

Germany as a location for business

With the highest gross national product and the largest population, Germany is - economically speaking - the most powerful member country of the European Union, and is also one of the most attractive business locations in the world.

In the current ranking of the World Economic Forum, Germany lies fifth in an international comparison.ⁱ Germany, with its competitive industrial sector and its position as a safe haven for financial investors, even survived the global financial crisis quite well. After 2009, it quickly recovered economic activity and saw strong export results.ⁱⁱ Germany also enjoys an outstanding global business position in science, research and development. "Made in Germany" is still considered a guarantee of quality. In their 2016 reports, the Organisation for Economic Cooperation and Developmentⁱⁱⁱ and the Centre for European Economic Research^{iv} placed Germany at the top of the list for innovation when compared internationally.^v Germany is at the forefront of spending on research and development. It is among the five countries that invest most in this area.

The most important factors regarding location are its central position within Europe and its good transport infrastructure. Germany also has a very productive workforce and offers virtues such as quality of work and schedule compliance. Not least, Germany offers a high standard of living and political and legal security.

Germany as an exporting nation

This is why Germany has long been attractive to companies and investors. Important sectors include the automotive industry, the electrical engineering industry, the chemical industry and, increasingly, the service industry. The German economy is highly export-oriented, almost one in every four jobs depends on export. Germany is involved in global trade flows like no other industrialised nation and is the top exporting nation behind the USA.

Medium-sized company job creator

Small and medium-sized companies have a significant share in this success. They are the number one job creator with around 61 per cent of the workforce (2014)^{vi}, and there is no other nation in the world with this number of medium-

sized businesses. Small and medium-sized companies, which include family businesses, make a significant contribution to ensuring that the German economy remains comparatively stable even in times of global crises, such as the financial crisis of 2008.

Labour market in an upturn

According to experts, the German labour market continues to grow favourably. In 2016, the number of employed persons reached a record 43.4 million employees.^{vii} This includes, among others, transport, hospitality, social and health care, housing and finance. The service sector accounts for about three-quarters of the workforce and generates 69 per cent of gross domestic product. Despite international crises, this rose by 1.9 per cent in 2016 – the strongest since 2011.^{viii} The unemployment rate at the beginning of this year was at its lowest level for 25 years. Foreign trade is also at a record level and reached an all-time high at the end of 2016.^{ix} Companies are looking positively into the future: More than half of the companies expect an increase in production for the current year, according to the German Institute for Economic Research.^x According to the German Chamber of Industry and Commerce, the economy hopes to recruit 450,000 new employees this year.^{xi}

At the same time, an industry survey (by the ifo Institute) showed that the labour shortage is the greatest concern of companies in Germany. Around 60 per cent of company bosses ranked the growing shortage of qualified workers as the number one risk to the economy.^{xii}

Further fact sheets: www.employland.de/press/facts

ⁱ *World Economic Forum* 2016: The Global Competitiveness Report 2016-2017
<http://reports.weforum.org/global-competitiveness-index/?doing>

ⁱⁱ *Organisation für Entwicklung und Zusammenarbeit* 2016: OECD-Wirtschaftsberichte DEUTSCHLAND. Zusammenfassung
<https://www.oecd.org/berlin/publikationen/Wirtschaftsbericht-Deutschland-Zusammenfassung.pdf>

ⁱⁱⁱ *Organisation für Entwicklung und Zusammenarbeit* 2016: OECD Science, Technology and Innovation Outlook 2016
<http://www.oecd.org/science/oecd-science-technology-and-innovation-outlook-25186167.htm>

^{iv} *Ramer, C. u. a., Zentrum für Europäische Wirtschaftsforschung GmbH* 2017: Innovationsverhalten der deutschen Wirtschaft. Indikatorenbericht zur Innovationserhebung 2016

http://ftp.zew.de/pub/zew-docs/mip/16/mip_2016.pdf

^v *Bundesministerium für Bildung und Forschung* 2017: Deutschlands Innovationskraft wächst

<https://www.bmbf.de/de/deutschlands-innovationskraft-waechst-3782.html>

^{vi} *Statistisches Bundesamt*: Rund 61 % der tätigen Personen arbeiten in kleinen und mittleren Unternehmen

https://www.destatis.de/DE/ZahlenFakten/GesamtwirtschaftUmwelt/UnternehmenHandwerk/KleineMittlereUnternehmenMittelstand/Aktuell_.html

^{vii} *Statistisches Bundesamt* 2017: Zahl der Erwerbstätigen im Jahr 2016 um 1 Prozent gestiegen

https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2017/01/PD17001_13321.html

^{viii} *Statistisches Bundesamt* 2017: Deutsche Wirtschaft im Jahr 2016 weiter auf Wachstumskurs

https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2017/01/PD17010_811.html

^{ix} *Statistisches Bundesamt* 2017: Deutsche Exporte im Jahr 2016 um 1,2 % gestiegen. Exporte, Importe und Exportüberschuss erreichen neue Rekordwerte

https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2017/02/PD17045_51.html

^x *Institut der deutschen Wirtschaft Köln* 2016:

<https://www.iwkoeln.de/presse/pressemitteilungen/beitrag/iw-verbandsumfrage-2017-kaum-veraenderungen-in-sicht-318057>

^{xi} *Deutscher Industrie- und Handelskammertag* 2017: DIHK prognostiziert 450.000 neue Arbeitsplätze. Insbesondere im Gesundheits- und Bildungssektor entstehen Jobs

<http://www.dihk.de/themenfelder/wirtschaftspolitik/news?m=2017-01-03-treier-arbeitsplaetze>

^{xii} *Losse, Bert, Wirtschaftswoche* 2017: ifo-Unternehmerumfrage. Fachkräftemangel vor Euro-Krise größtes Geschäftsrisiko 2017

<http://www.wiwo.de/politik/konjunktur/ifo-unternehmerumfrage-fachkraeftemangel-vor-euro-krise-groesstes-geschaeftrisiko-2017/19160728.html>

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