Automotive Industry

Germany – The World’s Automotive Hub of Innovation

Germany is recognized the world over for its outstanding automotive industry and excellence in engineering. From Asia to the Americas, German cars embody highly cherished values of innovation, reliability, safety, and design. Germany is by some distance Europe’s leading production and sales market. The country’s world-class R&D infrastructure, complete industry value chain integration, and highly qualified workforce create an internationally peerless automotive environment. It enables companies to develop cutting-edge technologies, which perfectly address tomorrow’s mobility needs.

Take a look at our impressive numbers and find out why, more than 125 years after inventing the automobile, Germany remains the world’s automotive innovation hub.

- Car Ownership: Shifting Attitudes after Corona
- Germany’s Drive Toward Electric Vehicles
- Germany to Invest Record 86 Billion Euros in Rail Modernization
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Car Ownership: Shifting Attitudes after Corona

The global coronavirus has dramatically changed mobility attitudes. Consumer demand for private vehicles is on the rise as mobility services and public transport fall out of favor.

- Corona and changing mobility attitudes
- Interest in mobility services and public transport down
- Modes of urban mobility changing
- Support for electric vehicles in Germany
- Additional investment in battery infrastructure

Corona and changing mobility attitudes

The first automotive sector studies conducted since the start of the global corona pandemic show a fundamental turnaround in consumer mobility attitudes: Sharing offers are being avoided and the car is becoming even more popular – particularly in terms of individual ownership. An additional push to increase electric car ownership is part of the recently announced German stimulus package.
Interest in mobility services and public transport down

According to the Capgemini “COVID-19 and the automotive consumer” study, interest in car ownership amongst under 35-year-olds is on the rise for the first time in years. The findings are based on a sample of 11,000 consumers in 11 countries responsible for 62 percent of global annual passenger vehicle sales. 44 percent of younger consumers who have never previously owned a car are currently considering purchasing one in the coming months. Consumer demand for mobility services and public transport will also reduce significantly – now and in the future – according to the report.

Modes of urban mobility changing

Post-corona, we can expect that urban mobility will most likely be very different. Within a matter of weeks, the pandemic has changed something that car manufacturers have failed to do for years; namely altering the intended buying behavior of younger customers. For some time, the focus for 18- and 35-year-olds has been on mobility and service use and less about car ownership. Instead of driving their own car, young consumers preferred intermodal public transportation and other shared mobility options. The coronavirus crisis has revived interest in car ownership. This finding is reinforced by a second study conducted by the Boston Consulting Group. The group asked a sample of 5,000 individuals about their new mobility preferences. Not surprisingly, the car ranked at number one.

Support for electric vehicles in Germany

In Germany, the government has announced plans to double the amount of purchase incentives already in place for battery electric vehicles (BEVs) as part of its EUR 130 billion stimulus package intended to shore up the country’s post-coronavirus economy. This translates into a cash grant of EUR 6,000 for each BEV purchased. This is supplemented by an additional EUR 3,000 subsidy from car manufacturers. The measure apply for cars with a value of up to 40,000 Euros (excluding value-added tax).

Additional investment in battery infrastructure

To further boost e-mobility, an additional EUR 2.5 billion will be allocated to existing infrastructure programs to build additional charging stations and support further battery cell production. Both changing consumer behavior and the generous grants available will create new opportunities for Germany’s strong automotive industry as well as attract new foreign investors to the sector.

From Max Milbredt

Germany’s Drive Toward Electric Vehicles

The trend is clear - all of Germany’s big Carmakers are going electric. No wonder that Germany is expected to overtake China as the world’s leading EV producer. And now Tesla’s coming as well.
Germany to Invest Record 86 Billion Euros in Rail Modernization

Germany’s rail system will be looking very different in future. The German government and rail company Deutsche Bahn have committed to invest €86 billion in tracks, trains, switching stations, etc … over the next ten years. Big chance for companies, as Germany is more open than many other countries to foreign involvement in its rail network.
German Start-up Produces Solar-powered Car

The German start-up Sono Motors is mass-producing a surprisingly affordable EV that can run on self-generated solar power alone. Not only that, the Sion also includes its own built-in mobility system. Check it out in our new video!
Video: The Future of Mobility "Made in Germany"

The future of mobility is a megatrend in our global society. The increase in traffic worldwide – especially in cities – is exponential, creating many challenges, but also many opportunities. Be these in electromobility, autonomous and networked transport, or new innovations and resource-conserving production technologies: the German automotive industry is pursuing these opportunities.
Industry & Market Numbers

- The automotive industry is the largest industry sector in Germany. In 2019, the auto sector listed turnover of EUR 435.3 billion – around 20 percent of total German industry revenue.
- Germany is Europe’s number one automotive market, accounting for around 25 percent of all passenger cars manufactured (4.66 million) and approximately 20 percent of all new car registrations (3.6 million).
- One in every five cars worldwide carries a German brand.
- Germany is home to 43 automobile assembly and engine production plants with a capacity of over one third of total automobile production in Europe.
- In 2018, Germany’s domestic internal automotive industry R&D expenditure remained at EUR 25 billion – equivalent to 35 percent of total R&D expenditure in Germany.
- Eighteen of the world’s top 100 automotive suppliers are German companies.*
- Around 75 percent of cars produced in Germany in 2019 were ultimately destined for international markets – a new record.
- More than 40 percent of patent registrations in Germany originate from the automotive industry.
- R&D personnel within the German automobile industry reached around 126,400. Around 833,000 are employed in the industry as a whole in 2019.

Source: VDA 2019
* Source: Crain Communications 2019

Latest Publications
Fact Sheet: Future Mobility in Germany | Issue 2019/2020

More than 130 years after inventing the automobile, the country remains the world’s automotive innovation hub – leading the way forward into a new automobile era.

Industrie Overview: The Automotive Industry in Germany | Issue 2018/2019

Everything you need to know about Europe’s best-performing automotive industry.

Business Opportunities

International investors benefit from numerous competitive advantages when doing business in Germany. Germany’s favorable geographical location in the heart of Europe enables business without trade barriers, thanks to its integration in the European Union and the Eurozone. A stable single currency and close proximity to other major European markets consolidate the German automotive industry’s advantageous position.
Germany has established itself as one of the most attractive investment destinations worldwide. It is the only western European country that plays a significant part in the so-called "global Champions League."  

Source: Ernst & Young Standort Deutschland 2013

Germany’s high concentration of auto-related R&D, design, supply, manufacturing and assembly facilities makes it possible for companies to successfully partner across the whole value chain. It also explains why recent studies see the German automotive industry outperforming other countries when it comes to innovative power, product quality and productivity.

Around 36% of all premium segment cars were produced in Germany in 2019. By becoming part of the world’s automotive innovation hub, investors have the opportunity to boost their businesses through innovating, producing, and marketing world-leading technologies and products "Made in Germany."

The Premium Segment
Germany: World’s premium car production and innovation hub

Germany produces 36% of all premium vehicles globally

53% of all premium vehicles are manufactured in Europe

67% of all premium vehicles are manufactured by German OEM

The country’s strong industrial base, its value chain density, its R&D power and particular strength in the automotive premium business, enables investors to develop cutting edge automotive technologies for today’s automotive needs. […]*

Sources: GTI Research (2019); MarkLines database (2019)

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Germany Welcomes Tesla Gigafactory to Berlin-Brandenburg Location

Political and business leaders have hailed Elon Musk’s announcement that EV giant Tesla will build its European plant just outside Berlin
Market Trends

The German automotive industry is a substantial and integral part of the global automotive industry. Suppliers and OEMs in Germany are on top of the technological market transformation. Automotive engineers are hard at work improving internal combustion engine energy efficiency, developing alternative drive technologies (including electric, hybrid, and fuel cell cars), and adapting lightweight materials and electronics.

Tighter carbon emission reduction targets and the government's electric mobility initiative ("National Electromobility Development Plan") are major innovation drivers for future growth. As a result, demand for connected cars equipped with driver-assistance systems and information components will increase significantly - especially in the premium segment.

Smart technologies will revolutionize the driving experience further. Germany’s industry strength in electronic technologies and software solutions allied to its innovative business networks bolster technological development in one of Germany’s major fields of expertise.
"7 out of 10 premium cars produced in Europe are manufactured in Germany – A number which impressively il­
lustrates the country’s innovation power – particularly important for the premium segment."

Oliver Seiler, Director Mechanical & Electronic Technologies, Germany Trade & Invest

As well as technological transformation, the automotive industry is undergoing a continuous value shift from OEMs to
suppliers. According to a study conducted by Oliver Wyman and the German Automotive Industry Association (VDA),
OEM share of global R&D value creation will decline from 60% today to 47% in 2025 (Source: FAST 2025). Strategic al­
liances between OEMs and suppliers - as well as within the supplying industry - will grow in importance and offer sig­
nificant growth potential. Be part of Germany’s automotive success story and locate your business in the world’s
largest automotive innovation hub.

Contact Us
Stefan Di Bitonto
📞 +49 30 200 099 401
✉️ Submit your question

Contact Us
Christoph Mester
📞 +49 30 200 099 413
✉️ Submit your question