



Press Release

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German American Business Outlook Survey Predicts Growth for Transatlantic Business despite Uncertainty

New York City, NY, December 11, 2017 – German subsidiaries in the US are growing and investing heavily despite some skepticism regarding the state of free trade and the availability of a skilled workforce, according to the 2018 German American Business Outlook (GABO) survey conducted by German American Chambers of Commerce (GACCs), the Representative of German Industry & Trade (RGIT), and KPMG.

Despite all those concerns, 100% of the surveyed German companies are expecting growth for their own businesses for the first time since the inception of the GABO survey. At the same time, only 2% expect the US economy to contract. Harnessing the power of digitalization is a key trend for the German-American business community. Similarly, companies are driving innovation in R&D through cooperation with universities and startups.

As German companies are expanding through M&A or the creation of new manufacturing capabilities in the US, they struggle with the ever-increasing shortage of skilled labor. The skills gap is motivating companies to take the initiative and grow their own workforce. An impressive 25% of German companies are leading the charge by establishing apprenticeship programs as a solution to keep their productivity at maximum capacity.

Key findings of GABO:

- **Workforce, open markets and digital infrastructure top priority list**
Almost all companies rate investing in skilled workforce as a very important factor to be addressed by the US administration, followed by openness of markets. Investments into digital infrastructure are a higher priority than into physical infrastructure.
- **Open Markets**
For three quarters of German companies in the US, open markets are crucial to their supply chain. 52% state “openness of market” should be a key issues for the US administration in creating a favorable business environment. Only 18% believe that a rollback of NAFTA would not harm their business.
- **Apprenticeships are gaining popularity fast**
More than half of the companies either participate in an apprenticeship program or are interested in joining a consortium-style program to train their staff.
- **Expansion on the rise**
11% of participating companies plan to expand their businesses in 2018 through M&A, up from a steady 7-8% from 2015 to 2017.

- **Data Analysis**
59% of participants face challenges in data analysis. Among the most challenging issues are data security, lack of in-house know-how and data protection. However, the number of companies reporting data analysis challenges is much lower in the US than in Germany.
- **Research & Development**
Four out of five companies conducting research & development (R&D) in the US are collaborating with partners to achieve their R&D goals. The most important partners are universities and community colleges, followed by startups and large tech companies.

“German companies continue to view their prospects in the US very positively and expect consistently robust business opportunities,” says Caroll H. Neubauer, Chairman of the German American Chambers of Commerce. “They are eager for continued investment in a skilled workforce and look forward to the resulting benefits of comprehensive tax reform,” he added.

“German companies provide a substantial part to the US economy. However, 76 percent are highly dependent on open markets for their supply chain. So while the business prospects are excellent so far, a protectionist agenda could cause trouble,” states Andreas Glunz, Managing Partner International Business, KPMG in Germany.

Survey Process:

Immediately following the German election in September 2017, the GACCs, RGIT, and KPMG approached 1,900 senior executives of German-owned subsidiaries in the US with the German American Business Outlook. The nationwide survey was conducted from September 25-October 8, focusing on the attractiveness of the United States as a business location and the opportunities and challenges of business growth. German companies created more than 700,000 jobs in the US and total investments from Germany to the US amount to US\$ 292 billion.

The full report will be available as of December 12 at www.ahk-usa.com.

About Us:

The German American Chambers of Commerce (GACCs) in Atlanta, Chicago, Detroit, Houston, New York, Philadelphia, and San Francisco all work together under the network of AHK USA. With approximately 2,500 members and an extensive national and international business network, the GACCs offer a broad spectrum of activities and services.

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The Representative of German Industry and Trade (RGIT) is the liaison office of the Federation of German Industries (BDI) and the Association of German Chambers of Industry and Commerce (DIHK) in Washington, D.C., RGIT represents the interests of the German business community vis-à-vis Congress, the US administration and the international organizations based in Washington, D.C.

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