



**Guten Morgen!**

- 1. Wake up and get a feeling for what was in the minds of public-affairs-insiders in Berlin when they woke up while you were still asleep.
- 2. Get a bit of solid intel with a bold spin that no newsletter-journalist would dare to give and
- 3. No matter whether that spin was dull or genius: Be inspired for your business overseas after reading this.

PA experts in the US inspired us, for there are major changes in the EU during the crisis that require to be assessed by some PA specialists on the EU/Berlin-site. So, until June that's what we're gonna do. We'll plan to publish every Monday morning. But we are just human and might have one drink too many on Sunday evening. In any case, ping us if you need to know more before others do.

Anna & Christian

**FIRST, SOME SOLID INTEL:**

**Germany's Showdown for the Exit Strategy From the Corona Virus Shutdown** This Wednesday, Germany might face a good old-fashioned, Western-style showdown in its discussion for an exit-strategy. In the meeting of "Bund und Länder" (transl. Federal Government and State Governments), the Federal Government will discuss with the States' Prime Ministers on how a loosening of the restrictive measures in Germany could look like. Germany's neighbor Austria has already decided to start loosening just after Easter, while Angela Merkel so far has been unwilling to announce a precise exit date. On Wednesday, her biggest opponent will be North-Rhine Westphalia's Prime Minister Armin Laschet, meaning Merkel will face opposition from her own party – again. Laschet, who has been advocating for a discussion about a possible exit strategy for a couple of days

already, submitted a paper on further proceedings, drafted by an interdisciplinary expert group of his government.

In Germany, experts from different professions as well as politicians are discordant on how to move forward. As of today, the restrictive measures would be in place until at least 19 April, with Merkel politely brushing off any plans for an earlier loosening or for how to continue after this date. People in Germany are hoping for some positive news on Wednesday in order to move forward.

**New German foreign trade and payments act – Germany using Trump-methods?** Germany aims to finalize an approach to renew its foreign trade legislation, a process that started already some time before Corona. After the experience of the Financial and the Euro Crisis (when foreign investors were



happy to buy out German companies the state could not provide with enough liquidity), Germany is tightening its rules for M&A activities by companies outside of the EU in areas of critical infrastructure.

What does that mean? Currently, the Federal Government, if it wanted to stop a foreign buyout, has to prove there is an “actual threat” of public security. With the new law, they will only have to show that there could be a “probable impairment”.

Germany is implementing EU guidelines with this law, however, it is also being guided by a lesson learned in regard to its 50 hertz grid, when it prevented a Chinese buyout in the latest moment possible. The new law therefore reflects the wish of the EU, and especially of Germany and France, to gain more technological independence and control over their domestic markets. Germany

is letting protectionist measures come back in its legislation in a way that might even make President Trump happy.

**No coffee or beer in Berlin after the crisis?** Helping the companies in Germany is mostly “Ländersache”, meaning the States are kindly asked to develop their own programs. For SMEs with up to 10 employees, there is a basic support of non-refundable money from the Federal Government. Most States extended this program with their own resources to help companies with more than 10 employees. Only the capital itself does not want to do that and only offers guaranteed loans. This might be a bad decision, since Berlin is not only the political center of Germany but also has a strong SME business sector. Those enterprises are now at risk, and some of your favorite hipster coffee shops in Kreuzberg might not exist after the crisis if Berlin doesn’t provide some support as other states are doing.

## IN CASE YOU MISSED...

### **Corona-Crisis Management – what to do in Sweden?**

One might generally think of Sweden as a flagship state for welfare, social equality and whatever positive terms comes to your mind when thinking about how a democracy should work. Sweden is a country which values the autonomy and consensus probably unlike any other country in the world. The government is only asking their citizens to stay at home – not dictating it. What looks like the attempt to the much-criticized concept of herd immunity, might actually be just the hope to keep the liberal democracy alive even in crisis. But does it work? Right now, it seems like they got themselves in some serious trouble and the numbers are clearly not speaking for Sweden. The cases seem low, speaking in absolute terms, but looking at relative numbers, Sweden has the most fatal cases per 100,000 inhabitants within the EU. Still, the confidence of the citizens in their government is a given. Whether this will change when the government has to decide on some more authoritarian measures to prevent its health care system from collapsing, has to be seen. Definitely the development in Sweden is worth being monitored as it might be the only country where the most essential values of democracy and freedom are holding up against the virus.

**A gridlock in transportation law and more to be expected** While facing an unwanted deceleration in transportation, Europe will now also experience a wanted chilling of

laws coming into play. The Member States urged the European Commission to cope with some severe impacts of the crisis – and therefore cannot be further challenged with implementation of new regulations. The European Commission is happy to follow the proposal by the Member States. Transportation law is the first regulation where the validity dates are being delayed for at least half a year. We can expect others to follow to ease the pressure on Member States and the industry.

**We are not friends when it comes to money...** could have been the leading principle of the European Union last weeks. Already highly indebted states like Italy are desperately waiting for other Member States like Germany to support so-called “Coronabonds” or “Eurobonds”. What’s behind this? Italy wants all EU members to lend money at the capital markets together, as Italy or Spain sharing risk with Germany will result in lower interest rates for them. However, low-risk countries like Germany do not want to throw their goodwill in the ring and urge their friends to rely on already established mechanisms from the Euro-Crisis. And these instruments already caused the biggest constitutional challenge in Germany’s history and provoked the establishment of the right-wing party AfD. Germany fears to lose trust of their own citizens when agreeing to Coronabonds. European solidarity is always challenged when it comes to money, even a crisis like this one won’t change that.



## WHAT'S ON OUR MINDS TODAY:



**By Christian,**  
Founder and MD

**Science or politics?** That escalated slowly. Science acts for the common good while politicians act only for their own interest, so the eternal public verdict.

But public affairs pros know: It's not that easy. When deciding on how to act on Corona, first it was "science against politics", then it was "female leaders against male leaders", in east EU some claim "hard leadership saves more lives than consensus democracies". Today we are at: Scientist against scientist.

What happened? Chancellor Merkel follows her virologists' advice, the most prominent from [Robert Koch Institute](#) and also [Christian Drosten](#), who not only developed the first Coronavirus test kit, but was dubbed by some media Germany's "corona-explainer-in-chief". They suggested to shut down the whole republic before making a mistake, an action supported by the public. Enters the scene: [Hendrick Streeck](#), Chief Virologist Counsel of Armin Laschet, Prime Minister of the biggest state in Germany Northrhine Westphalia. After a study he conducted in the most affected area in Germany, testing hundreds of inhabitants for anti-bodies, he concluded that the way forward is extreme-testing

and shutdowns only in highly affected areas while moving on with business as usual in the rest of Germany.

*"Great stuff, let the summer begin!", says the public.*

*"No!" says Merkel.*

*Drosten goes "Let me see your study!"*

*"No!" says Streeck, giving a press-statement instead, without disclosing details on his data.*

Now, Drosten is like:



And Streeck is like:



And now we all know: It's not that easy. There is no science vs. science or science vs. politics only cognition vs. cognition and decision vs. decision. It is not only about "facts", sometimes it is about weighing the facts for a prognosis-based decision that politicians cannot make alone. Alternative facts come to mind, and at least for journalists those are a feast.

To wrap it up: If you want to learn how Germany will decide, mark your calendar for this Wednesday's discussion. But PA pros know: It still won't be easy.

## ABOUT KRAUTSHELL:

We just assumed that you receive way too many and way too many newsletters, while still not getting the intel you need. With "In a Krautshell" we want to give pros in corporate and public politics an executive-style glimpse into what is going on in Germany and

Europe. Feel free to give us some feedback, correct bad English we Germans think to be appropriate and let us know whether or not you find it insightful what we are doing here.

[www.krautshell.com](http://www.krautshell.com)

## ABOUT US:

About Us: We are Erste Lesung (transl. first reading), a full-service public affairs consultancy with offices in Berlin and Brussels and your on-site support for consulting and government response in Germany and the EU.

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