

# BUSINESS LOCATION GERMANY

FDI Competence Center – June 2016  
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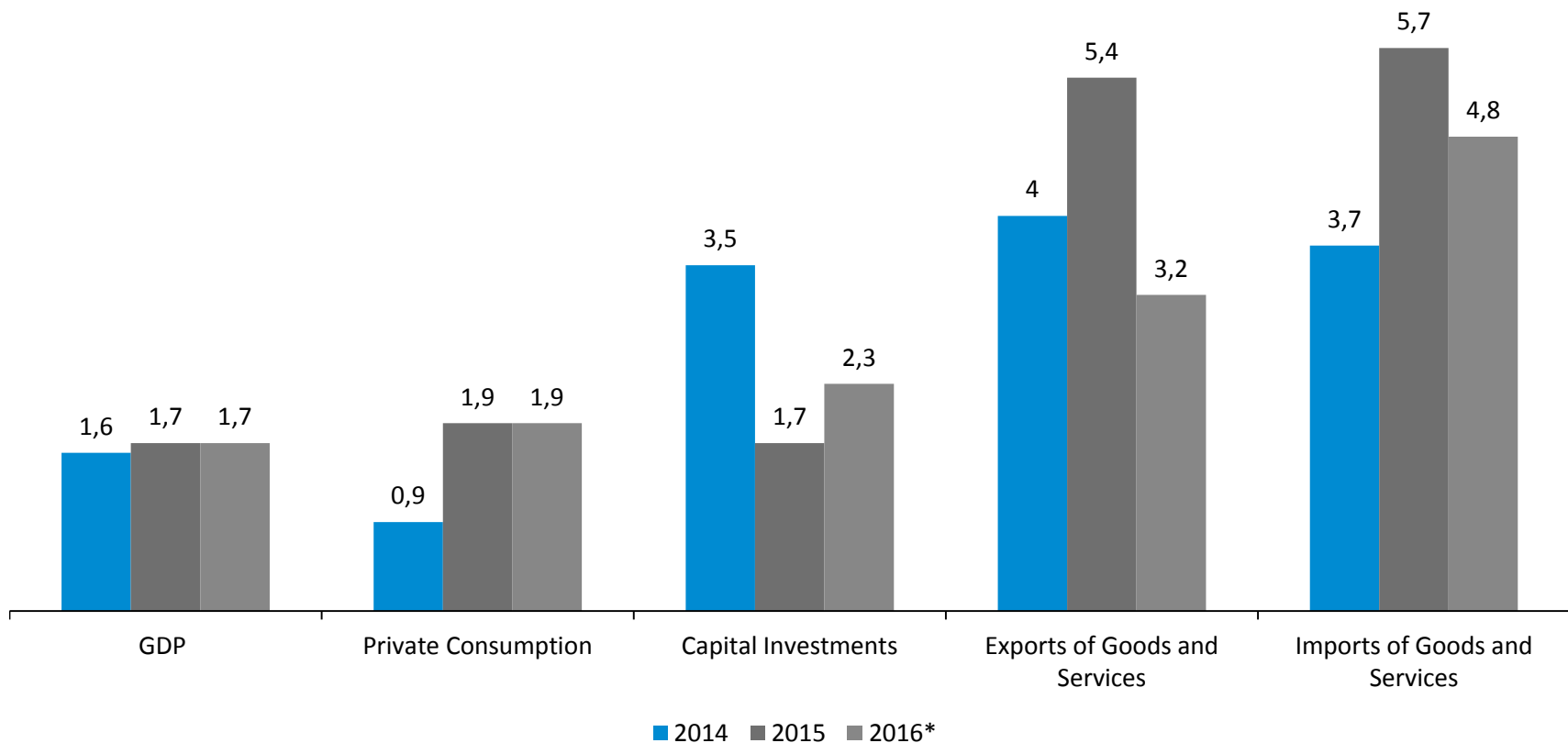
# Agenda

1. **Economic Development**
2. Germany as a Business Location

# Economic Development

The federal government expects continuous growth.

## Growth Rates (2014 – 2016, in percent)



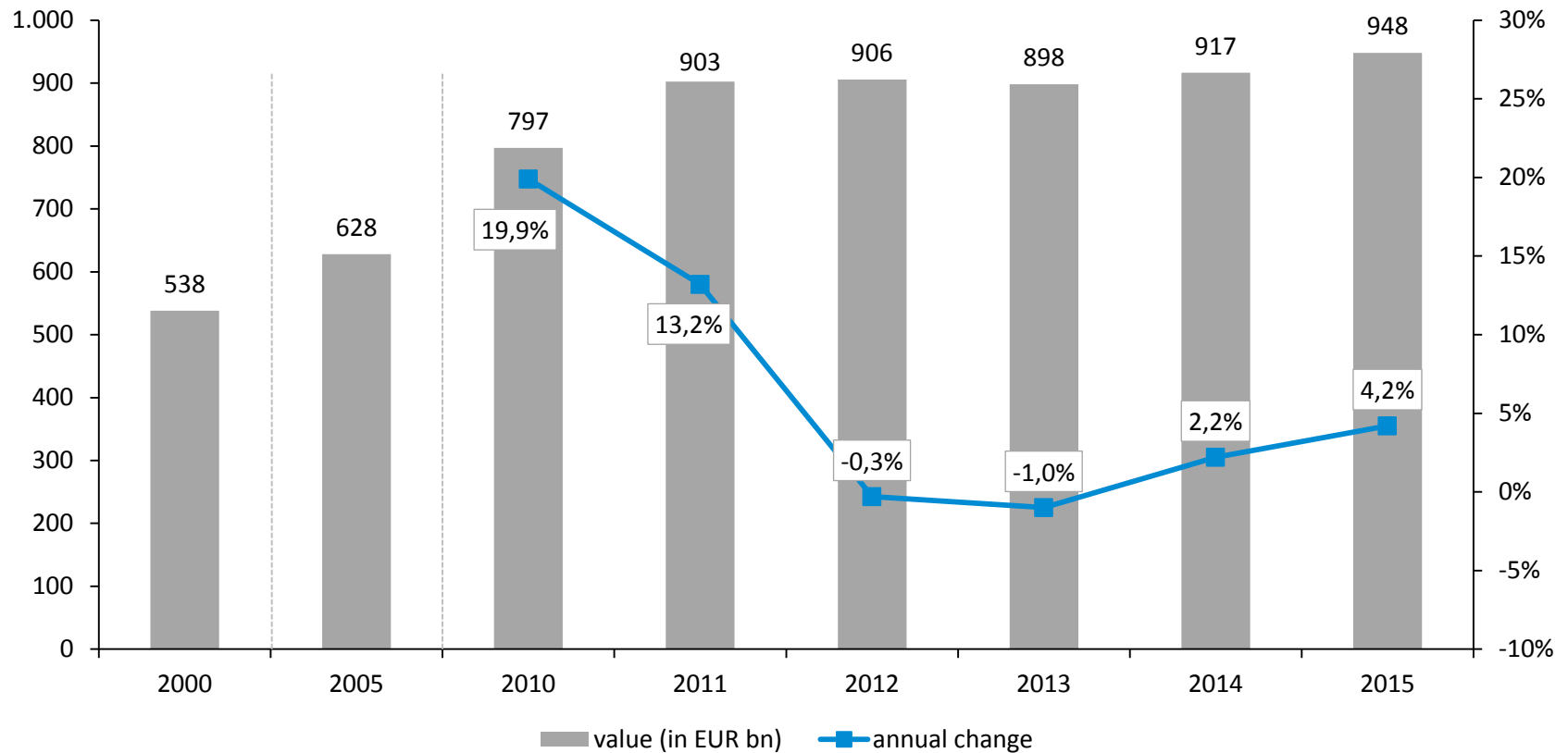
Note: \*projections by the federal government

Sources: Federal Government 2016

# Economic Development

Germany is the world's third largest importer.

## Import of Goods (2000, 2005, 2010 – 2015)

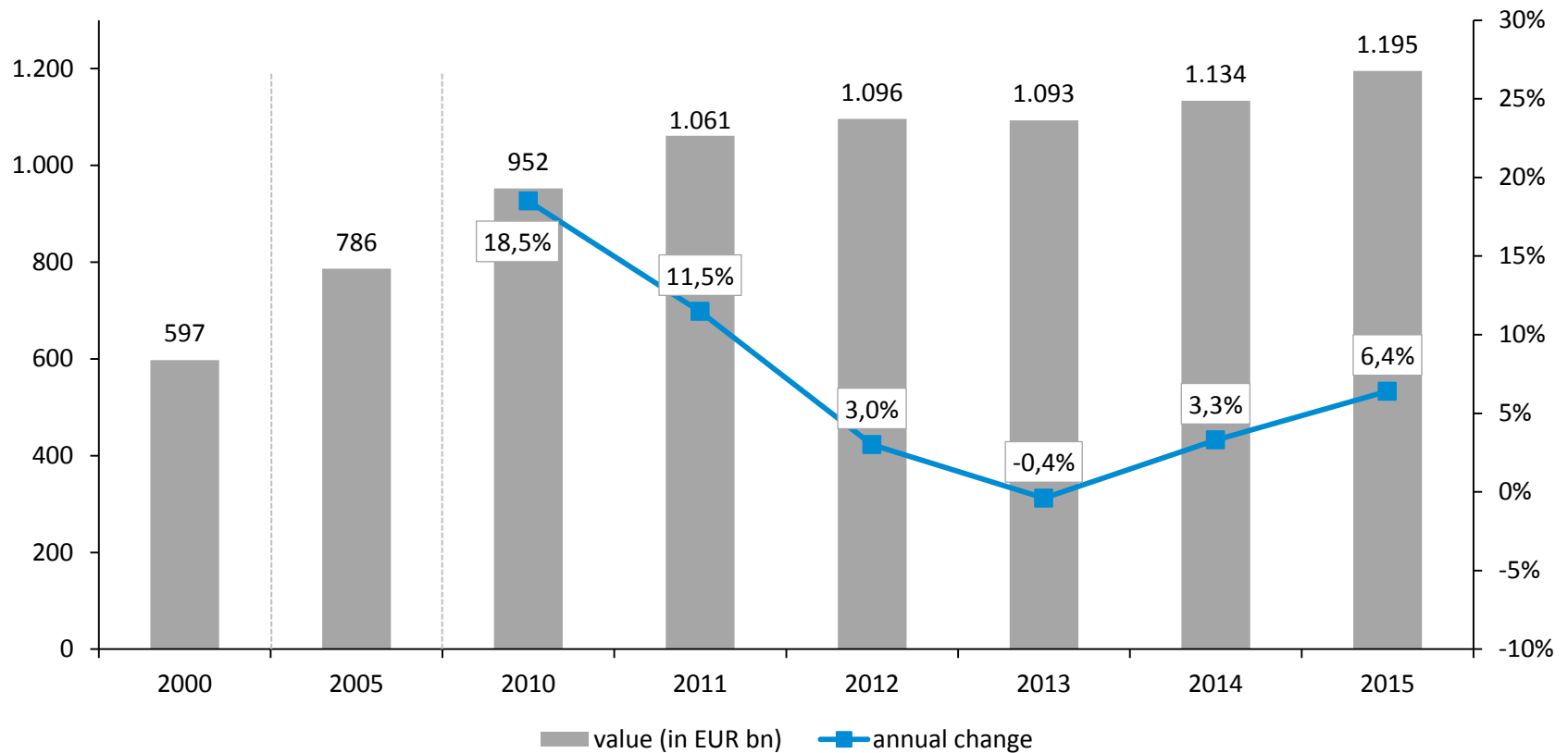


Source: Federal Statistical Office 2016

# Economic Development

Germany's exports remain on a high level.

## Export of Goods (2000, 2005, 2010 – 2015)

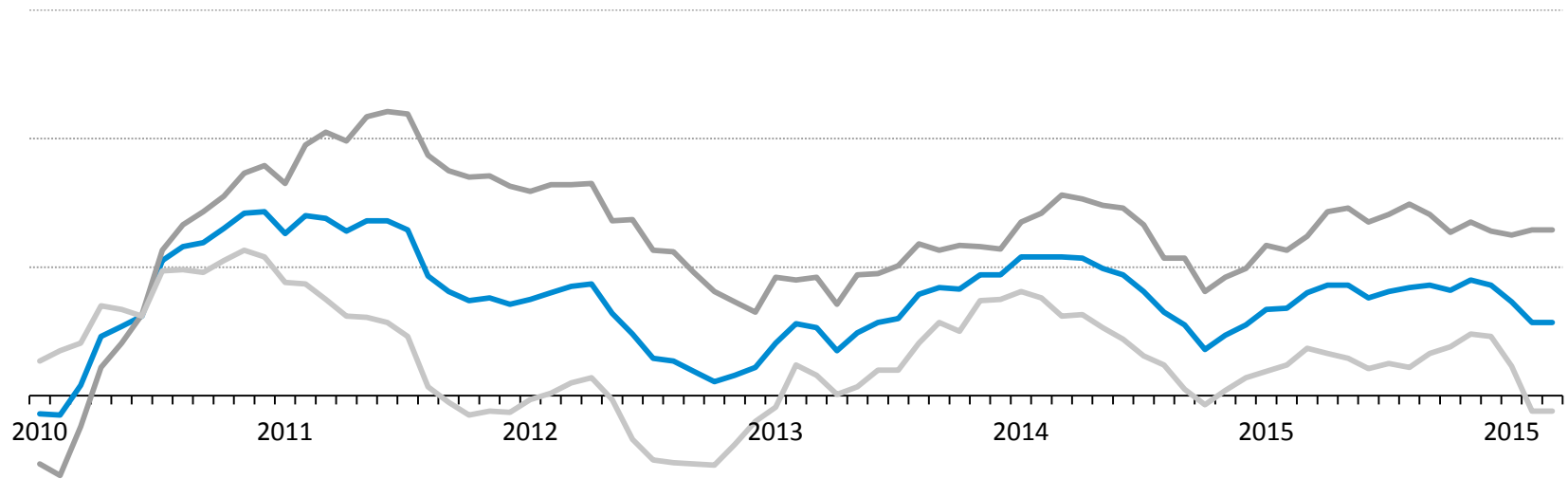


Source: Federal Statistical Office 2016

# Economic Development

The Ifo Business Climate Index reflects the companies' current business climate, situation, and their expectations in Germany.

Ifo Business Climate Index (Jan 2010 – Feb 2016, 2005=100)



January 2016	
climate	105.7
situation	112.9
expectations	98.8

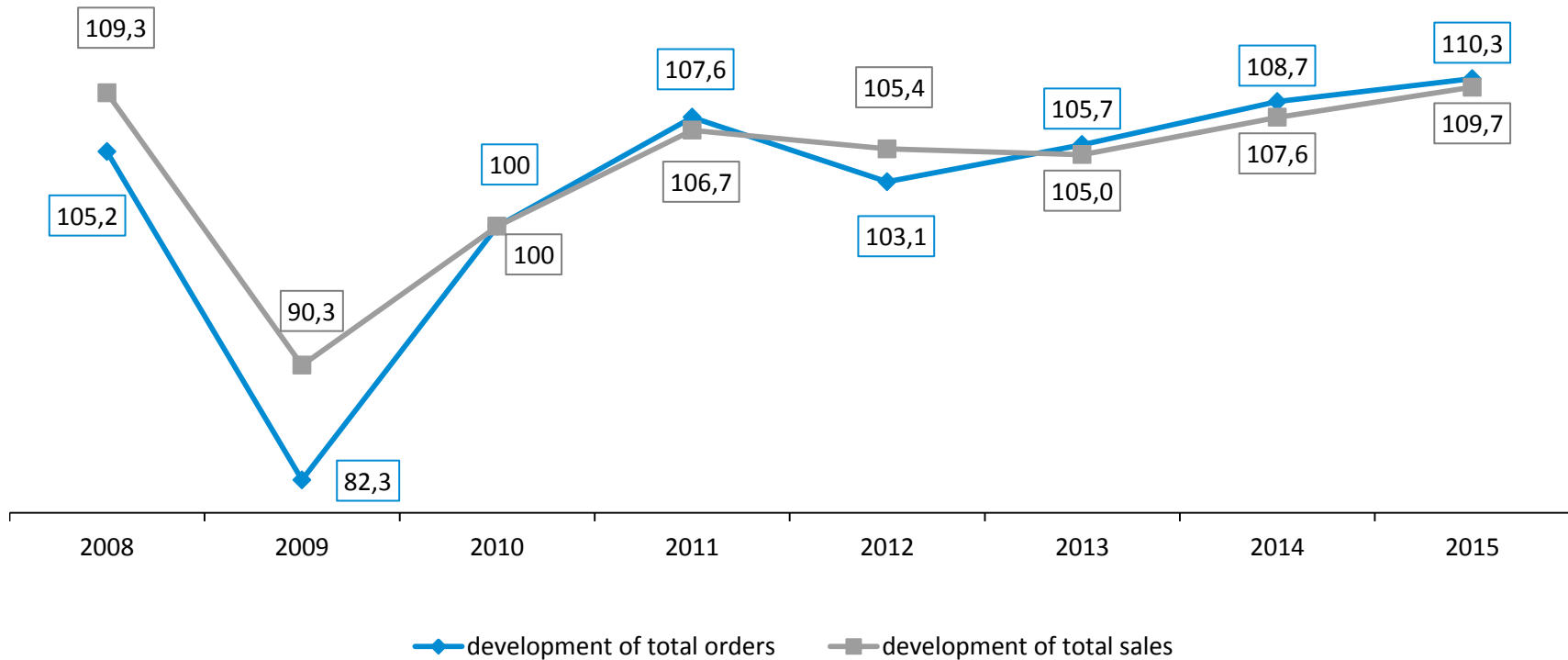
— business climate    — business situation    — business expectations

Source: ifo Institute 2016

# Economic Development

Order and sales activities improved strongly since 2009.

Development of Total Orders and Sales in Manufacturing (2010 = 100)

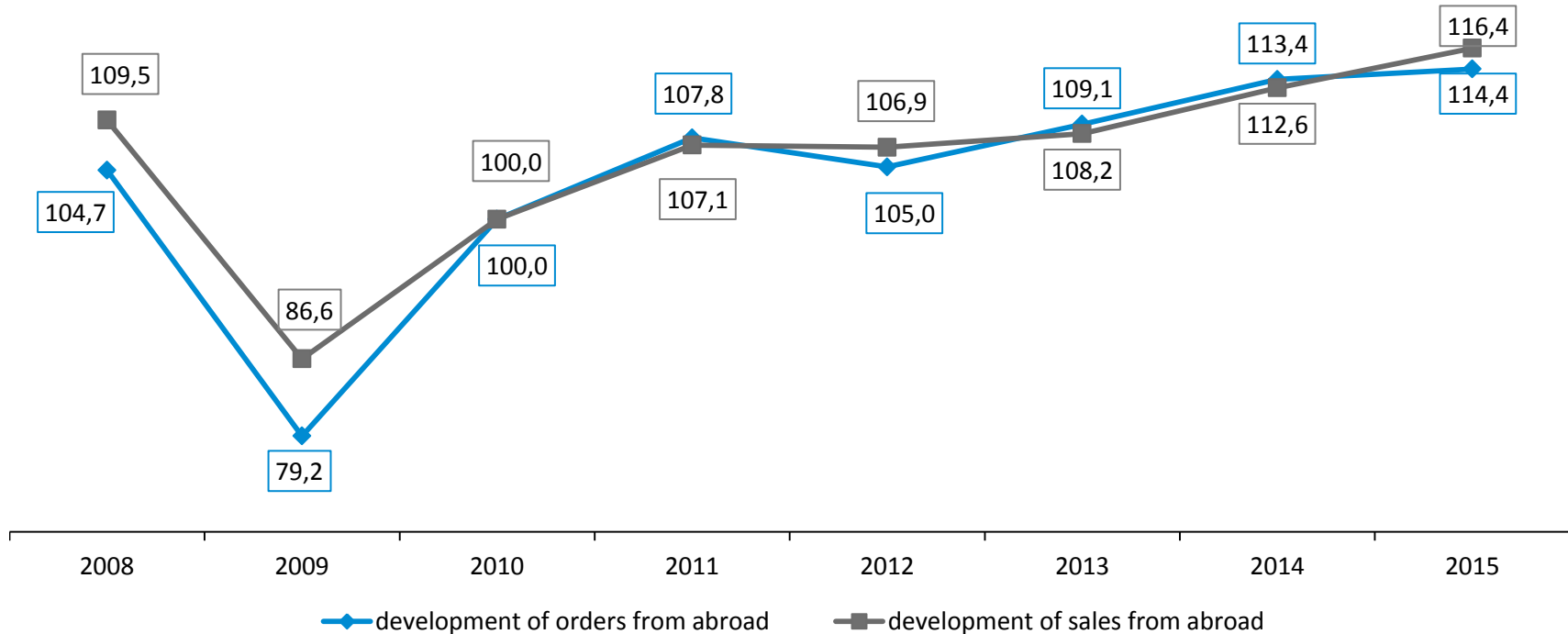


Source: Federal Statistical Office 2016

# Economic Development

Orders and sales from abroad have risen significantly since 2009.

Development of Orders and Sales in Manufacturing from Abroad (2010 = 100)



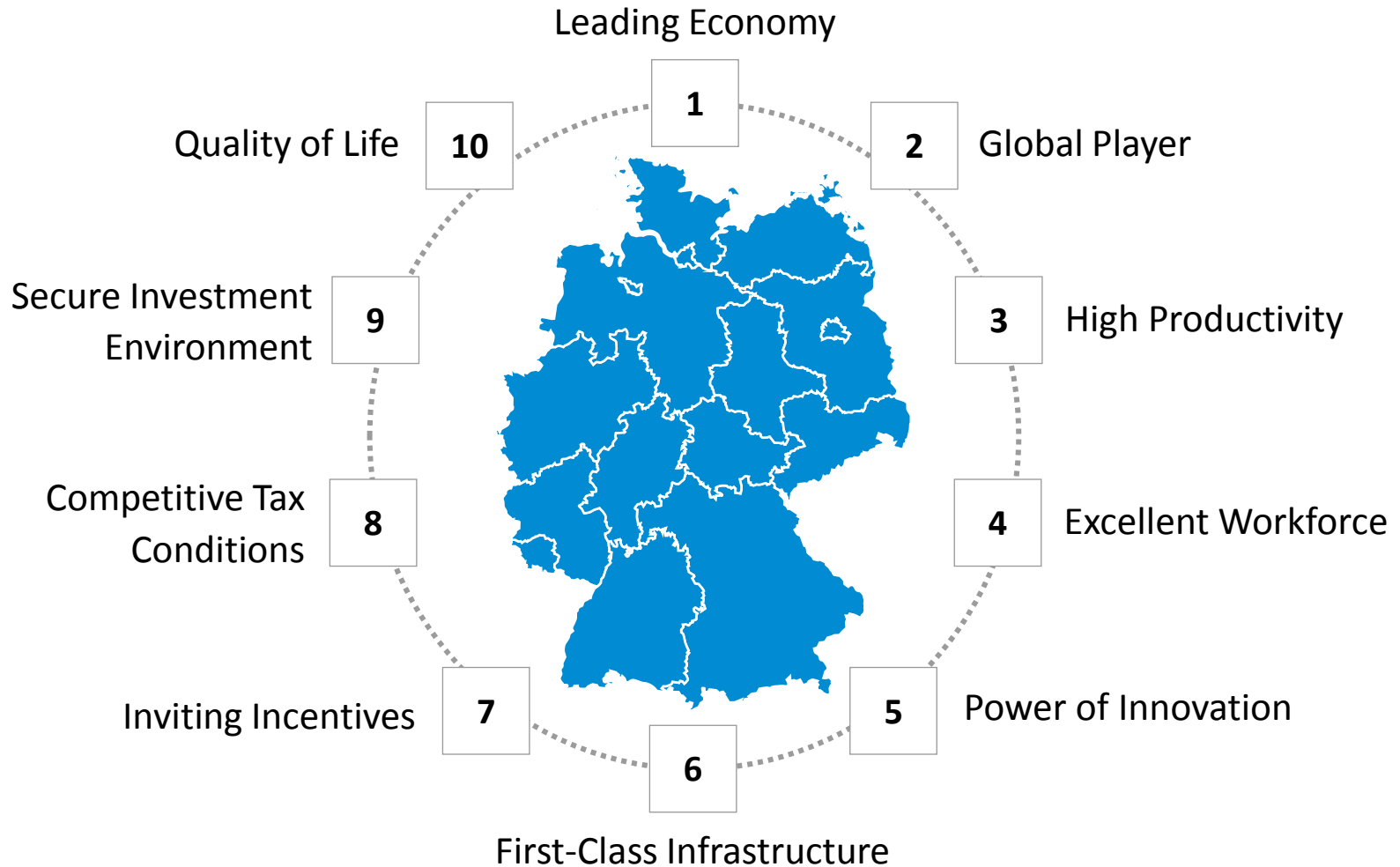
Source: Federal Statistical Office 2016



# Agenda

1. Economic Development
2. **Germany as a Business Location**

# No. 1 Investment Location



# Leading Economy

Germany is Europe's largest market.

## Share of Total GDP and Population in the European Union (2015)

	GDP (in EUR bn)	Share of Total GDP (EU 28)	Population in m	Share of Total Population (EU 28)
<b>Germany</b>	<b>3,026</b>	<b>21%</b>	<b>81</b>	<b>16%</b>
France	2,184	15%	66	13%
UK	2,568	18%	65	13%
Italy	1,636	11%	61	12%
Spain	1,081	7%	46	9%
Netherlands	678	5%	17	3%
Sweden	444	3%	10	2%
Poland	428	3%	38	7%
Czech Republic <sup>1</sup>	155	1%	11	2%
Hungary	109	1%	10	2%
USA <sup>2</sup>	16,172		323	
Japan <sup>2</sup>	3,710		127	
EU 28	14,625	100%	508	100%
Euro Area	10,400	71%	338	67%

Note: 1) Data for 2014. 2) Currencies converted with the European Central Bank's reference exchange rates for 2015.

Source: Eurostat 2016 Federal statistical office Germany 2016, US Census Bureau 2016, Japanese Statistics Bureau 2016

# Global Player

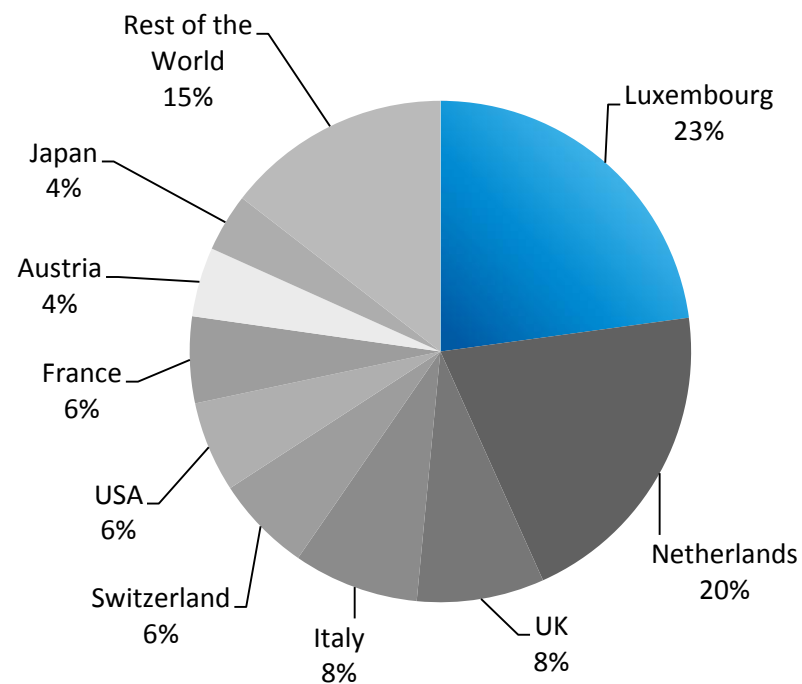
With EUR 1,011 billion of foreign investments, Germany attracts major inward investment.

## International Ranking of Inward FDI Stocks (2015, in EUR bn)<sup>1</sup>

Rank	Country	Stocks
1	USA	5,036
2	Hong Kong	1,417
3	United Kingdom	1,314
4	China	1,100
5	<b>Germany</b>	<b>1,011</b>
6	Singapore	882
7	Switzerland	751
8	France	696
9	Canada	681
10	Netherlands	637
...		
	Poland	192
	Japan	154
	Czechia	102
	Hungary	83
	Slovak Republic	43
	EU-28	7,005
	World	22,517

Note: 1) exchange rate: yr. avg. 2015, Source: UNCTAD 2016, German Central Bank 2016

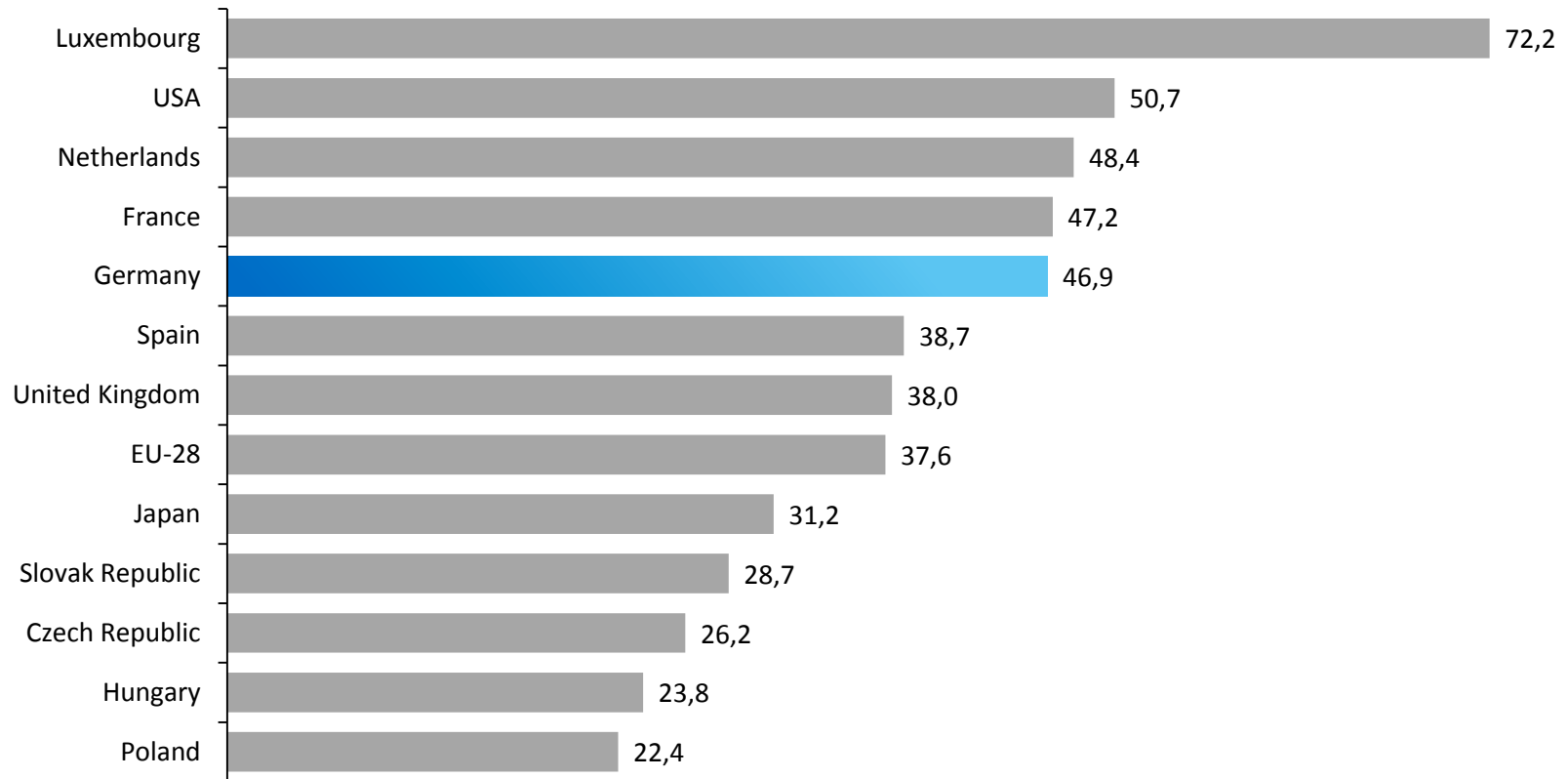
## FDI Stocks in Germany: Origin of Capital by Country (2014)



# High Productivity

Germany has one of the highest productivity rates in Europe.

## Labor Productivity by Hours Worked<sup>1</sup> (2014, in EUR, current PPP)



Note: 1) Labor productivity as GDP per hour worked in current prices and current PPP; Source: OECD 2015

# Excellent Workforce

Germany has a well trained and highly motivated workforce.

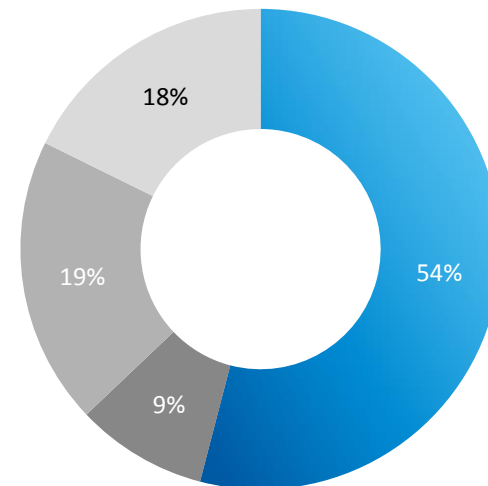
## Dual Education System<sup>1</sup>

- A combination of on and off-the-job training reduces hiring and training costs, thus minimizing recruitment risks.
- Vocational schools closely cooperate with ca. 455,000 companies in Germany.
- The focus is determined by specific industry needs.

## Higher Education

- In 2015 Germany provides 107 universities, 104 colleges and 217 universities of applied sciences (UAS).
- Almost 92,000 engineers and over 78,000 mathematicians and natural scientists graduated in 2014.

## Workforce in Germany by Level of Professional Education (2014, in % of total workforce)



- Skilled craftsmen (apprentices from dual education)
- Graduates from vocational colleges and technicians (master craftsmen)
- University Graduates
- Unskilled

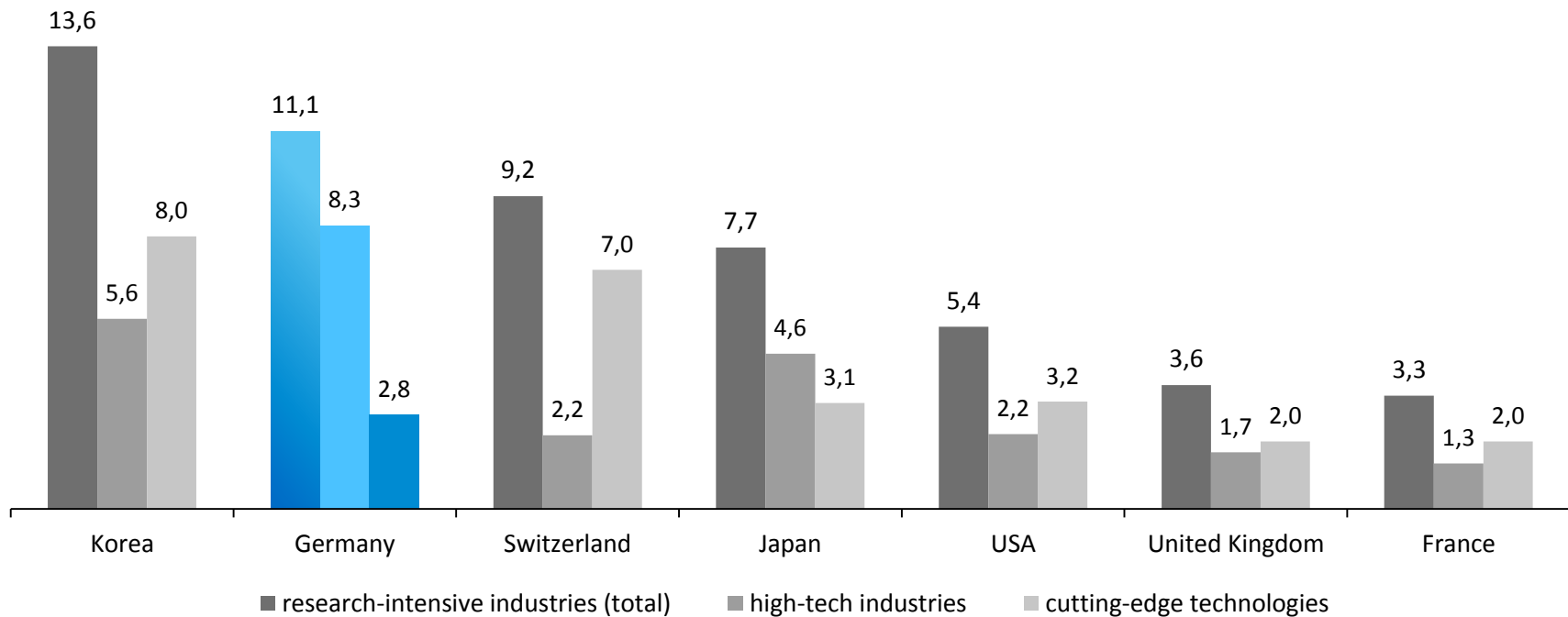
*Note: 1) The dual education system in Germany is a combination of a three-year on-the-job training in combination with classroom lectures.*

*Source: Federal Statistical Office 2015*

# Power of Innovation

Germany's high-tech industries are leading among the industrialized countries.

Share of Research-intensive Industries of Gross Value Added (in %, 2013)<sup>1</sup>

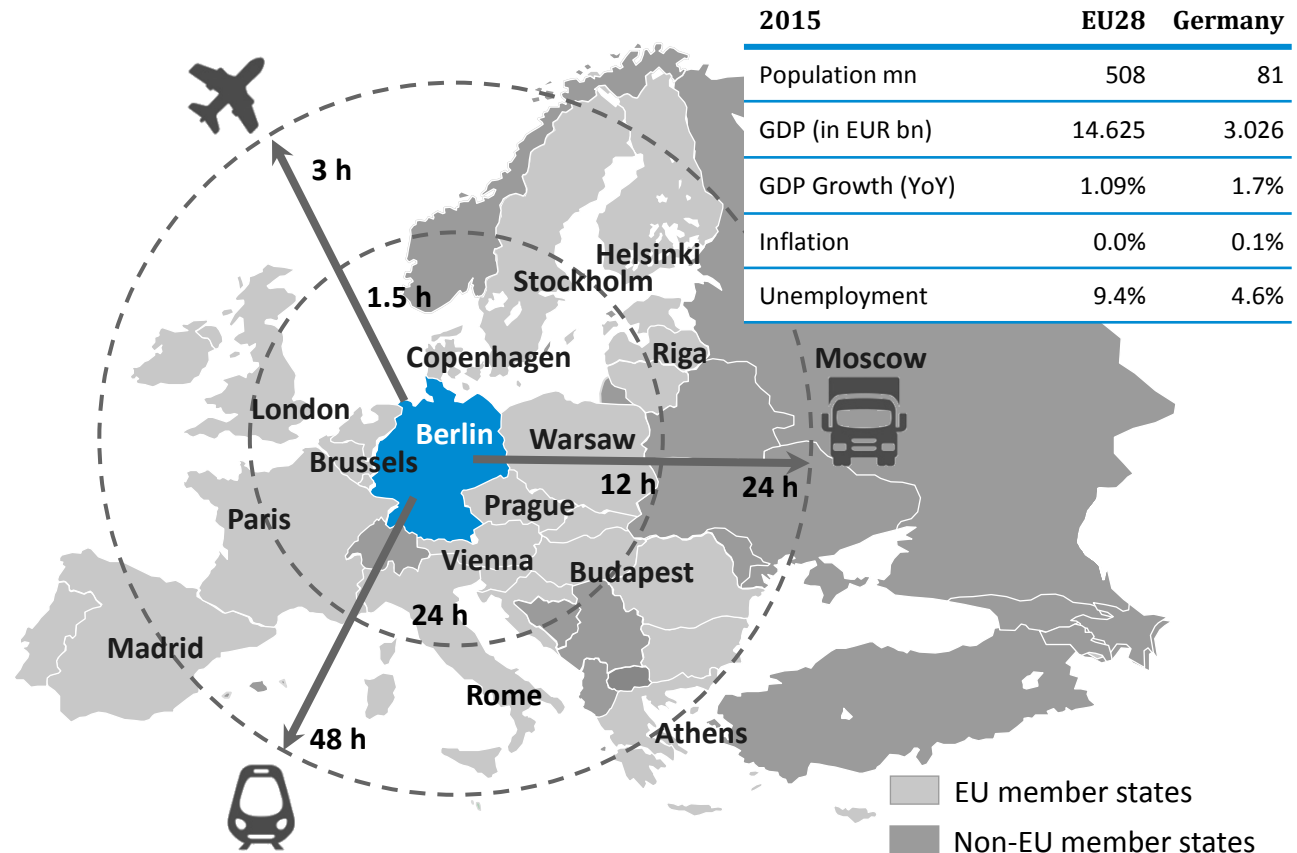


Source: German Institute of Economic Research (DIW) 2016; Note: 1) High-tech industries are characterized by high internal R&D expenditures between 2.5%-7% of the average OECD turnover; Cutting-edge technologies show an internal R&D intensity of more than 7% of the average OECD turnover

# First-Class Infrastructure

EU's new geographic center is in Germany: Providing rapid and easy access to all European markets.

- A state-of-the-art transportation infrastructure and logistics capabilities able to serve all European markets
- From Germany, nearly all of Europe can be reached by air in 3 hours and by road in 24 hours (flight, truck, and railway hours from Berlin).



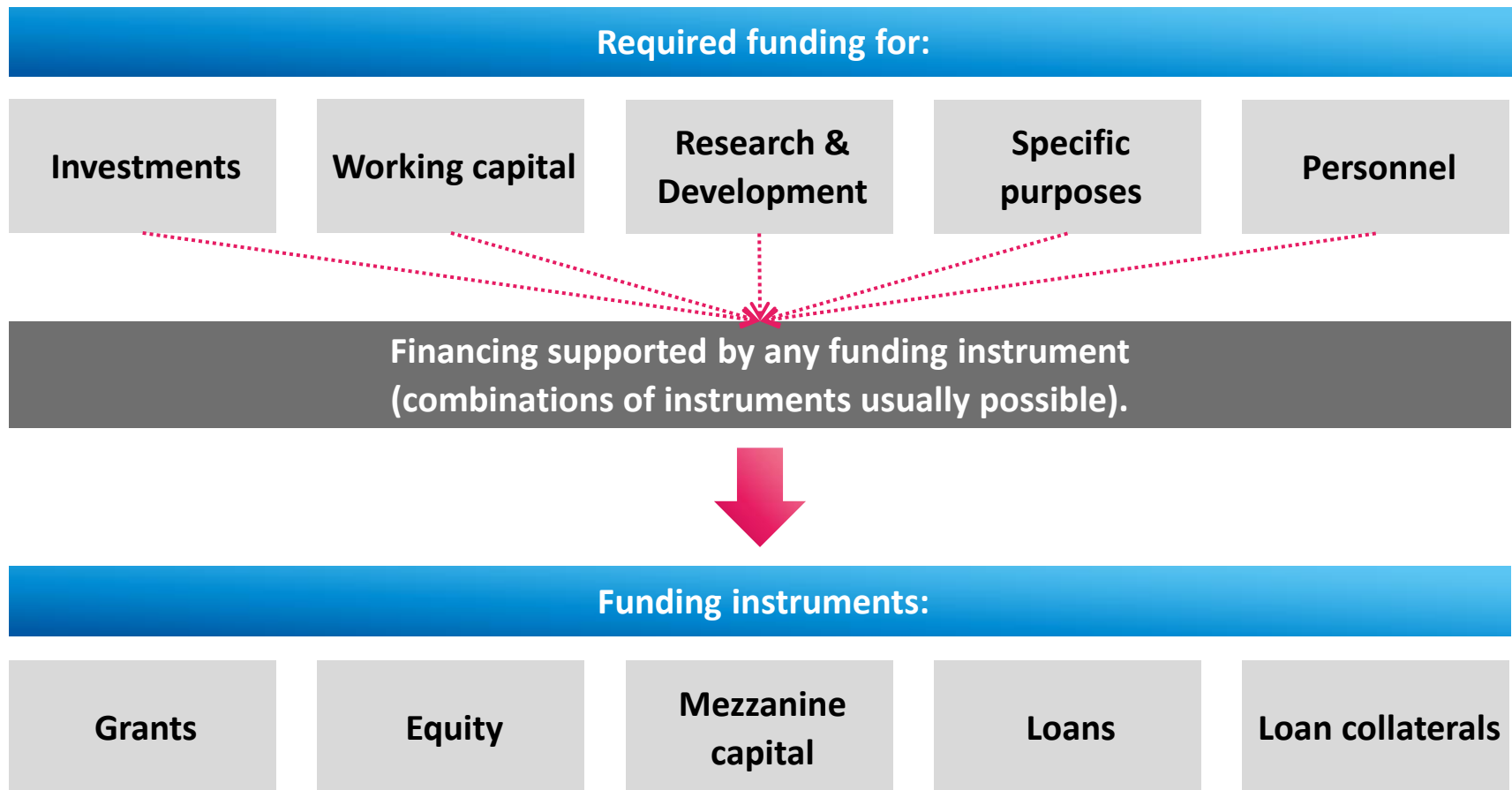
Source: Eurostat 2016

Note: EU-28's center: 42 km east of Frankfurt/Main in Meerholz, Hessen



# Inviting Incentives

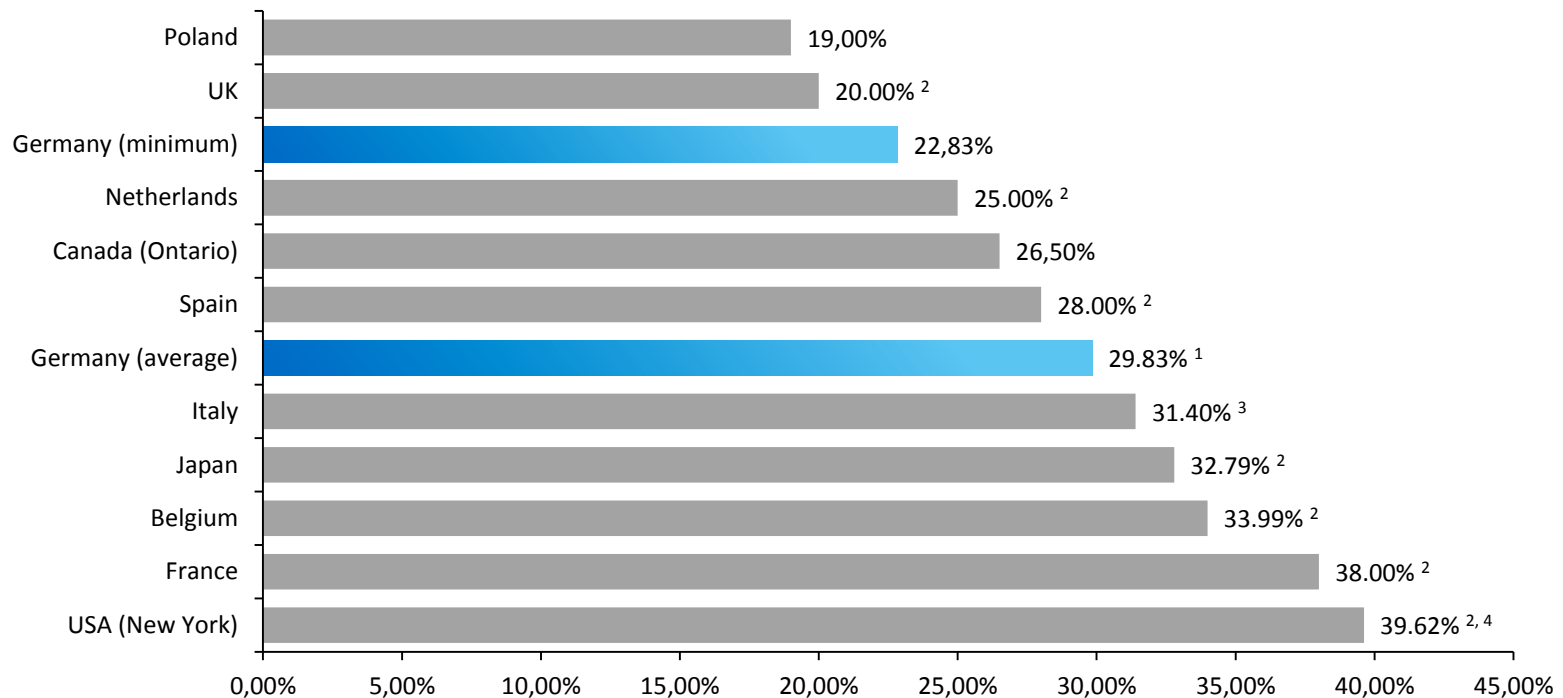
Germany offers a broad range of funding instruments to reimburse an investment project's expenditures.



# Competitive Tax Conditions

Germany offers one of the most competitive tax systems among the big industrialized countries.

## Overall Corporate Tax Burden (2015, in %)



1) National German average. Lower overall tax rates in certain areas are possible, e.g. only 22.83% in certain municipalities.

2) Top corporate income taxation rate incl. local taxes; lower starting rates or other special tax rates available.

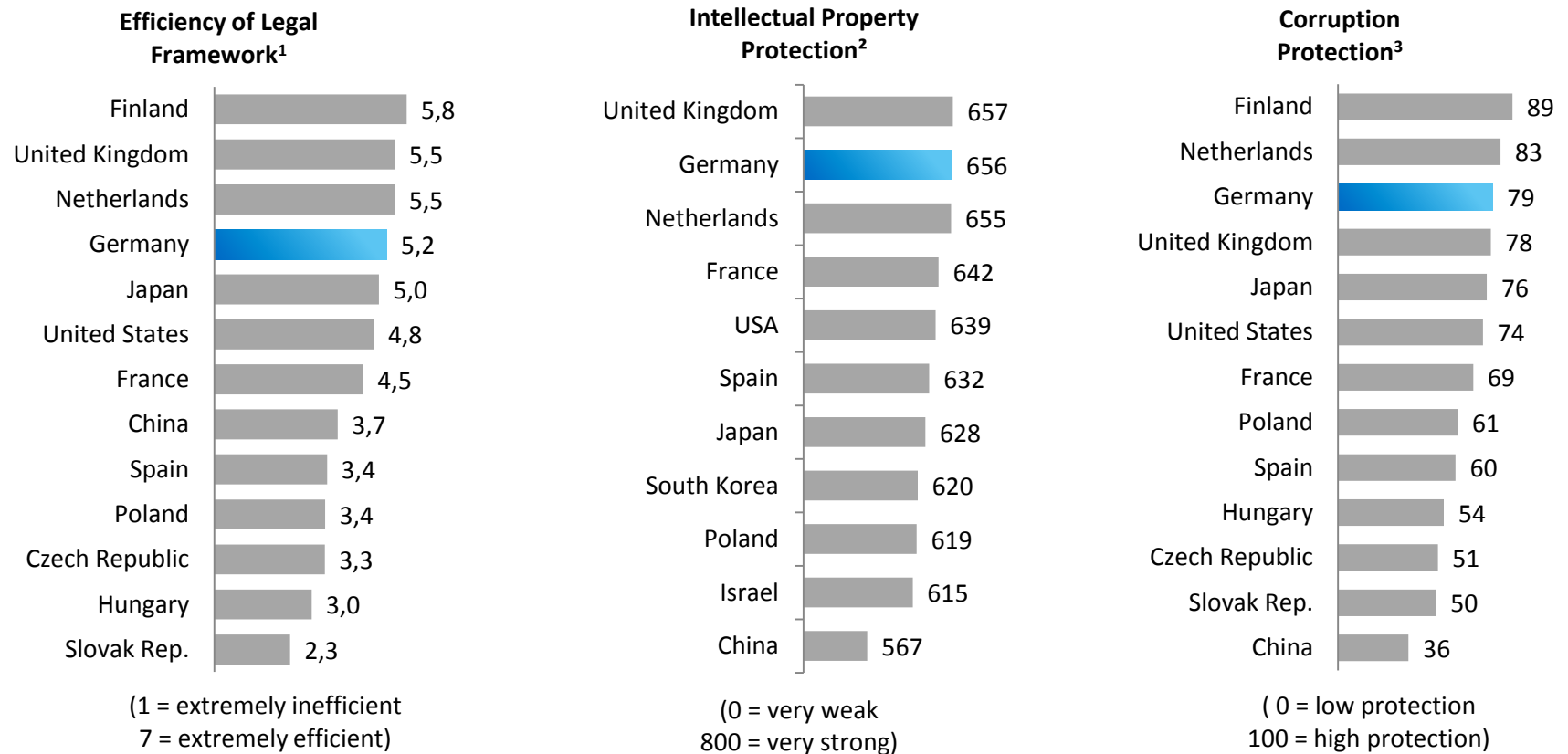
3) Based on standard rate of IRAP. 4) Local corporate income tax added.

Source: Federal Ministry of Finance (BMF) 2016

# Secure Investment Environment

Germany provides a solid base for investment projects.

## Assessment of Planning Security (2013-15, Opinion Surveys)



Source: 1) World Economic Forum 2015-16, 2) Taylor Wessing 2013, 3) Transparency International 2015

# Quality of Life

Germany is home to 7 of the 25 most attractive cities worldwide and offers a high quality of living throughout the entire country.

## Quality of Living Index<sup>1</sup> in Selected Cities (City Ranking 2016)

Rank	City
1	Vienna (AT)
2	Zurich (CH)
3	Auckland (NZ)
4	 <b>MUNICH</b>
5	Vancouver (CA)
6	 <b>DÜSSELDORF</b>
7	 <b>FRANKFURT</b>
8	Geneva (CH)
9	Copenhagen (DK)
10	Sydney (AU)
...	...
13	 <b>BERLIN</b>
...	...
18	 <b>HAMBURG</b>
...	...
24	 <b>STUTTGART</b>
24	 <b>NUREMBERG</b>

Note: 1) Survey covering 230 cities worldwide Source: Mercer Human Resource 2016

# Germany Trade & Invest

## Germany Trade & Invest Foreign Trade and Inward Investment Promotion Agency

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Friedrich Straße 60  
10117 Berlin  
Germany  
T. +49 30 200 099-555  
F. +49 30 200 099-111  
request@gtai.com  
www.gtai.com

Villemombler Straße 76  
53123 Bonn  
Germany  
T. +49 228 24 993-0  
F. +49 228 24 993-212  
info@gtai.de  
www.gtai.de