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.

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.
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: Crain Communications 2019

Source: VDA 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’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

<table>
<thead>
<tr>
<th>Premium car production by country 2019</th>
<th>Germany produces 36% of all premium vehicles globally</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany: 38%</td>
<td>53% of all premium vehicles are manufactured in Europe</td>
</tr>
<tr>
<td>China: 17%</td>
<td>67% of all premium vehicles are manufactured by German OEM</td>
</tr>
<tr>
<td>USA: 6%</td>
<td></td>
</tr>
<tr>
<td>Japan: 7%</td>
<td></td>
</tr>
<tr>
<td>UK: 13%</td>
<td></td>
</tr>
<tr>
<td>Rest of World: 19%</td>
<td></td>
</tr>
</tbody>
</table>

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. [...]”

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 im-
AUTOMOTIVE INDUSTRY

proving 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 illustrates 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 alliances between OEMs and suppliers - as well as within the supplying industry - will grow in importance and offer significant 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

All rights reserved. Any reproduction in whole or part only with express written permission. All efforts are made to ensure integrity of the content, however we are not liable for any mistakes that may occur.

© 2020 Germany Trade & Invest
Promoted by Federal Ministry for Economic Affairs and Energy in accordance with a German Parliament resolution.