. We strongly support a two-state solution in the Middle East peace process. We support an Israeli state that is recognised by all its neighbours and in which all its citizens can live in peace and security, as well as for a viable Palestinian state whose citizens can determine their own destiny in dignity and peace.

We advocate a comprehensive, regional approach to negotiations in the Middle East that builds on previous peace initiatives. We will campaign for the revitalisation and resumption of a conference approach in the Middle East modelled on the Conference on Security and Cooperation in Europe (CSCE) and based on the roadmap principle and the Annapolis process that will get not only all the regional conflicting parties round one table but will also include the USA, the EU, Russia and the United Nations.

In addition, we are committed to further strengthening Lebanon's sovereignty and inner stability and to further developing democracy and advancing reconstruction in Iraq.

Iran

Together with our partners in the E3+3 negotiations we will continue to work so Iran does not come into possession of nuclear weapons. We are committed to pursuing a negotiation approach, and in consultation with our partners we are prepared to undertake tougher joint sanctions. We expect Iran to produce full transparency on its nuclear programme. We must ensure that the right to civil use of nuclear energy is conducted in such a way in Iran that it does not pose a security threat for other countries.

Afghanistan

We consider our deployment in Afghanistan a duty of particular national interest: it serves the security of the people in our country. It is an expression of our solidarity with the afflicted people in Afghanistan. It also underscores our reliability as a leading member of the North Atlantic Alliance and the United Nations. The federal government will continue its support in a way that is commensurate with the significance of the task.

To this end we will soon meet with our allies at an international conference where we will place our strategy on new footing jointly with representatives from Afghanistan. We expect the Afghan government to confirm its commitment to good governance, the protection of human rights and the combating of drug crime and corruption and that it will back up its words with deeds. In consultation with our partners we will gradually transfer responsibilities to the country's authorities.

We advocate the concept of cross-linked security: without security there can be no reconstruction, without reconstruction, no security. The reconstruction of civil infrastructure and the targeted continuation of development measures are of central significance. The earlier the Afghan government can provide security in its own country the earlier we can begin a gradual withdrawal in consultation with our partners. We will step up our strategy for handing over responsibilities and will therefore substantially increase our efforts with, among others, the EU Police Mission (EUPOL), in relation to sustained reconstruction and the training of Afghan security forces.

We are convinced that regional co-operation, first and foremost a constructive and trusting relationship between Afghanistan and Pakistan, is crucial for peace and development in Afghanistan. We want to make our contribution towards improving these relationships and supporting stabilisation of the Pakistani state.

We want to pool the interdepartmental efforts of the federal government and implement the federal government's concept for Afghanistan with concrete guidelines. On the

recommendation of the Federal Foreign Office and in consultation with all relevant departments the federal government will appoint a special envoy for co-ordination with our international partners. The special envoy will report to the federal ministers responsible for cross-linked security concept in Afghanistan who together constitute a cabinet committee.

4. International deployment and instruments within German security policy

We will only engage militarily if we can do so in the framework of the UN, NATO or the EU and on the basis of legitimacy under international law. The right to self defence is not affected. We will continue to be guided by our culture of restraint.

Diplomatic efforts have the utmost priority in international crisis prevention and management; the importance, however, of utilising civil forces, namely the police and the judiciary, is increasing. Together with our partners we must be prepared to use these means to counteract crisis developments at an early stage and be able to act quickly and dependably if a crisis erupts.

Reconstruction and education programmes on the rule of law for local police forces are key elements for stabilising crisis regions. We will therefore increase our capacity for police contribution by establishing corresponding units at the Federal Police service and with a pool of forces provided by the federal states that can be used internationally.

We are committed to the cross-linked security policy approach. It requires modern and efficient armed forces and suitable civil instruments for international conflict prevention and management, and for closer integration and co-ordination. In future mandates for international deployment we will identify specific tasks to be carried out and allocate them to the responsible departments.

Within the UN we will work towards a gradual reduction of our contribution to the Maritime Task Force UNIFIL with the objective of terminating our contribution.

In connection with combating piracy and terrorism in the Horn of Africa we will continue our efforts to improve the co-ordination of deployments and undertake a critical review of the numerous mandates with the aim of reducing them.

We advocate the establishment of a chamber for the prosecution of piracy at the international criminal court in view of the global threat piracy presents.

The federal government will inform the German Bundestag about the ongoing deployments of German armed forces on a regular basis thus fulfilling the requirements for adequate parliamentary control.

Insofar as the timely and sufficient notification of parliament by the federal government in accordance with the regulations in the Parliamentary Participation Act cannot be guaranteed in special cases, the coalition factions will submit an initiative for amending the Parliamentary Participation Act or for creating a Confidential Committee.

In addition, we will ensure that additional short-term, unforeseeable deployment expenditure for security force obligations in connection with international deployments will be funded in future from budget 60 (general financial management)

Finally, we will use the Federal Academy for Security Policy (BAKS), The Centre for International Peace Operations (ZIF) and the Federal Armed Forces Command and the Army Staff College (FüAkBw) to educate senior staff from the federal government and federal states, industry, the scientific community and the media and further develop the principles of cross-linked security policy.

5. Modern and efficient German Armed Forces (*Bundeswehr*)

The Bundeswehr is an essential instrument of German peace policy. We want to preserve an efficient Bundeswehr as an indispensable instrument for the protection of Germany and its people as well as for international crisis prevention and management.

The military service obligation has justified itself and proved its value in recent decades. The Bundeswehr's security policy, function and mission spectrum have fundamentally changed since the end of the Cold War and we must respond appropriately.

The coalition partners remain firmly committed to the principle of the general military service obligation; we aim to reduce the period of military service to six months by 1 January 2011.

The Federal Minister of Defence will set up a commission which will come up with a proposal by the end of 2010 for key elements of a new organisational structure, including the streamlining of the command and administrative structures.

The federal government is committed to the concept of *Innere Führung* (military leadership and civic education) and the model of the soldier as a citizen in uniform. Our soldiers must be able to rely on support from society. They deserve great appreciation for their service in the name of the security of our country.

Our duty of care applies especially to individuals who have been injured while carrying out their duties, and their families. The establishment of a trauma centre is a priority issue for the care of traumatised soldiers.

In addition, in light of demographic change and personnel availability, the coalition partners are consulting on a package of measures for increasing the attractiveness of Bundeswehr service which should be presented by the end of 2010. Priority items include improving the compatibility of family life and service, establishing child care facilities, reducing the frequency of transfers and the speedy resumption of modernisation works at the *Kasernen-West* barracks.

In addition, new rights regarding career paths are being introduced.

We will create centralised jurisdiction for prosecuting offences which soldiers are accused of committing while carrying out their duties abroad.

Defence industry and arms co-operation

An efficient defence industry is of great importance for our security and economic policy. It remains the basis for arming the Bundeswehr adequately and increasingly can only be guaranteed by pursuing international co-operation.

Bundeswehr soldiers require the best equipment available for their dangerous duties, which can extend to combat.

The coalition insists on full performance of the contract pertaining to the A 400 M defence project. It will ensure strategic air transport. With regard to the Eurofighter to be procured the coalition partners have agreed to credit future exports to the number to be commissioned in instalment 3b.

We will create structures to ensure laws are respected and complied with in the procurement of defence technology materials.

Safeguarding technological competence and valuable jobs in Germany is an important issue for the federal government. We will therefore determine and implement interdepartmental measures for safeguarding selected defence technology capabilities.

We are committed to current arms export regulations and will continue to advocate the harmonisation of arms export directives within the EU. We actively support fair competition in Europe and confirm our support for the European Defence Agency's Code of Conduct on Offsets.

6. Protecting human rights – promoting the rule of law

Germany's credibility is directly related to our vigorous support for human rights in foreign and development policy. Their observance lays the foundation for the democratic, economic and cultural development of every country. Physical and intellectual integrity, freedom of thought and opinion and freedom from discrimination are inalienable principles of our human rights policy. In our external relations too we oppose any discrimination on the basis of religion, ethnic origin, gender or sexual orientation.

The dialogue on the rule of law and measures for strengthening civil society are important instruments of our human rights policy and their efficacy must be reviewed on a regular basis. The federal government is equally committed to supporting religious freedom worldwide and particular attention will be given to the situation of Christian minorities.

In all of our government actions we are committed to the worldwide abolition of capital punishment, torture and inhumane treatment. Human trafficking, child labour, child soldiers, forced prostitution, forced marriages and practices such as genital mutilation must be outlawed and banned internationally. We see an opportunity in globalisation to advance human rights globally and support certification measures and initiatives for responsible corporate governance.

We will respect the protection of human rights and pursue their implementation in partnership agreements.

Human rights protection systems are an important pillar in international human rights policy. The Council of Europe along with the European Court of Human Rights (ECHR) and the International Criminal Court (ICC) are indispensable instruments in the fight against human rights violations. The ECHR in particular requires enhanced support as many pending claims are either processed late or not at all due to scarce financial resources.

We advocate an evaluation of the Rome Statute of the ICC with the aim of closing criminal liability loopholes. We recognise Germany's obligations to international law and advocate improved enforcement of the Code on International Criminal Law. We support efforts to establish an institute for the enforcement of the Nuremberg Principles in Nuremberg.

The United Nations Human Rights Council must not become a pawn of national power interests but rather should establish itself as the international mouthpiece against human rights violations. We will further develop the human rights dimension of the OSCE and strengthen the position of the OSCE's Office for Democratic Institutions and Human Rights (ODIHR).

7. Cultural relations and education policy

Cultural relations and education policy is an essential pillar of German foreign policy. A targeted cultural relations and education policy is becoming increasingly important in the age of globalisation. German cultural institutions such as the German Archaeological Institute, the Goethe Institute, DAAD, the Humboldt Foundation, German schools abroad, scientific co-operation and similar projects for the future such as the German-Turkish University in Istanbul are bridges in our value-oriented foreign policy.

We attach particular importance to the promotion of the German language abroad. Cultural relations and education policy should present Germany in all its diversity and promote interest in our country, our language, our history and our culture. This is a precondition for good and trusting relations between Germany and its partners. Germany today sees its cultural relations and education policy even more as a contribution towards crisis prevention, the protection of human rights and promoting freedom.

We attach special importance to dialogue with Islam. We esteem and value the rich cultural tradition of the Islamic world and advocate peaceful co-existence between western democracies and Islamic countries. Islamic societies must find their own path in and into the modern age. It is in our interests to support moderate powers as they strive towards the rule

of law and democracy. Islamist terrorism is in the first place a threat for Islamic countries themselves, but it also poses a threat to us.

European and transatlantic relations play a special role in our cultural relations and education policy. We want to strengthen these relations through enhanced cultural and scientific exchange. In addition, we consider it a task of the cultural relations and education policy to strengthen European identity and make a valuable contribution to integration within Europe. In the medium and long term we aim to find synergies among the EU member states in cultural relations and education policy with joint programmes and structures and the development of collaborative European cultural institutions. We will provide foreign cultural relations and education policy with as much funding as possible and regard it as a long-term political, cultural and economic investment.

Germany's media presence in the world must be strengthened through *Deutsche Welle* (international broadcaster). Programmes from public service radio and television as well as private media companies can make a contribution to achieving this. *Deutsche Welle* must be given greater consideration in the allocation of funds from the ODA (public development aid) quota.

8. Development co-operation

In pursuing our objectives in development policy our values and interests are on a par. Minimum standards as regards the rule of law and the observance of human rights must be given due consideration.

The objective of development policy is the sustained fight against poverty and structural deficiencies in the spirit of the UN Millennium Development Goals. Strengthening good governance, self-determination and self-help capabilities in developing countries will be central determinants in our development policy. This will require the inclusion and strengthening of all parties involved in development work, especially churches, foundations

and non-governmental organisations as well closer co-operation with the private economy in Germany. Political foundations will also play a prominent role.

Under the motto of “helping people to help themselves” and having regard to food sovereignty we will advocate sustained international action to support agriculture and rural areas in developing countries.

We want to increase the efficacy of development policy and re-align it by honing its profile, by emphasising economic co-operation, through clear national and international division of labour in keeping with the principles of the Paris Declaration, through increased coherence and by providing more efficient bilateral, multilateral and European organisational structures and instruments.

We will concentrate on the following key sectors: good governance, education/training, health, rural development, climate protection, environmental protection and resource management as well as economic co-operation (expansion/protection of the private sector, e.g., through PPP, micro-finance systems and infrastructure support). Germany’s existing commitments to preserve biodiversity and fight climate change and hunger must be vigorously implemented and designed to meet future needs.

In the context of the European and international division of labour within Germany’s bilateral development co-operation (ODA) we will work with a limited number of partner countries. Good governance, need, significance of our aid, source of risk and strategic partnership will be important factors in relation to flexible adjustment.

In our co-operation with fragile and failing states and countries with poor governance we want to develop concepts that will allow us to support suitable transformation processes in selected countries. Crisis and catastrophe prevention should be planned generally.

We want co-operation with newly-industrialising countries to develop into partnerships for the sustainable shaping of globalisation based on mutual responsibility, and particularly

favour three-way co-operation. We will involve ourselves primarily in areas of significant joint interest such as supporting the rule of law, environmental and climate protection as well as scientific co-operation. The instruments used should gradually shift to pay services on terms that are as closely as possible in line with general market terms.

We are committed to a quick and development-oriented conclusion of the World Trade negotiations as well as to the removal of agricultural subsidies and the ending of trade-distorting subsidy measures within the framework of the WTO negotiations; we support South-South trade and regional economic partnerships and we will use trade assistance to ensure that developing countries can participate in economic globalisation.

Loans will be granted on the basis of debt sustainability. We will only provide debt relief for developing countries on condition that they have transparent budget management, are fighting corruption and mismanagement as well as building a solid economic structure and improving self-financing of developing countries. We also advocate the implementation of an international insolvency code.

Structure of development co-operation

We want to increase the impact of German development policy and to improve the efficacy and targeted-nature of the funding provided by, in particular, eliminating dual structures in government and implementation.

The reform of the implementation structures will begin with the consolidation of technical co-operation (TZ) organisations and include mechanisms for improving links between technical and financial co-operation. We want to take decisions with regard to TZ structures within the first year of the legislative term and, where appropriate, we will draw on advice from the Federal Audit Office. We will reform organisational structures in order to improve our ability to steer German development policy. Synergies arising from the elimination of dual structures will be used to replace external personnel with federal employees and to improve

the field structures of the department responsible for development policy and enhance our presence in multilateral and European structures.

Architecture of international development co-operation

A review of the efficiency of development policy and its ability to co-ordinate multilateral institutions will provide the basis for our initiative to reform the international development architecture to establish a clearly defined task structure and division of labour.

We consider a fundamental reform of EU development policy to be necessary to increase coherence, complementarity and subsidiarity and we want an EU code of conduct on the principles for a coherent division of labour. We will work towards effective parliamentary monitoring of the current European Development Fund (EDF) and in the context of a new financial projection we will work towards integrating the 11th EDF into the EU budget.

This integration must be interlinked with Germany's development policy instruments. We want to end the different treatment of the developing countries of Africa, the Caribbean and the Pacific compared to developing countries in other regions in the world and we want to work towards uniform EU development co-operation.

We want to achieve a distribution of bilateral and of European and multilateral German contributions in a ratio of 2/3 to 1/3 in order to expand the scope of Germany's development policy and increase the impact of the budgetary resources deployed.

Despite the financial crisis we want to adhere to our international obligations to gradually increase German public development financing to 0.7 per cent of GNP. Within the means of the federal budget we aim to work towards this goal. An increase in development funding must be accompanied by an increase in the efficiency of the instruments of development policy and the absorption capacities of the developing countries. Strengthening the self-financing capabilities of developing countries is also an important issue for us.

Budgetary assistance and debt relief will only be granted under strict and transparent award criteria which will be reviewed on a regular basis.

VI. OPERATING PROCEDURES WITHIN THE COALITION

1. Co-operation between the parties

This coalition agreement is valid for the 17th legislative term. The coalition partners commit to implementing this agreement in government action. The partners bear joint responsibility for the entire policy of the coalition.

The CDU, CSU and FDP coalition partners will co-ordinate their work in parliament and government consistently and comprehensively and will reach consensus on procedural, substantive and personnel issues. The coalition partners will have regular meetings at the beginning of each week in which Parliament is sitting for coalition talks within the coalition committee. It will also convene at the request of any coalition partner. It will consult on issues of fundamental importance that must be co-ordinated between the coalition partners and will bring about consensus in cases of conflict. Its members are: the party chairs, the faction chairs, the general secretaries, the first parliamentary secretaries, the head of the Federal Chancellery, the federal minister of finance and an additional member of the FDP yet to be named.

2. Co-operation among the factions

The coalition factions will vote unanimously in the Bundestag and in all Bundestag bodies. This also applies to issues that are not matters of agreed policy. Changing majorities are not permissible. The coalition factions will reach agreement on parliamentary procedures and work. Motions, bills and questions to the government by the factions will be submitted jointly or, in exceptional cases, by mutual consent.

3. Federal government

3.1 Cabinet work

In the cabinet, issues that are of fundamental importance for one coalition partner cannot be overruled by another partner. The cabinet will ensure agreed conduct in the bodies of the EU. The coalition partners will be represented on all cabinet committees and all cabinet bodies in accordance with a predetermined formula. The composition of commissions, advisory councils etc. to the cabinet will be determined by mutual consent and in accordance with a predetermined formula.

3.2 Allocation of ministries

The CDU and CSU will appoint the Federal Chancellor and the following ministers: home affairs; finance; defence; labour and social affairs; education and research; family, senior citizens, women and youth; food, agriculture and consumer protection; transport; construction and urban development; environment, nature conservation and nuclear safety as well as the minister for special tasks in the Federal Chancellery.

The FDP will appoint the following ministers: foreign office; justice; economics and technology; health; economic co-operation and development.

The parties concerned have the right to nominate candidates for the posts.

Federal Chancellor Dr. Angela Merkel

(Chair of the Christian Democratic Union of Germany)

Minister-President Horst Seehofer

(Chair of the Christian Social Union)

Dr. Guido Westerwelle

(Chair of the Free Democratic Party)

Volker Kauder

(Chair of the CDU/CSU parliamentary group)

Dr. Peter Ramsauer

(First Vice Chairman of the CDU/CSU parliamentary group)

Birgit Homburger

(Chair of the FDP parliamentary group)

Berlin, 26 October 2009