



German American
Chambers of Commerce
Deutsch-Amerikanische
Handelskammern

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Press Release

Survey by KPMG in Germany and the German American Chambers of Commerce:

German companies in the US are on course for growth

- **Optimistic view of the future:** German companies in the US are positive about their economic future. Almost all US-based German companies expect growth for their business in 2020 (96%).
- **The US remains the number one market for German companies:** For more than one out of three German companies responding (38%), their US operations generate more than 20% of their total group sales.
- **Significant lack of skilled workers is the biggest challenge:** For more than half of the German companies in the US (56%) the search for suitable skilled workers remains the biggest challenge on the American market.

Berlin/New York, January 28, 2020 German companies in the US are confident about the 2020 fiscal year and base their optimism on a solid US economy and thriving German businesses in the US. 96% of them expect growth for their business – up from 91% the previous year. The overall optimistic view of German companies in the US is a key finding of the German American Business Outlook 2020 by KPMG in Germany and the German American Chambers of Commerce (GACCs), for which 177 German subsidiaries in the US were surveyed.

The US remains the most important market for German companies

The positive economic outlook of the German companies is also reflected in the sales significance of their subsidiaries in the US. The survey shows that globally, the US remains the number-one market for German companies and plays a dominant role for German groups with subsidiaries in the US – and for good reason. Roughly every third company states that its activities in the US account for more than 20% of group sales. One in five German companies indicates that more than 50% of their group sales and group profits are generated in the US.

“US operations are extremely relevant for German groups – and profitable as well. This is also the reason why German companies grant comprehensive decision-making rights to their US subsidiaries, especially in all operative matters,” says Peter Riehle, Chairman, German American Chambers of Commerce.

“For German groups, the relevance of their US subsidiaries is important all over the Americas: 58% of German groups use their subsidiaries in the US as a base to serve Canada. 42% of the respondents say the same for Mexico,” said Andreas Glunz, Managing Partner International Business at KPMG in Germany.

Skilled workers as top challenges

Despite all the positive trends, one big challenge remains: More than half (56%) of the participants are in need of skilled workers. “The lack of skilled workers will become even more acute in the coming years, as half of the German subsidiaries intend to increase their workforce by at least five percent in 2020 and even 86% plan a similar increase by 2025,” said Andreas Glunz.



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“Some German companies in the US have already taken measures, and 28% of them have established apprenticeship programs to close the skills gap. For smaller- and medium-sized enterprises especially, this is an attractive and efficient way to create a pipeline of qualified workers,” added Peter Riehle.

Furthermore, one-fourth of the companies feel challenged by the disruptive business environment due to digitization. The issue plays a major role in the interaction with their employees (66%). The surveyed companies sense the impact of digitization in all other core aspects of their business, too – this includes internal processes (77%), customer offerings (74%) and interactions with suppliers and service partners (69%).

Focus on organic growth

To meet these challenges and to achieve their goals in 2020, four out of five German companies in the US (81%) are focusing on organic growth in their existing locations. This has remained stable compared to the 2019 survey results (80%). The fact that 41% of German companies in the US currently conduct research and development in the US reflects the focus of surveyed companies on their organic growth. This is a sharp rise from 29% reported in 2019. Even though there has been a large overall increase in research and development at German companies in the US, most collaborate with more traditional institutions such as universities and colleges (52%) followed by startups (30%) and large tech companies (20%) in their efforts to innovate.

Every third company (36%) plans to enter new business fields in 2020. One out of four (23%) intends to enter new countries and/or markets. The merger & acquisition market seems to have cooled as 14% of the German subsidiaries surveyed plan to expand through mergers & acquisitions (M&A), which is down from a record 20% the prior year.

About the German American Business Outlook 2020

The German American Chambers of Commerce (GACCs) and KPMG in Germany surveyed 177 German subsidiaries in the US for the “German American Business Outlook 2020” between October 30, 2019, and November 18, 2019. The survey focuses on the economic prospects of German companies in the US, their challenges, and growth opportunities for their companies.

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