



German American Business Outlook 2023

German American Chambers of Commerce



German American
Chambers of Commerce
Deutsch-Amerikanische
Handelskammern

Atlanta | Chicago | Detroit | Houston | New York | San Francisco | Washington DC



150
Countries



92
Offices



~3,000
Voluntary Board
Members

GERMAN AMERICAN BUSINESS OUTLOOK 2023

AHK NETWORK

The German Chambers of Commerce Abroad (AHK) network consists of 150 offices in 92 countries around the globe and is closely linked to the 79 Chambers of Commerce and Industry in Germany.

www.ahk-usa.net



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GERMAN AMERICAN BUSINESS OUTLOOK



JANUARY 2023

OVER 200 RESPONDENTS



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EXECUTIVE SUMMARY

GERMAN COMPANIES IN THE US PROFIT FROM ROBUST MARKET SIZE AND CONTINUED CUSTOMER DEMAND

- **93% plan to grow their company's US investments in the next three years**
- **German companies view the US as an attractive environment for future investment; 22% plan to invest more than \$10 million by 2025**
- **64% of German companies in the US predict growth of the US economy in 2023**
- **85% expect their net sales to grow; 30% expect strong to very strong growth; only 5% expect a decline in their net sales in 2023**
- **Skilled workforce remains #1 challenge for German companies; inflation is another top concern**





GABO 2023 Results: Survey Participants

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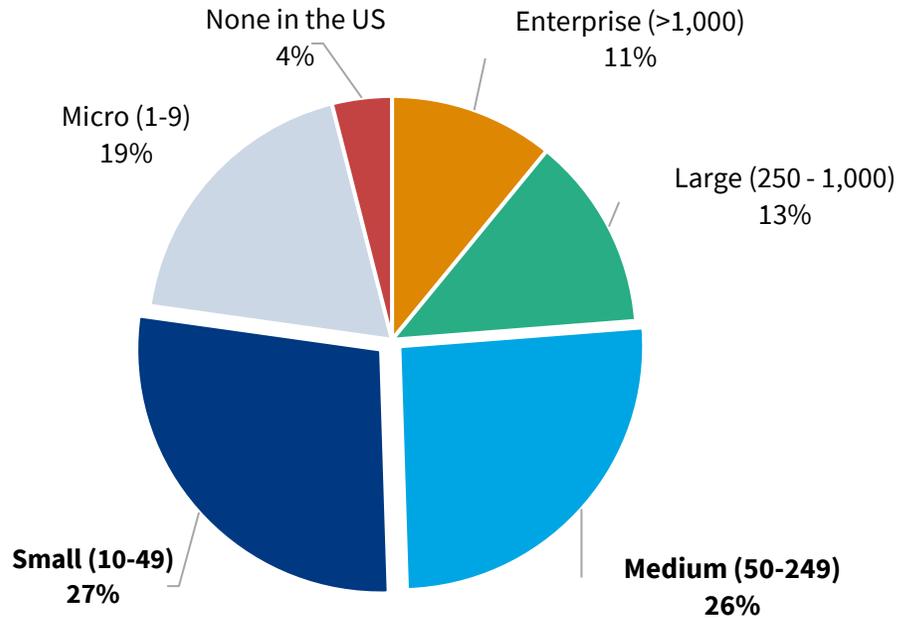


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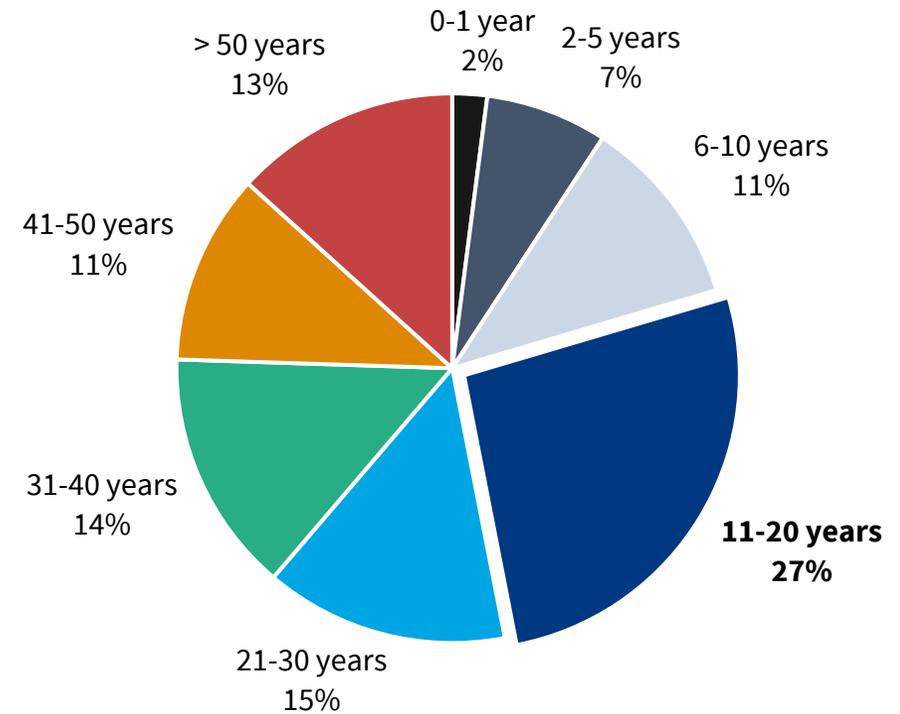
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COMPANY PROFILE OF RESPONDENTS

NUMBER OF EMPLOYEES



YEARS IN THE US



N=198

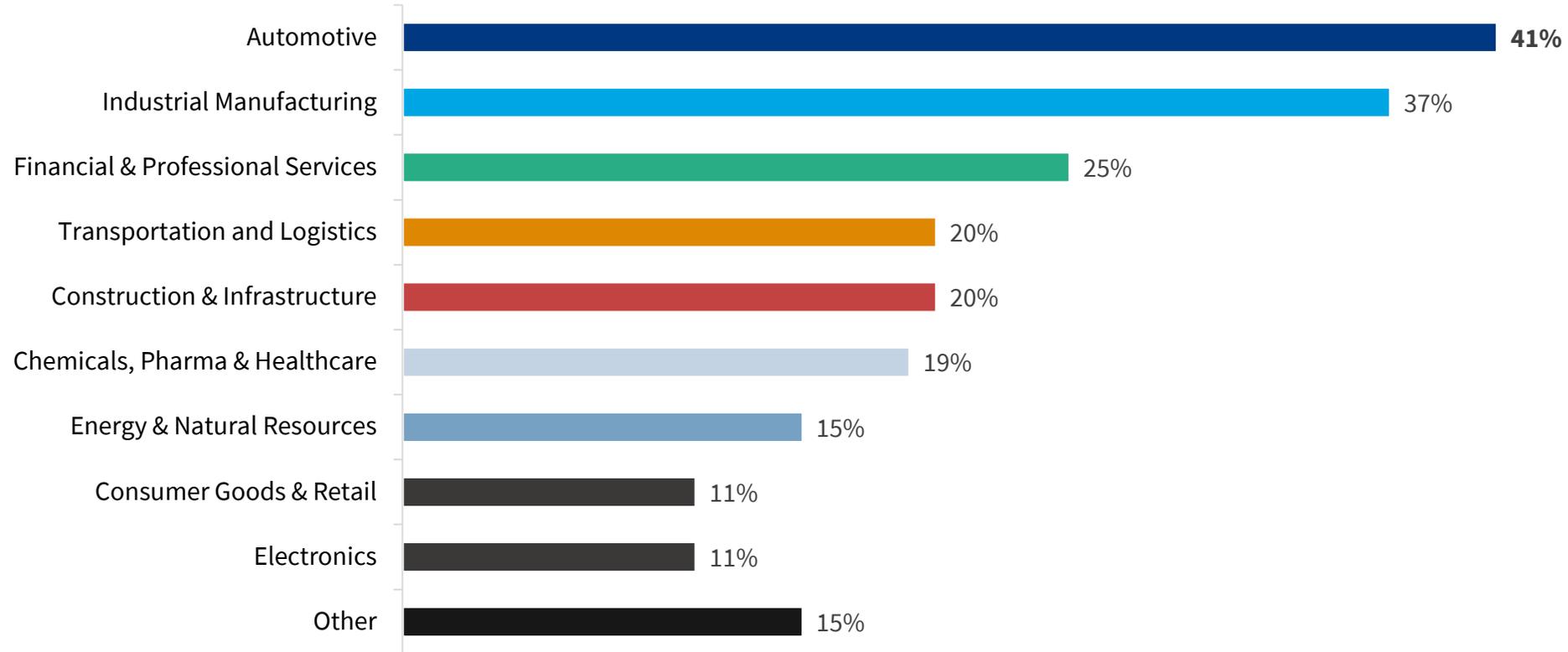
Source: GACCs, 2023, figures in percent, N=201



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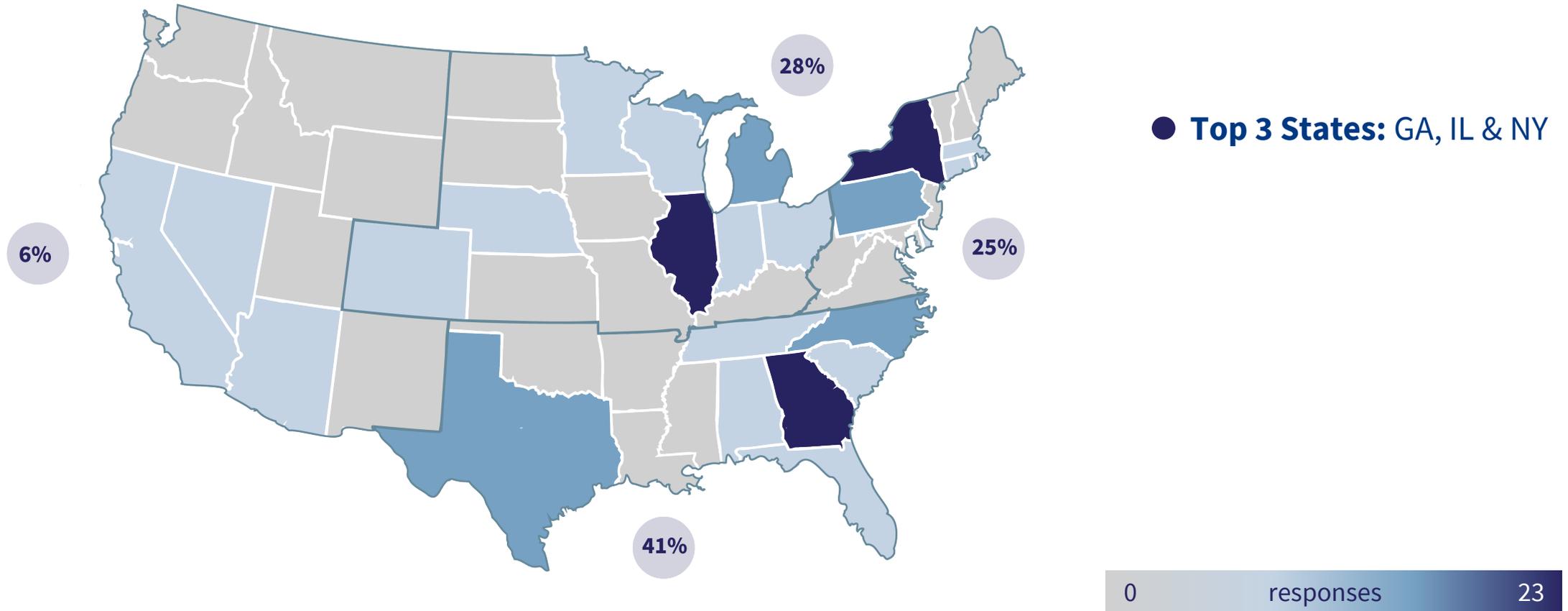
COMPANY PROFILE OF RESPONDENTS

KEY INDUSTRY



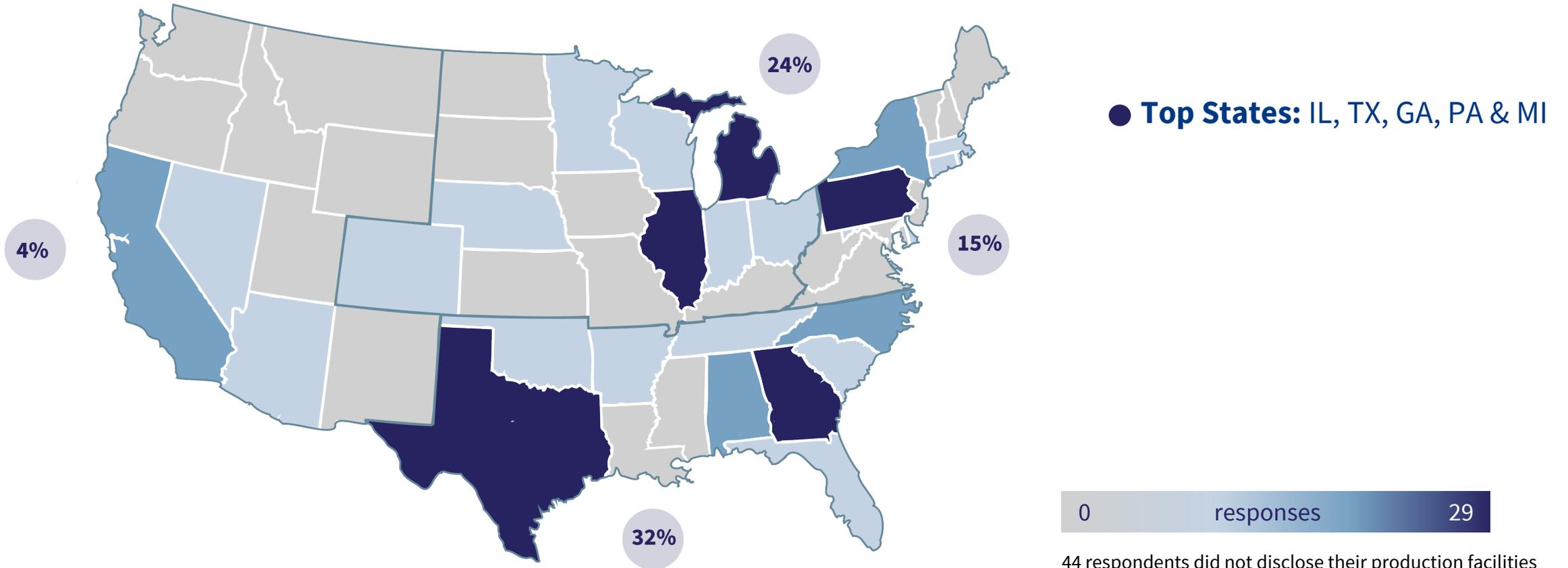
HQ DISTRIBUTION OF RESPONDENTS

In which US state is your headquarters located?



PRODUCTIONS HUBS OF RESPONDENTS

In which U.S. state does your company have your largest production facility?



44 respondents did not disclose their production facilities

Source: GACCs, 2023, figures in percent, N=183



GABO 2023 RESULTS

Why the US?

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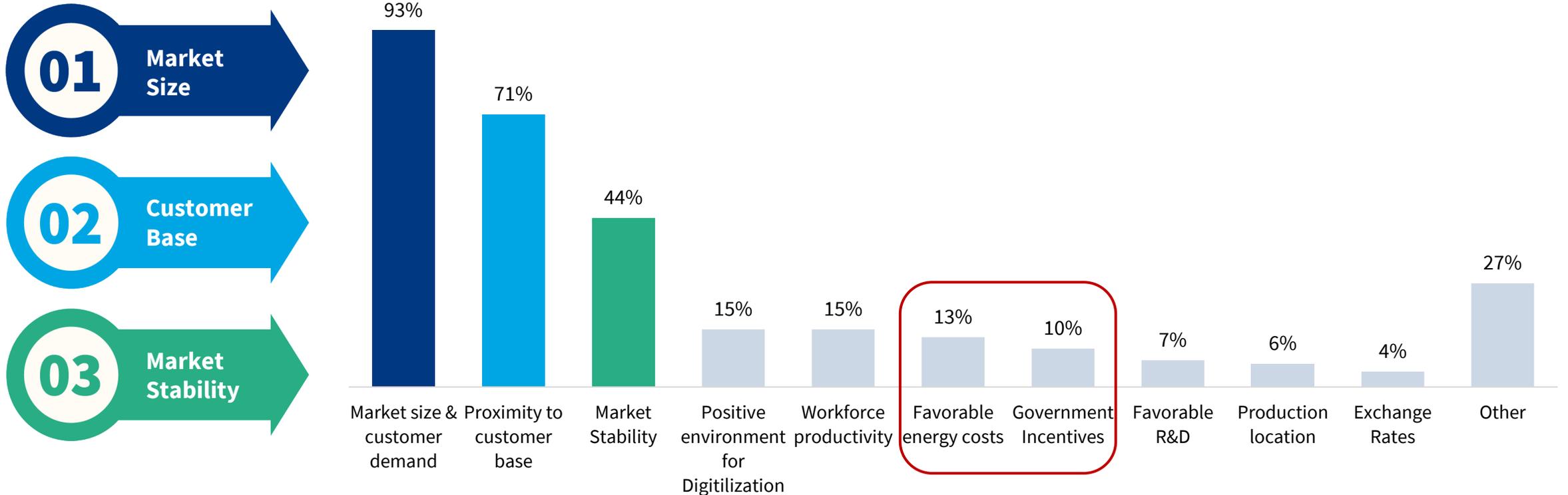
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“I am proud to highlight the strong economic partnership between our two countries. Our commitment to innovation, growth and mutually beneficial trade agreements has proven to be a recipe for success. Together, Germany and the United States continue to drive economic progress and competitiveness on a global scale.”

Crispin Teufel, Chairman of the German American Chambers of Commerce

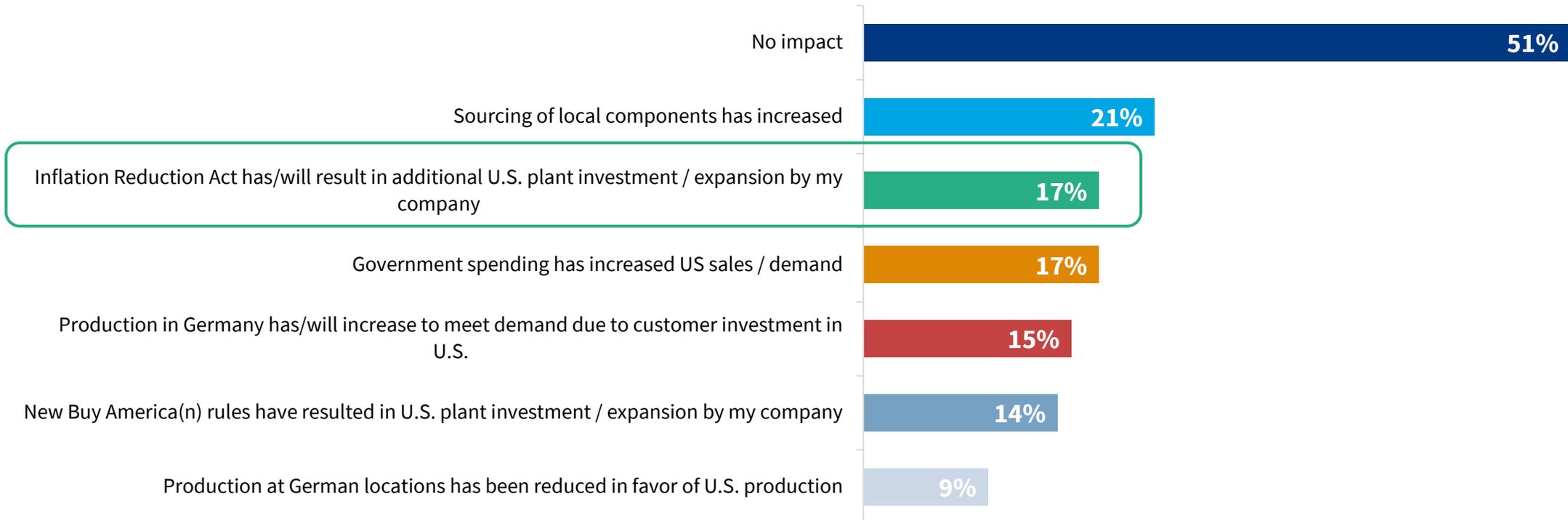
US ATTRACTIVE DUE TO SIZE, CUSTOMERS & STABILITY

What are your group's top 3 reasons for investing in the US relative to other global markets?



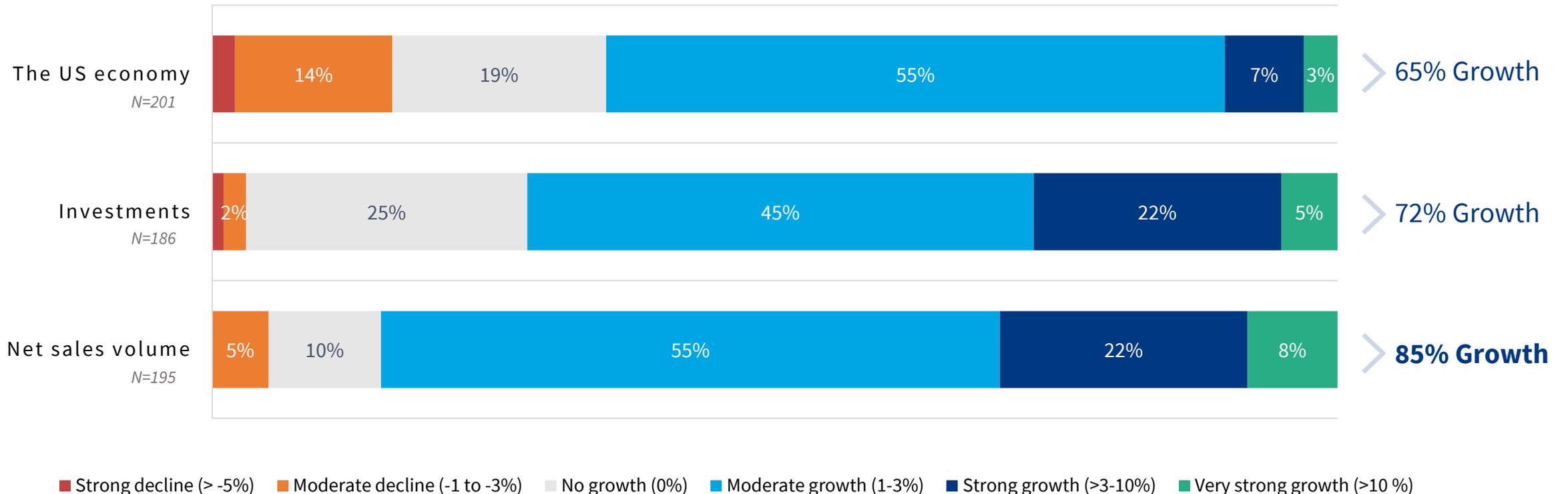
GOVERNMENT INCENTIVES HAVE LITTLE IMPACT

How have changes to Buy America(n) rules, passage of the Inflation Reduction Act or related US federal government incentives affected your business decisions with respect to investment in the US?



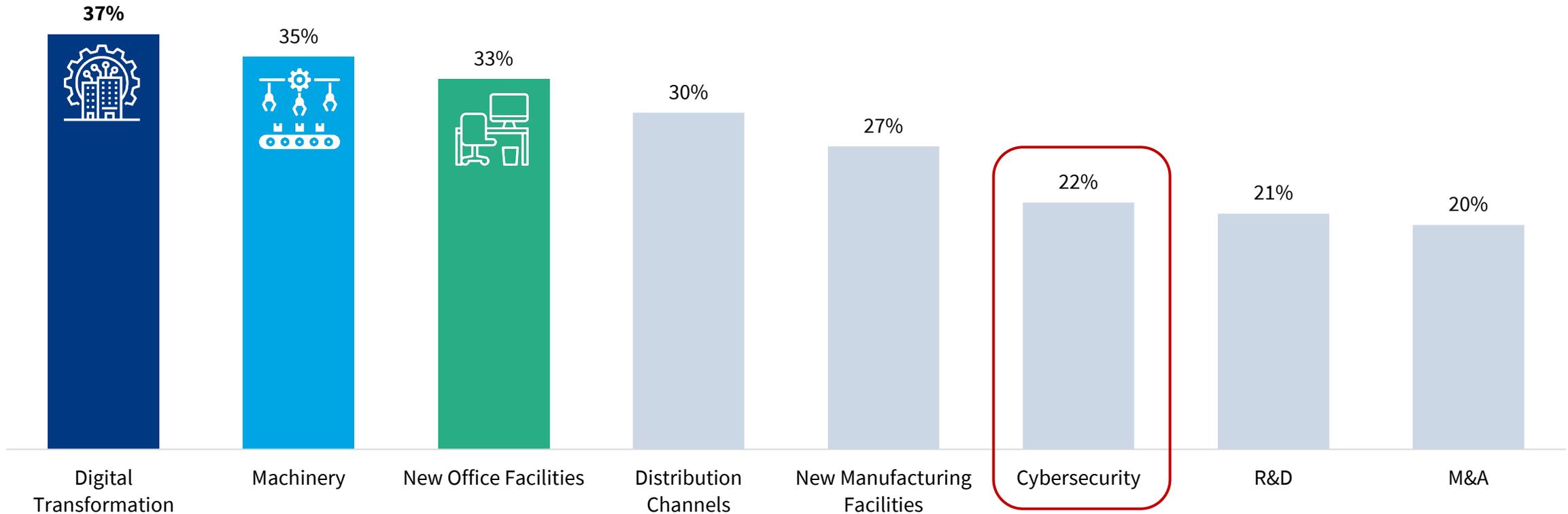
THE US MARKET IS STABLE AND PROMISES GROWTH

What are your expectations for the overall development of the US economy, and how do you predict your business will develop in the US in 2023 vs. 2022 across the following categories?



TOP AREAS OF INVESTMENT

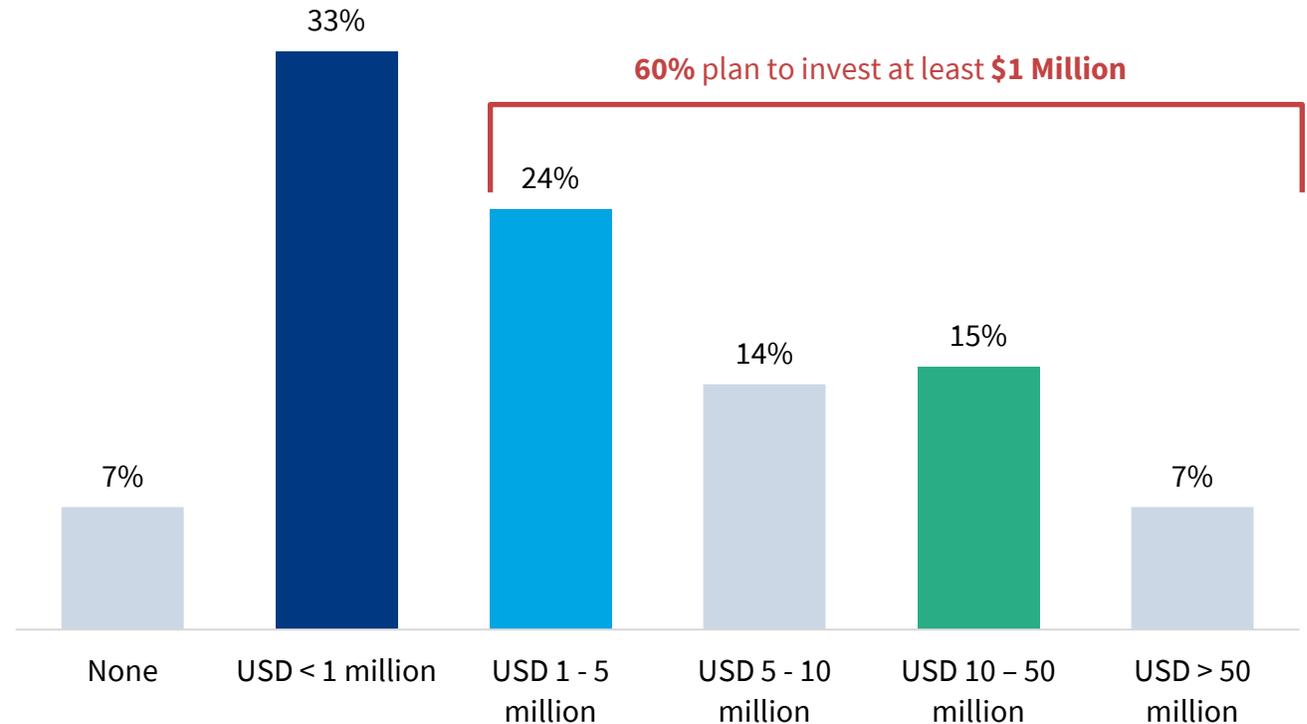
In which areas are you planning to invest in the US within the next three years (2023 - 2025)?



INVESTMENT IN THE US

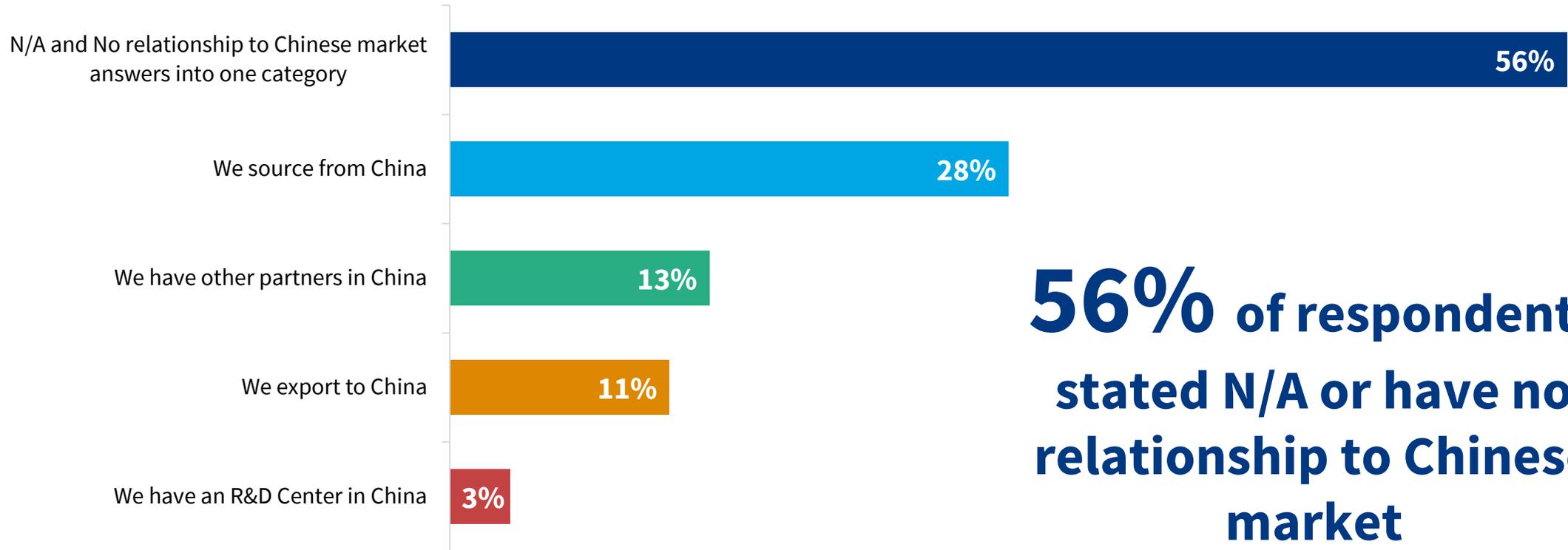
How much is your company planning to invest in the US within the next three years (2023 – 2025)?

93% plan on growing their investments in the next 3 years and **22%** plan to invest over \$10 million



MINIMAL EXPOSURE TO CHINA

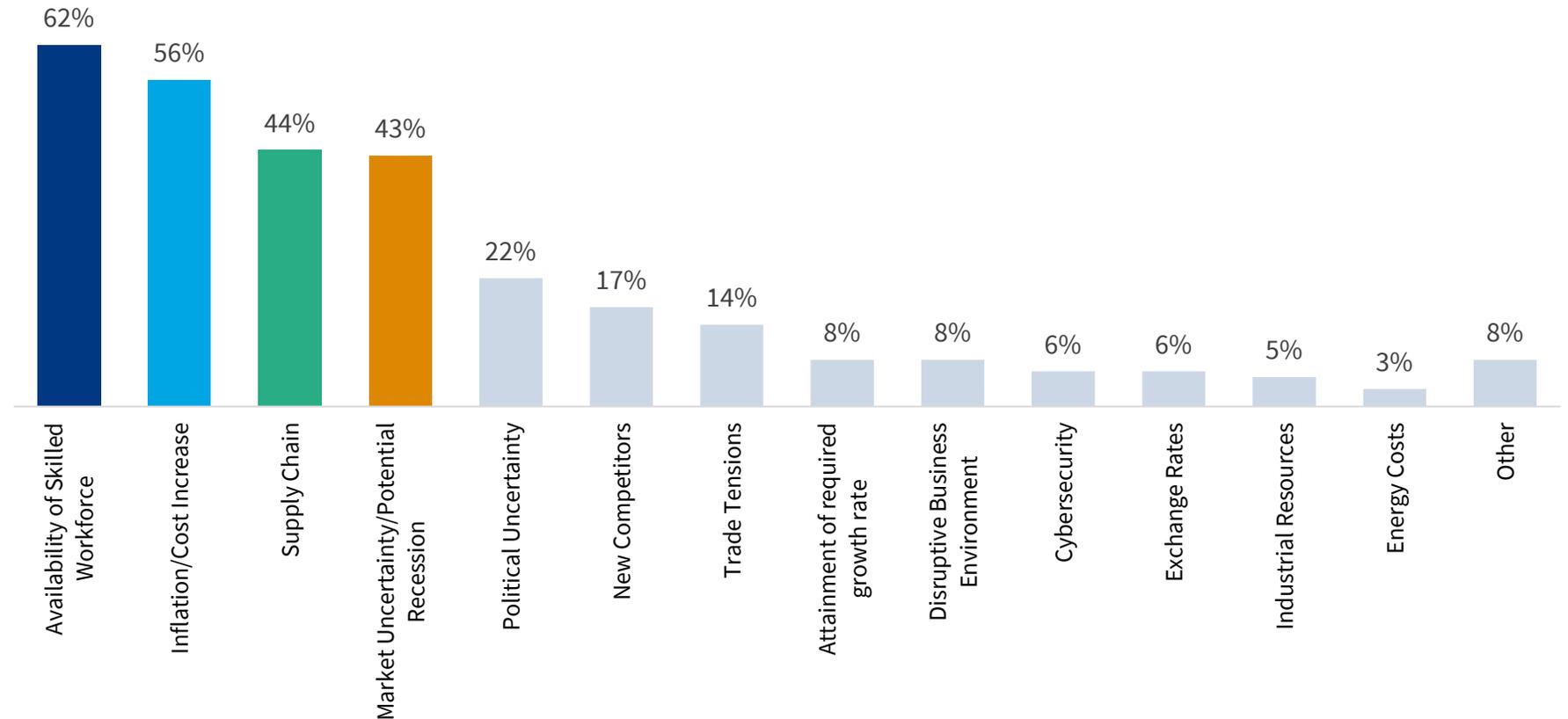
What is the relationship between your US subsidiary and China?



56% of respondents stated N/A or have no relationship to Chinese market

BIGGEST CHALLENGES FOR 2023

What are the 3 biggest challenges for your business in the US today?

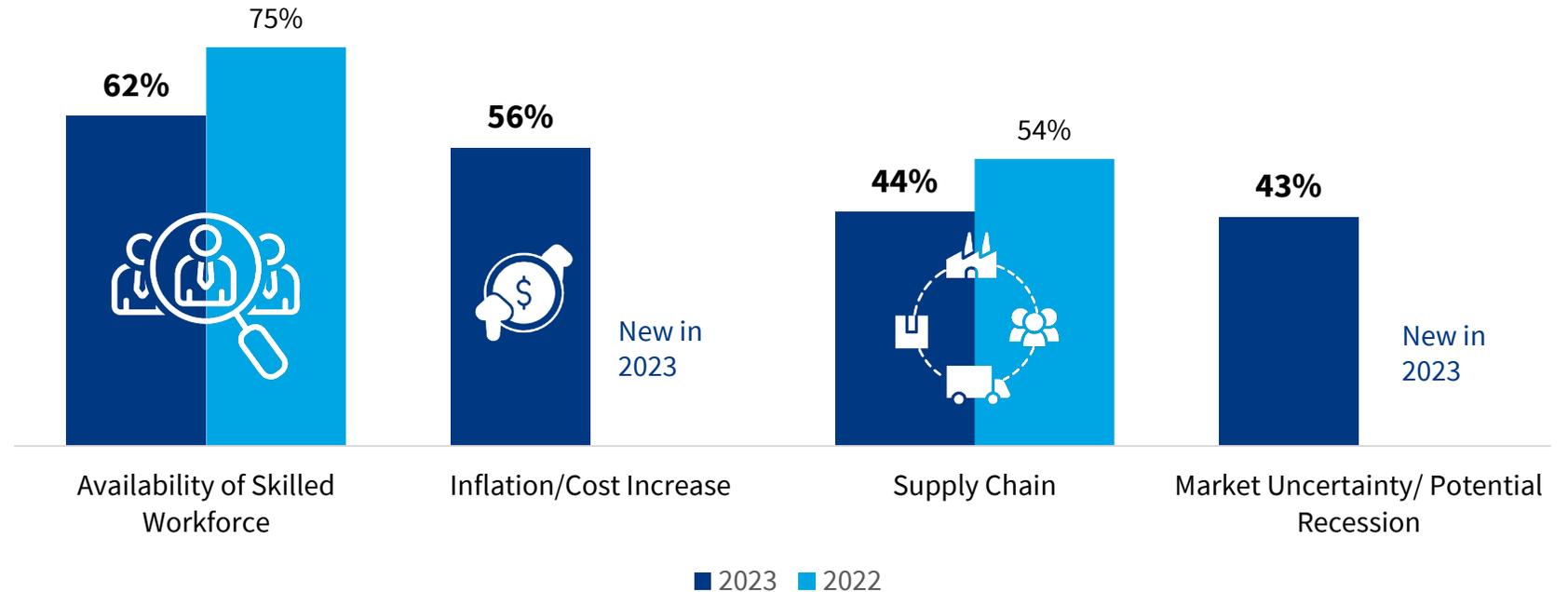


DO WORKFORCE SHORTAGES LIMIT GROWTH?

What are the 3 biggest challenges for your business in the US today? 2022 Comparison

**Skilled Workforce
remains #1 challenge,
closely followed by
Inflation.**

**Noticeable relief for
supply chain challenges.**





CHALLENGE #1: Workforce

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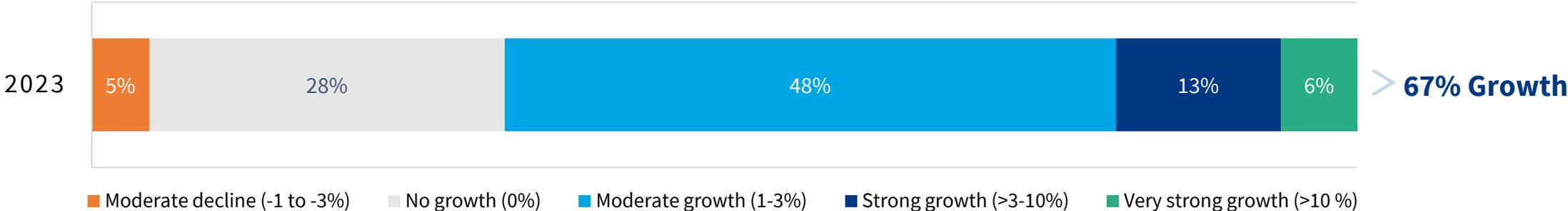
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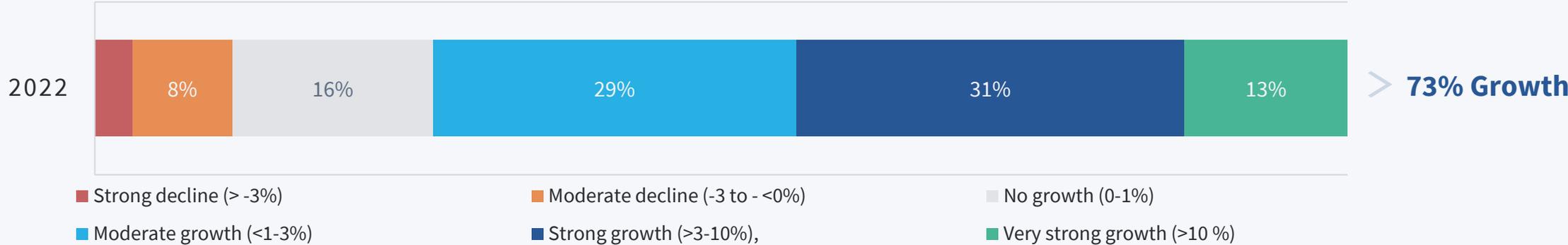
GERMAN AMERICAN BUSINESS OUTLOOK 2023

67% EXPECT WORKFORCE GROWTH

What are your expectations for the overall development of the US economy, and how do you predict your business will develop in the US in 2023 vs. 2022 across the following categories?



GABO Results 2022



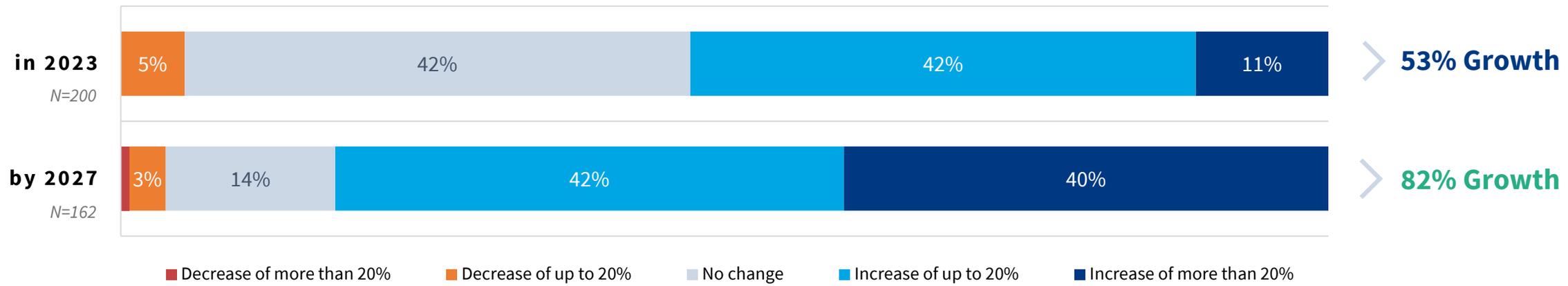
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Source: GACCs, 2023, figures in percent, N=192 GACCs and KPMG Germany, 2021, figures in percent, N=101

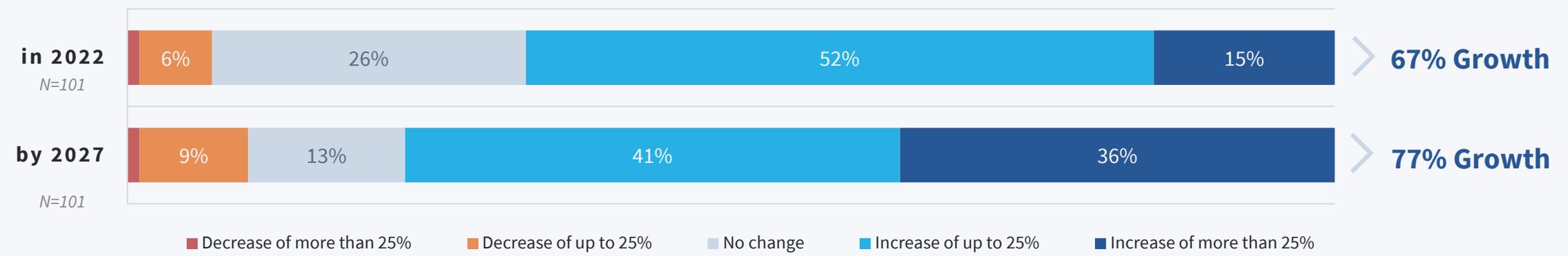
GERMAN AMERICAN BUSINESS OUTLOOK 2023

STRONG DEMAND FOR NEW HIRES

53% plan to increase their workforce in 2023. Growth expectations for 2027 at 82%.



GABO Results 2022



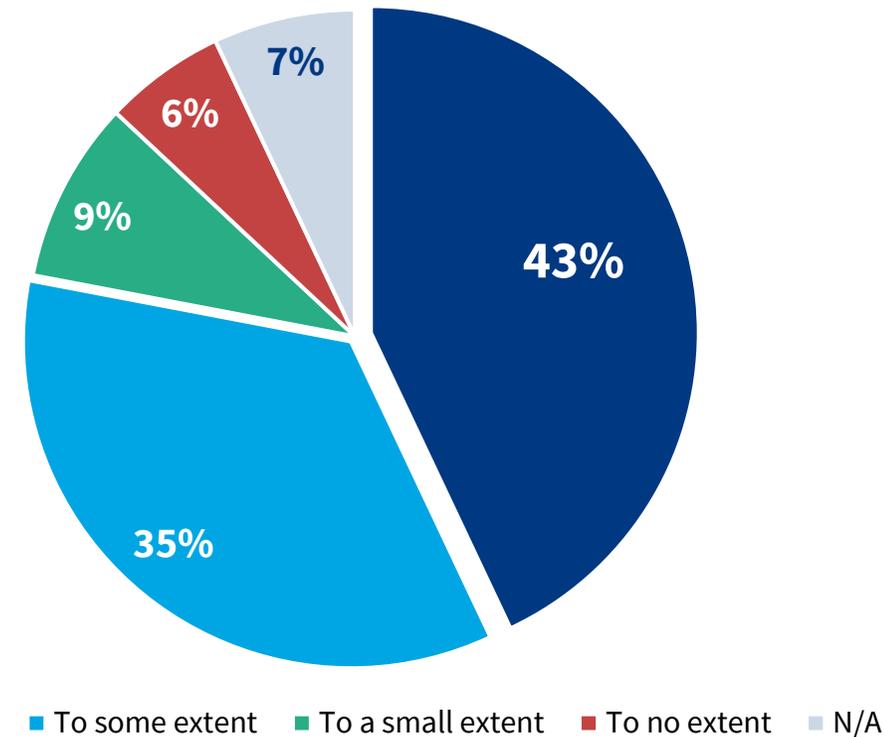
Source: GACCs, 2023, figures in percent GACCs and KPMG Germany, 2021, figures in percent, *change in scale*
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MOST COMPANIES STRUGGLE WITH RECRUITING

To what extent do you experience difficulties in attracting skilled workers in the US?

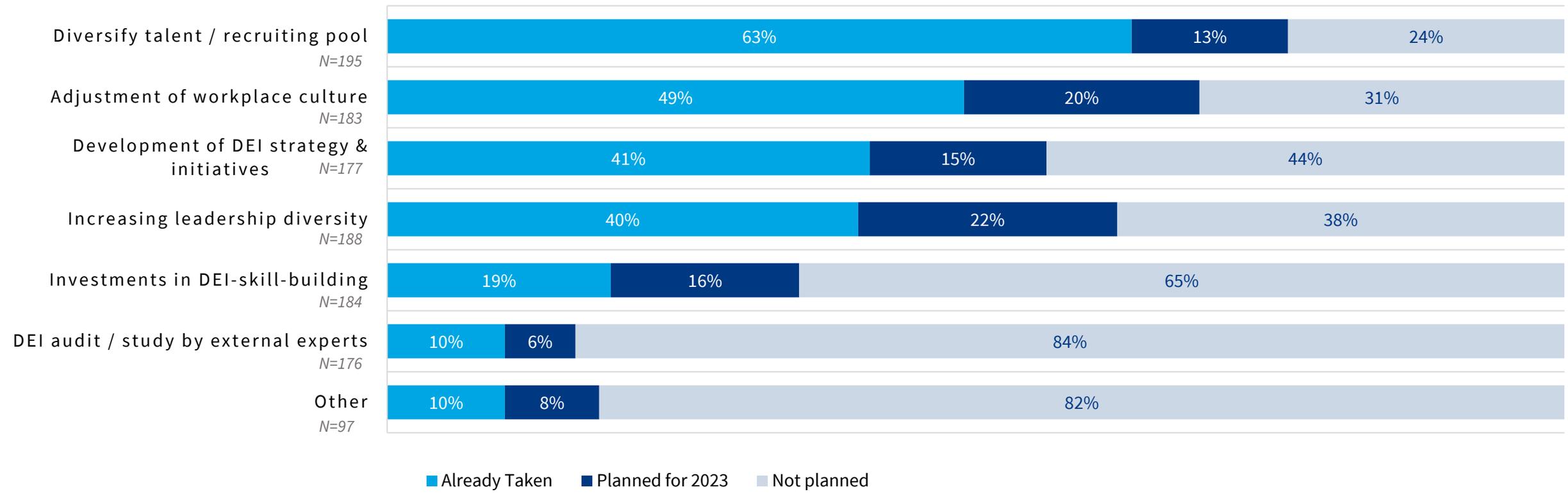
87% of German companies have difficulties attracting skilled workers



GERMAN AMERICAN BUSINESS OUTLOOK 2023

WORKPLACE CULTURE ADJUSTMENTS

Which of the following DEI measures have you already taken or are you planning to take in 2023?



Source: GACCs, 2023, figures in percent



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CHALLENGE #2: Inflation

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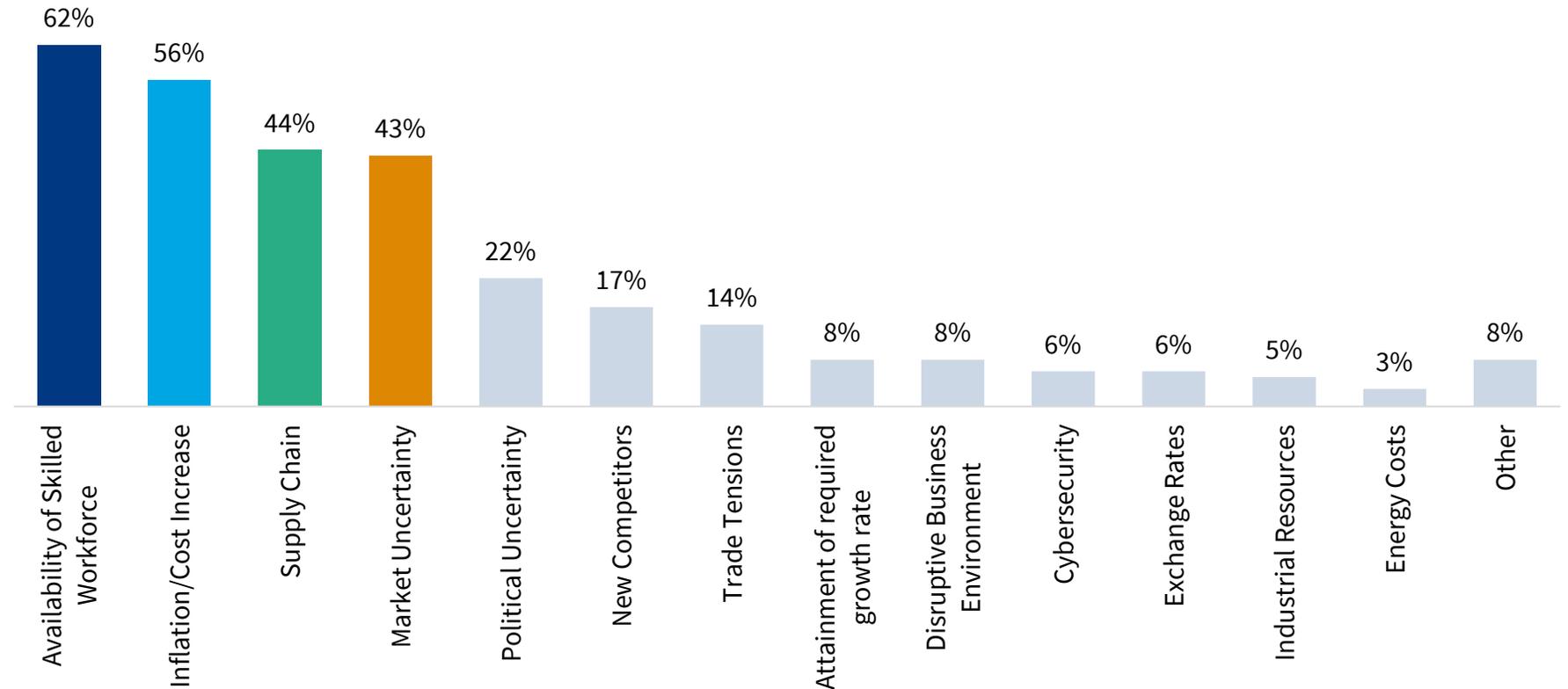


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INFLATION & COST INCREASE

What are the 3 biggest challenges for your business in the US today?



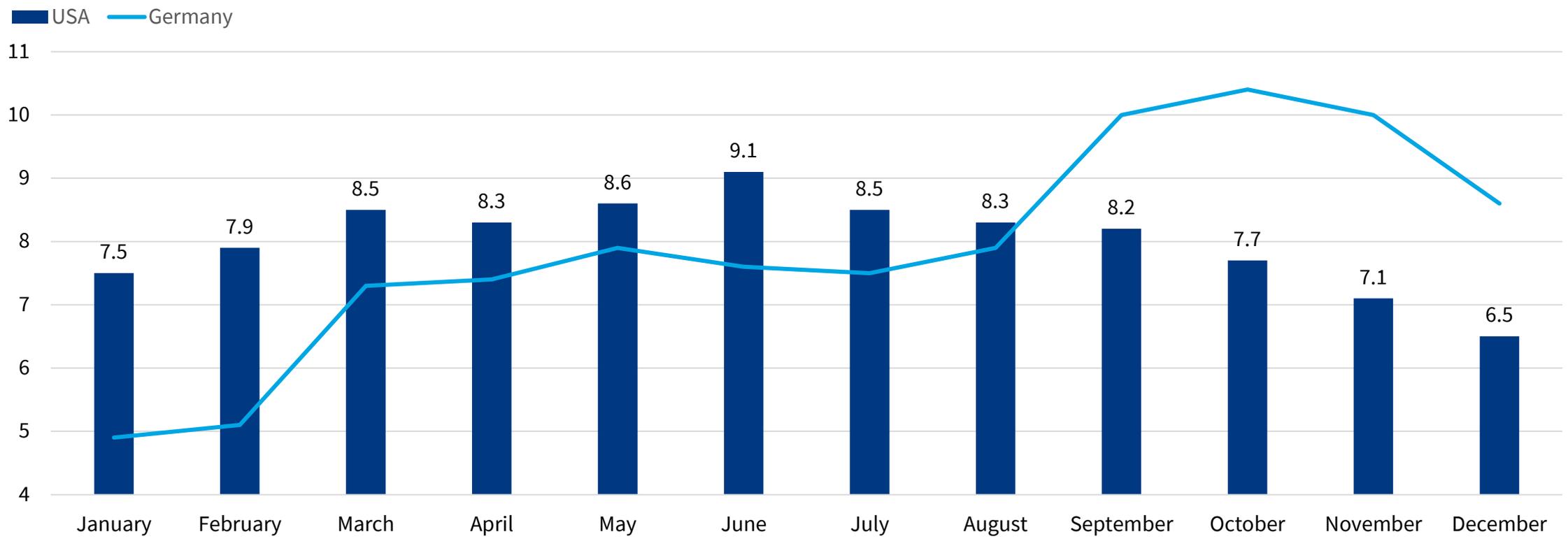
Source: GACCs, 2023, figures in percent, multiple answers possible, N=200

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2022 INFLATION RATE

United States vs. Germany Inflation Rate

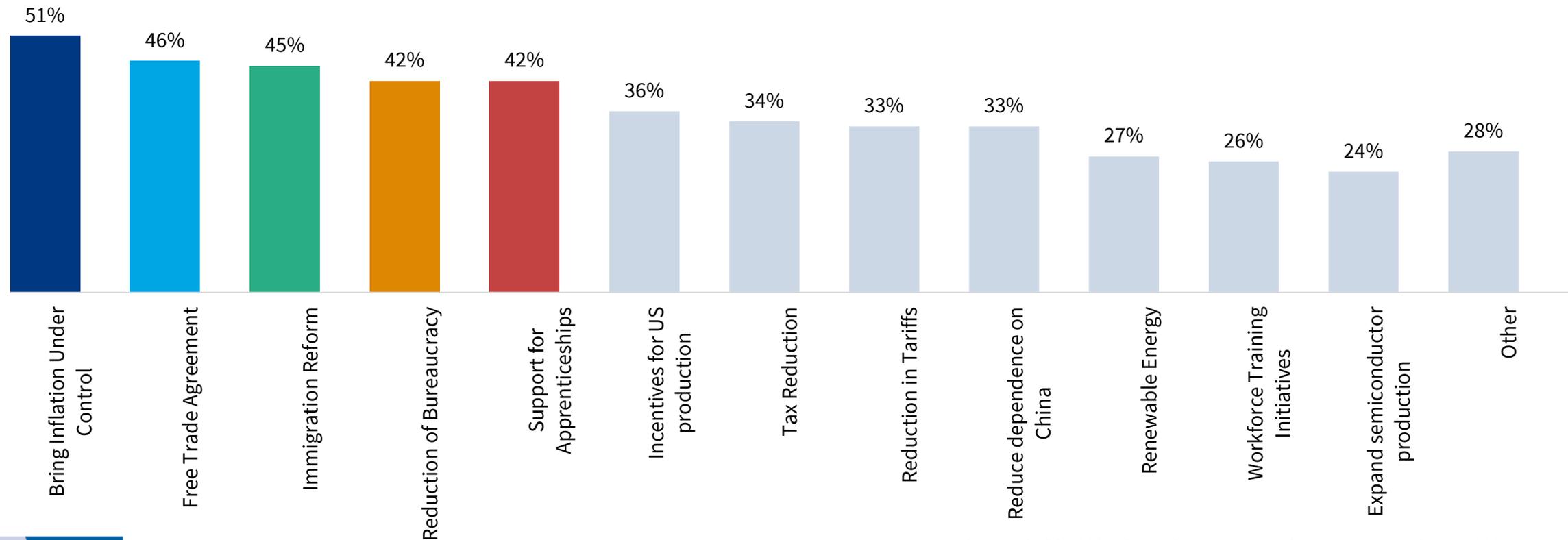


Source: U.S. Bureau of Labor Statistics
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PRIORITIES FOR US GOVERNMENT

What priorities do you hope are addressed by the US government in the next congressional session and/or upcoming election cycle?



Source: GACCs, 2023, figures in percent, multiple answers possible, N=200

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CHALLENGE #3: Supply Chain

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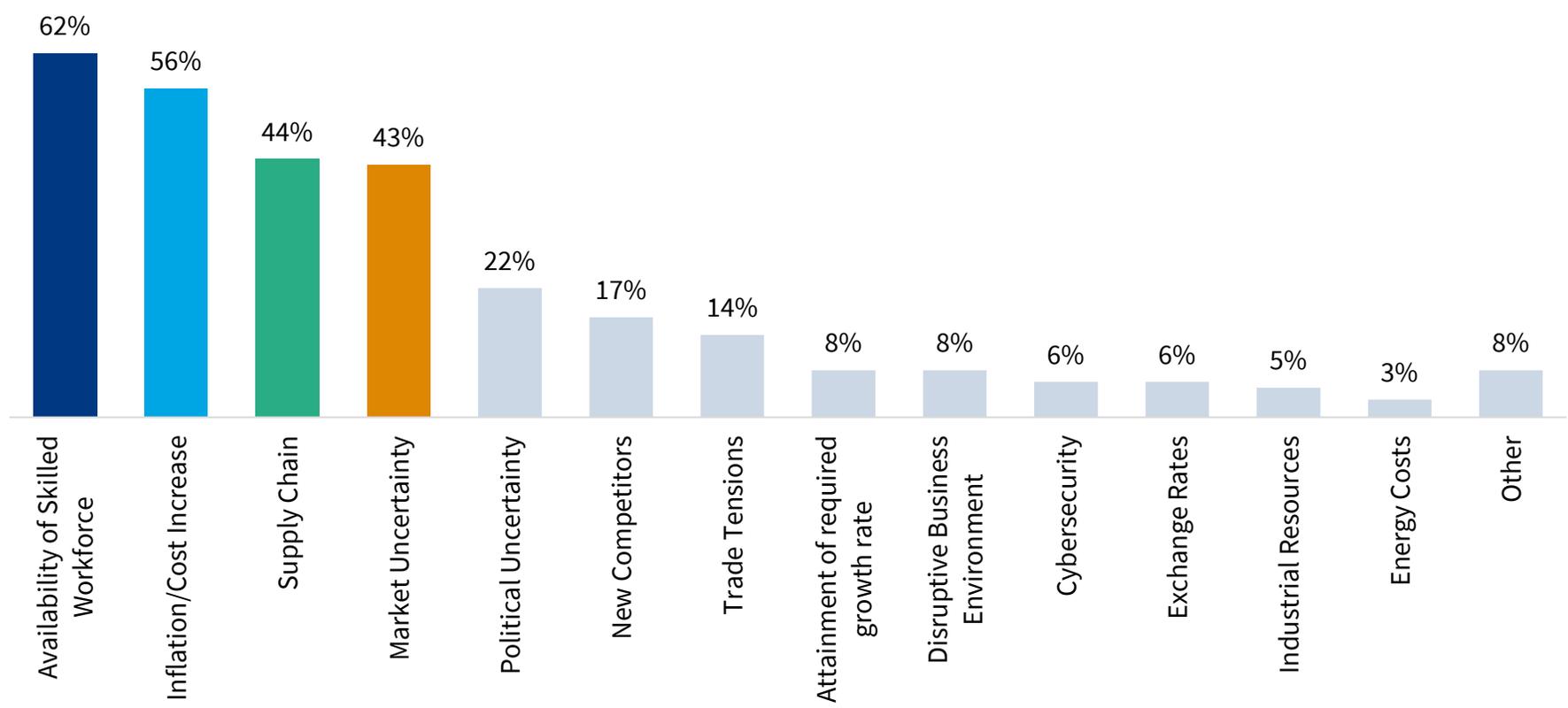
SUPPLY CHAIN ISSUES PERSIST

What are the 3 biggest challenges for your business in the US today?

01 Skilled Workers

02 Inflation/ Cost Increase

03 Supply Chain



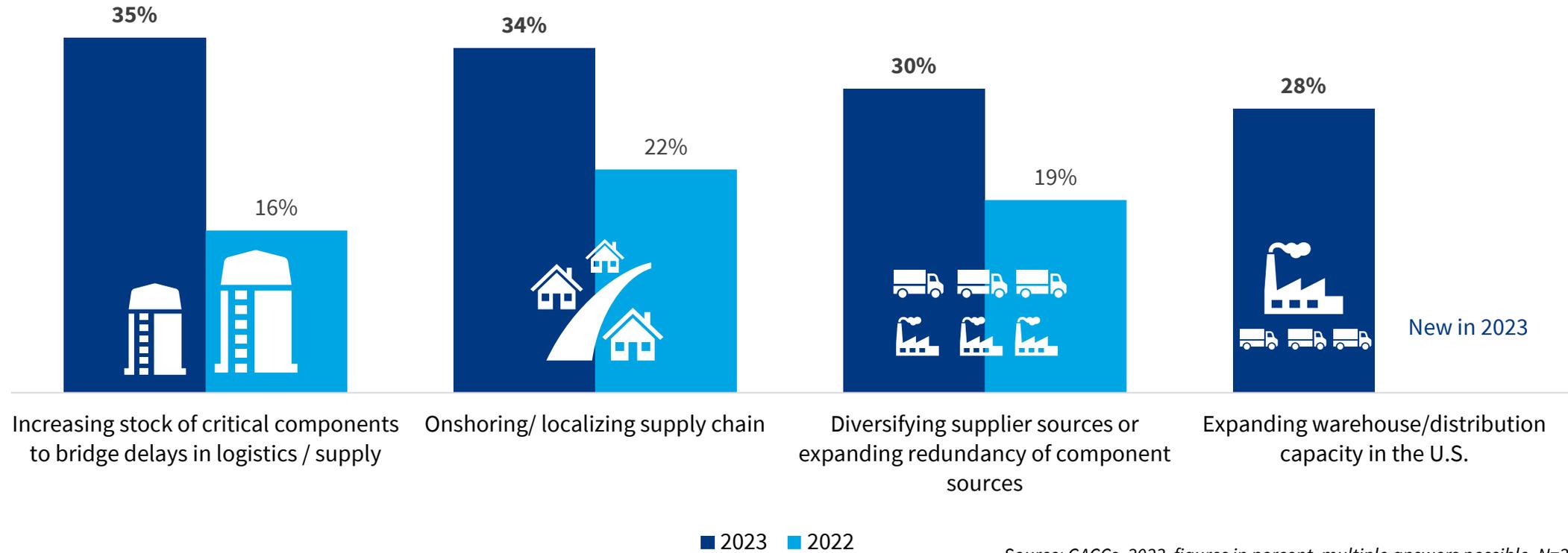
Source: GACCs, 2023, figures in percent multiple answers possible, N=200

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TOP STRATEGIES TO MANAGE SUPPLY CHAIN

Which of the following strategies for managing supply chains will become more important for your company over the next 3 years (2023 – 2025)?



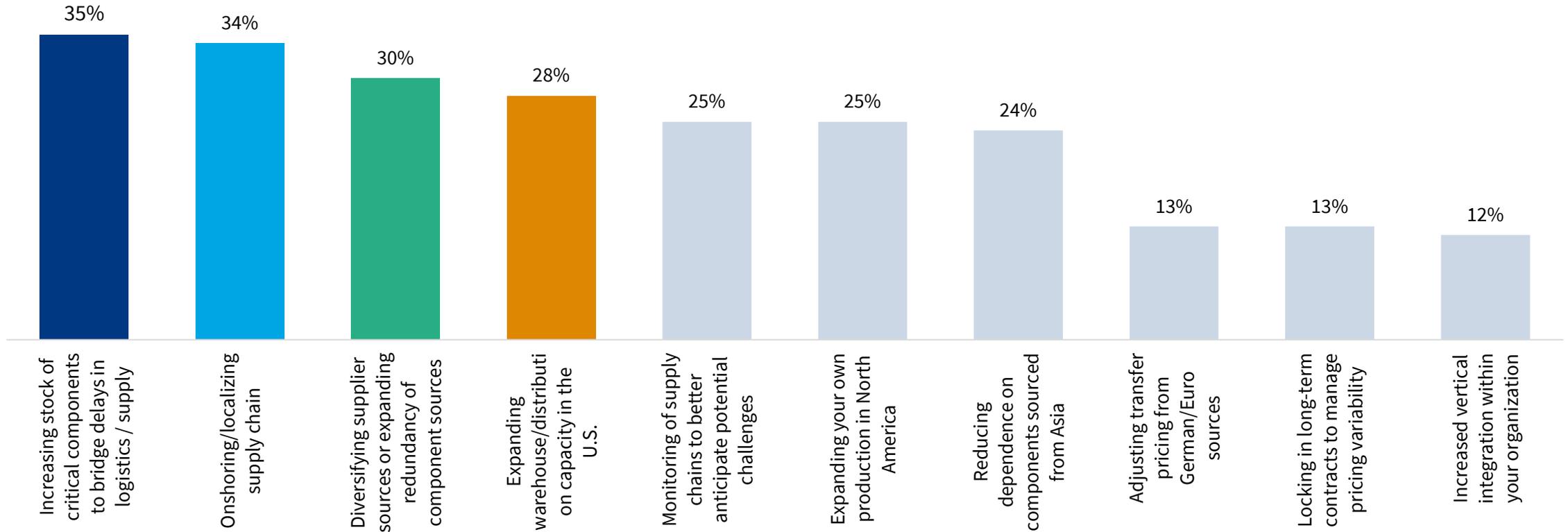
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Source: GACCs, 2023, figures in percent, multiple answers possible, N=201
GACCs and KPMG Germany, 2021, figures in percent, N=93

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TOP STRATEGIES TO MANAGE SUPPLY CHAIN

Which of the following strategies for managing supply chains will become more important for your company over the next 3 years (2023 – 2025)?



Source: GACCs, 2023, figures in percent, multiple answers possible, N=201

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GABO 2023 RESULTS

DEI & Sustainability

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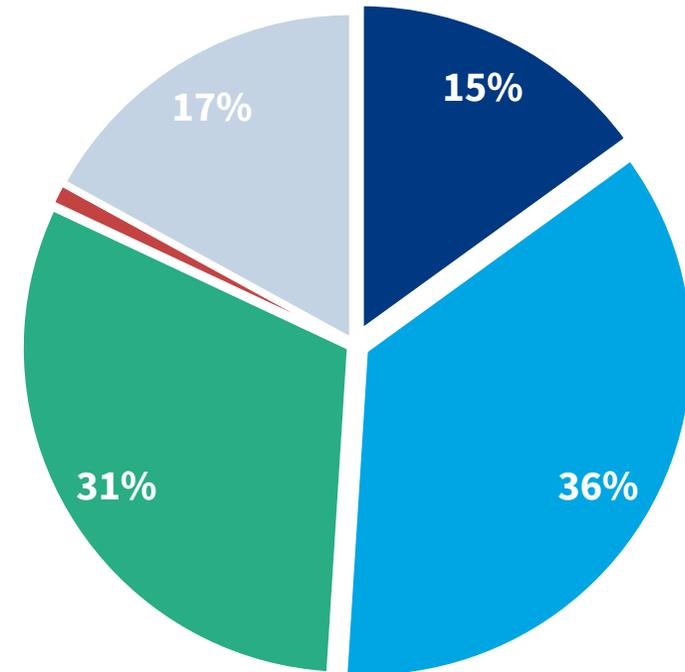
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HIGH GROWTH FOR SUSTAINABILITY PROGRAMS

How much do you plan to grow your investments in sustainability programs within the next three years (2023 – 2025)?

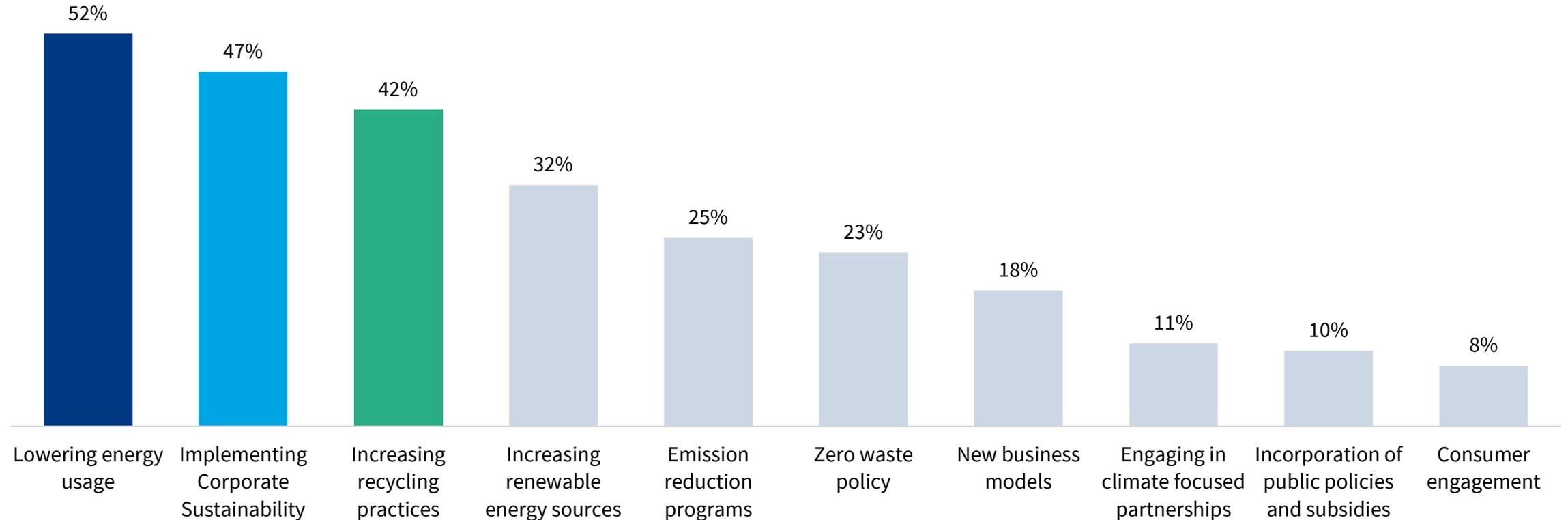
51% of German companies in the US are increasing their investment in sustainability programs



■ Strong Growth ■ Moderate Growth ■ Unchanged ■ Negative growth ■ N/A

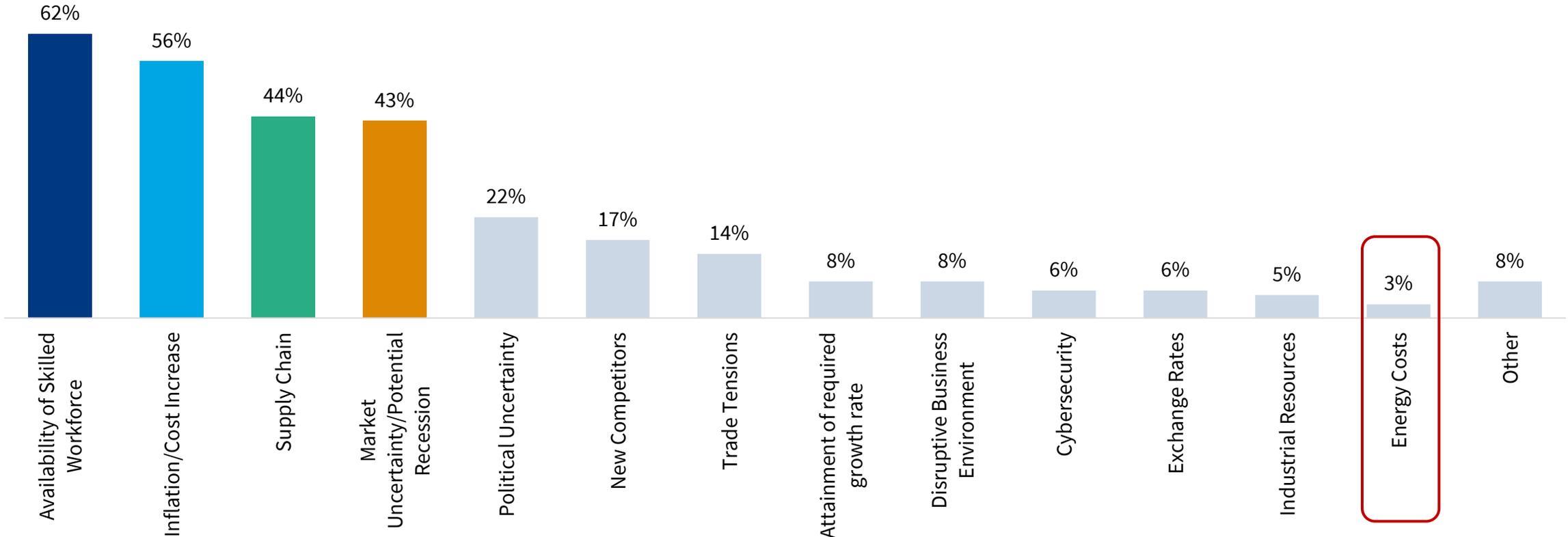
PRIORITIZING LOWERING ENERGY USAGE

Which of the following sustainability programs will you prioritize within the next three years (2023 – 2025)?



ENERGY NOT A CHALLENGE?

What are the 3 biggest challenges for your business in the US today?





COMING UP: Expert Panel Discussion

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GABO 2023 Results: Midwest Deep Dive

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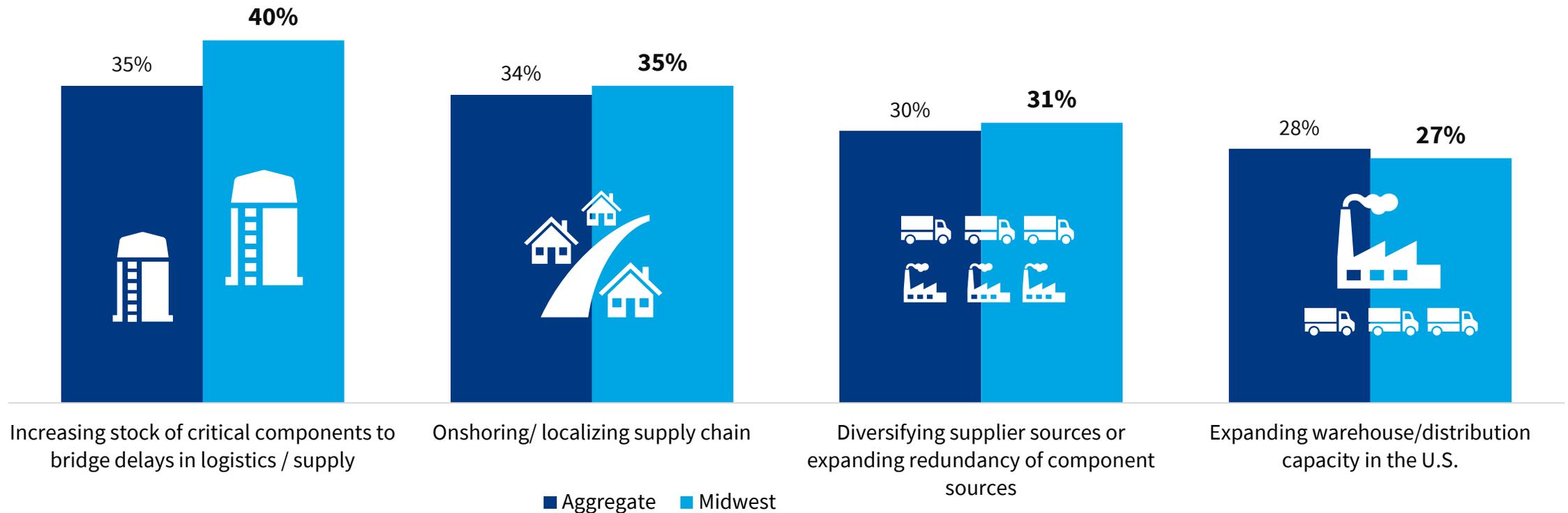


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TOP STRATEGIES TO MANAGE SUPPLY CHAIN

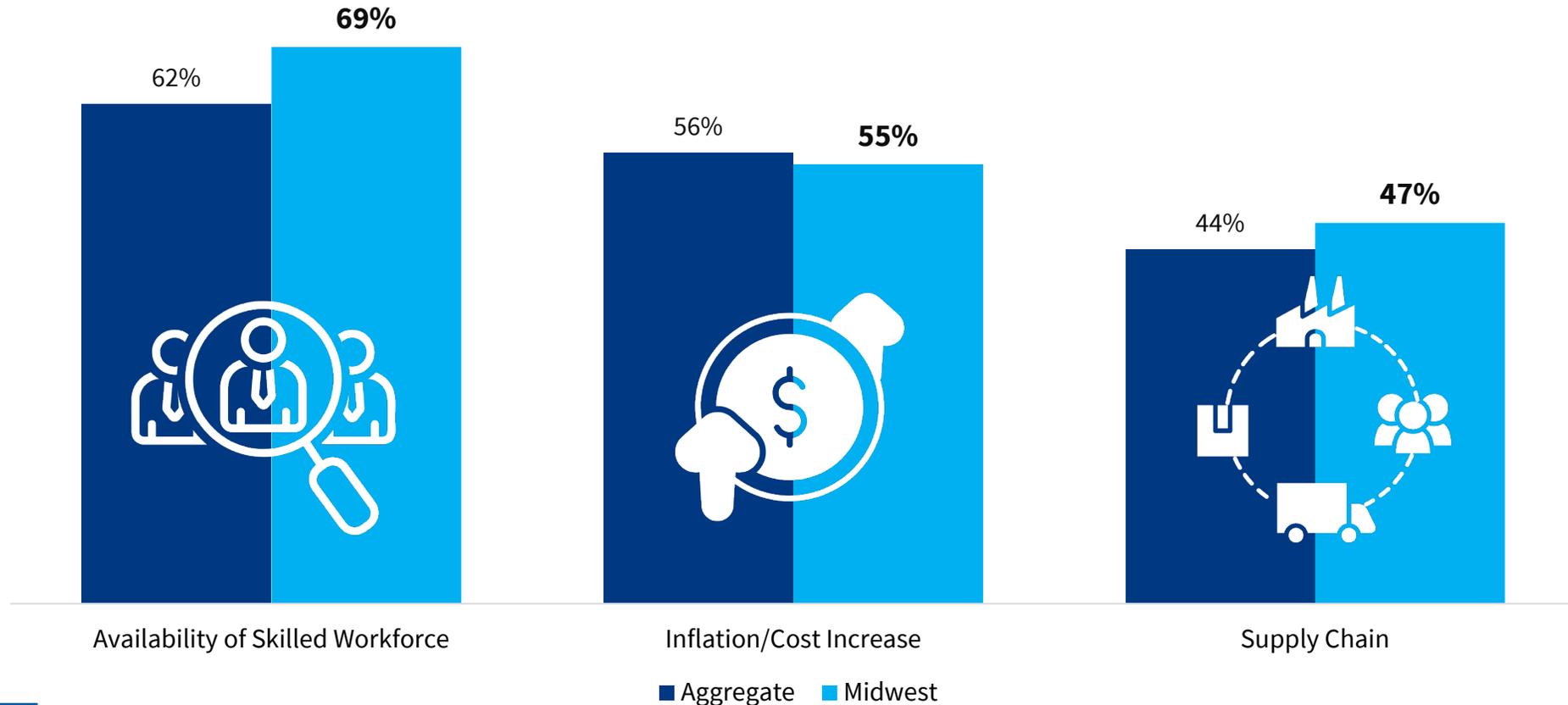
Which of the following strategies for managing supply chains will become more important for your company over the next 3 years (2023 – 2025)?



Source: GACCs, 2023, figures in percent, multiple choice question, N=201, Midwest N=55

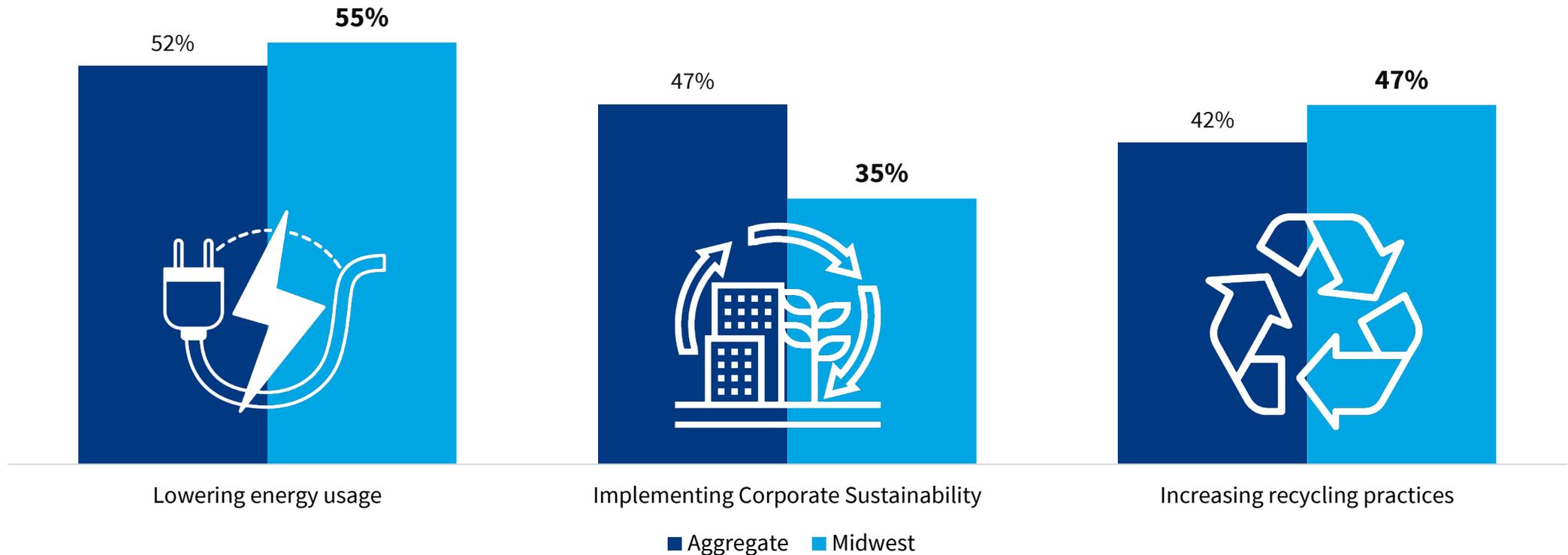
DO WORKFORCE SHORTAGES LIMIT GROWTH?

What are the 3 biggest challenges for your business in the US today?



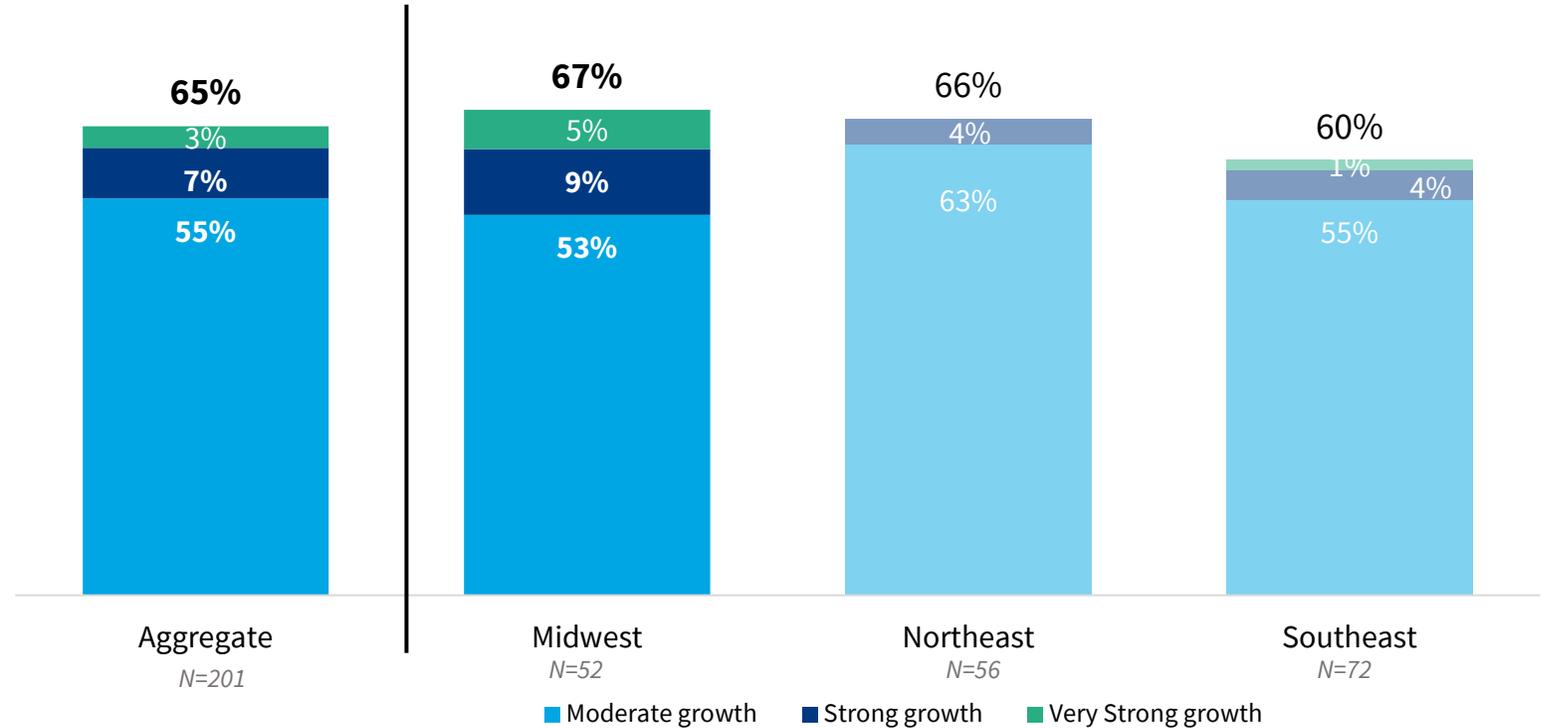
PRIORITIZING LOWERING ENERGY USAGE

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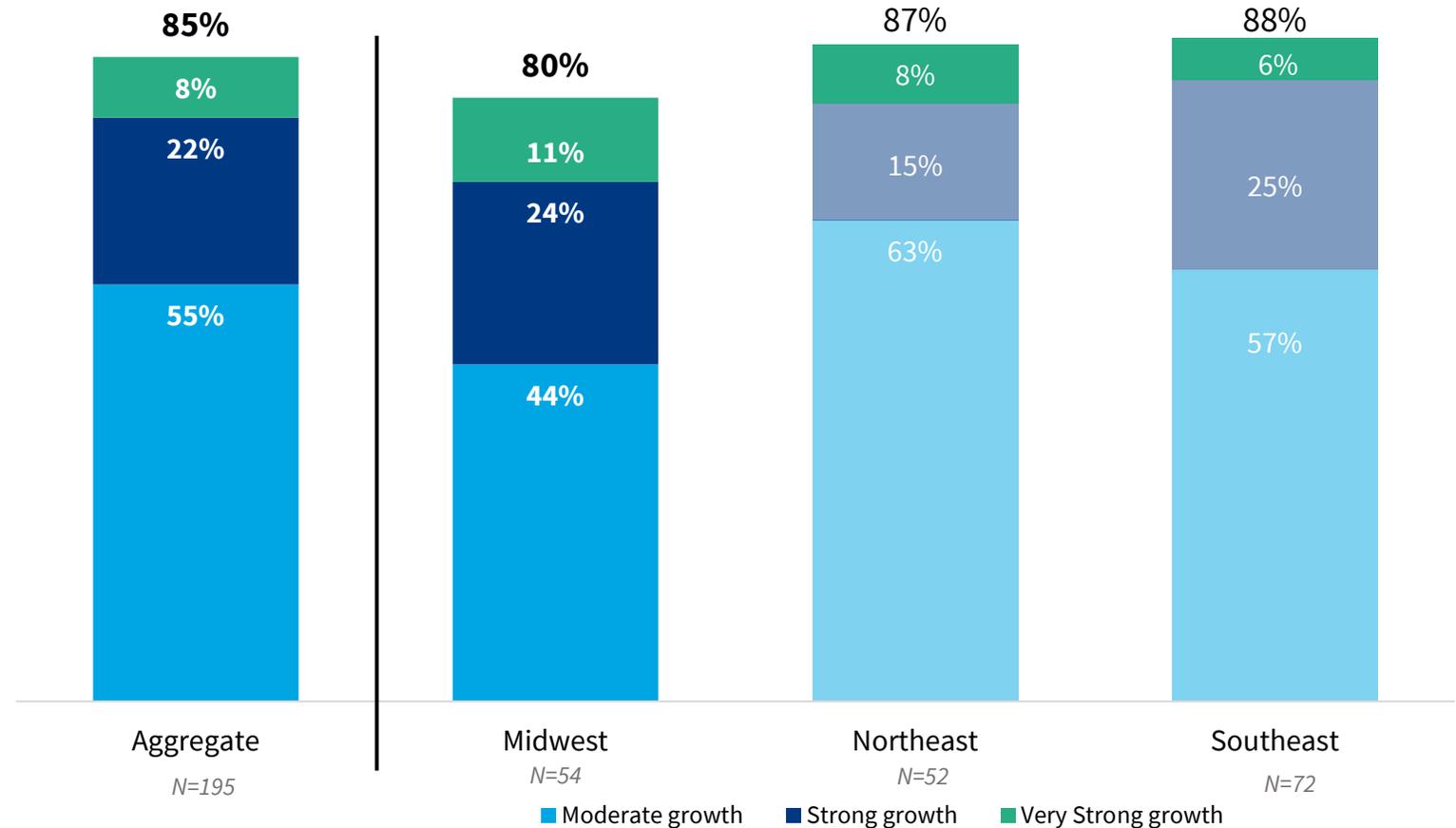
EXPECTATIONS OF US ECONOMY IN 2023

Midwest has the **highest growth expectations** for the 2023 US economy



EXPECTATIONS FOR NET SALES VOLUME IN 2023

Midwest projected lowest regional expectations for net sales volume

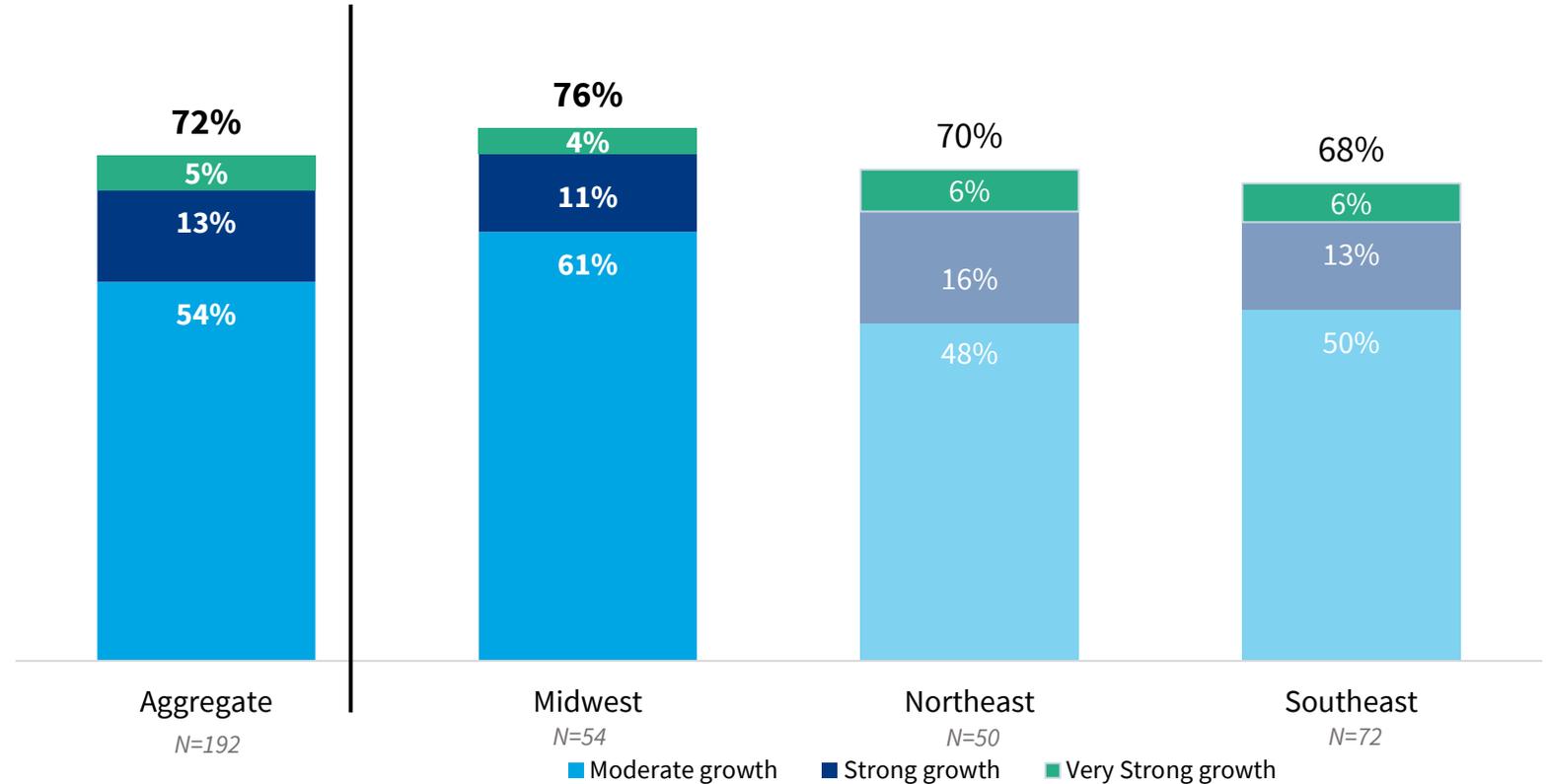


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Source: GACCs, 2023, figures in percent

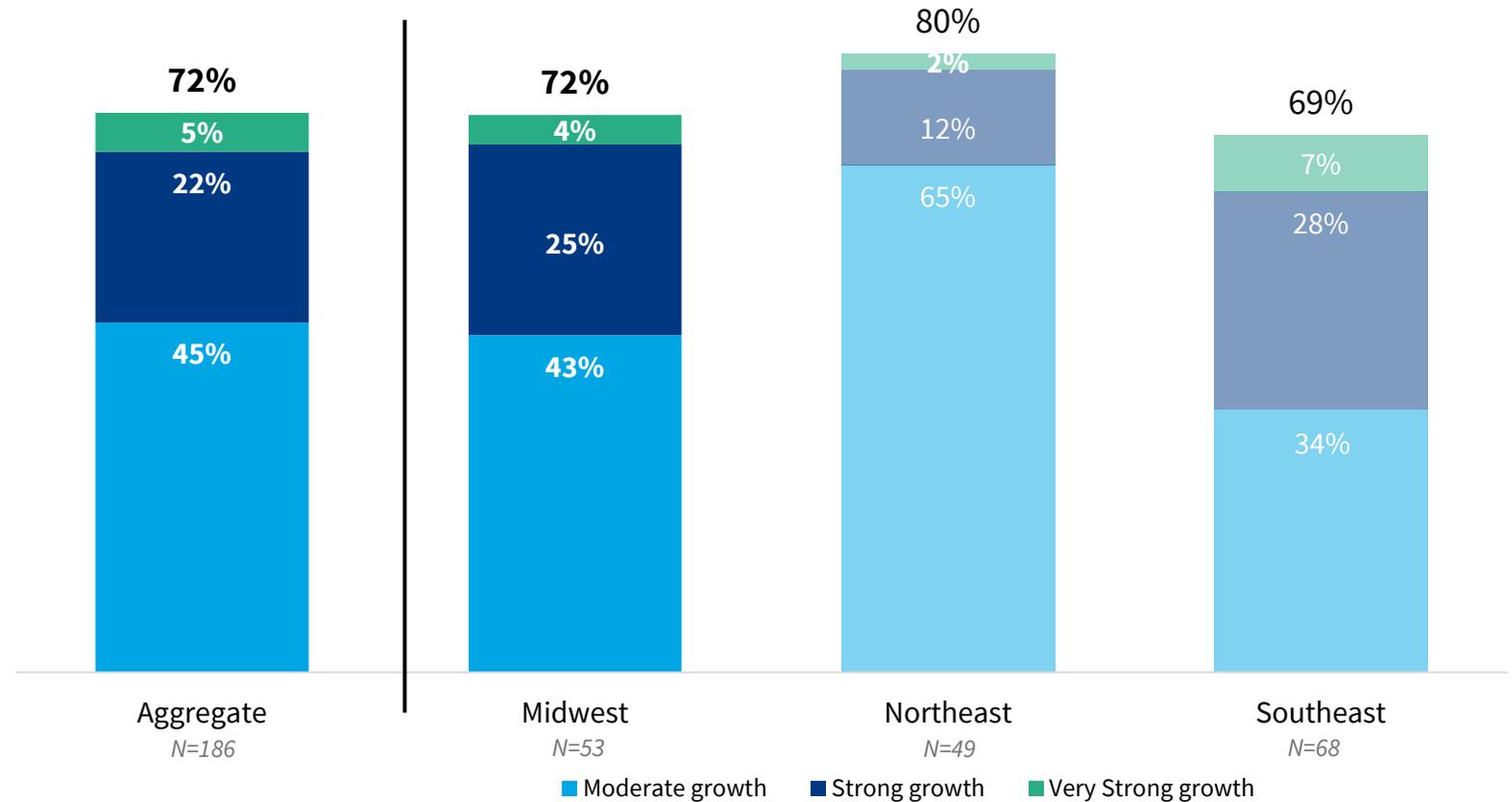
EXPECTATIONS PROFIT AFTER TAX IN 2023

Midwest with most **optimistic outlook** for profit after tax in **2023**



EXPECTATIONS COMPANY'S INVESTMENTS IN 2023

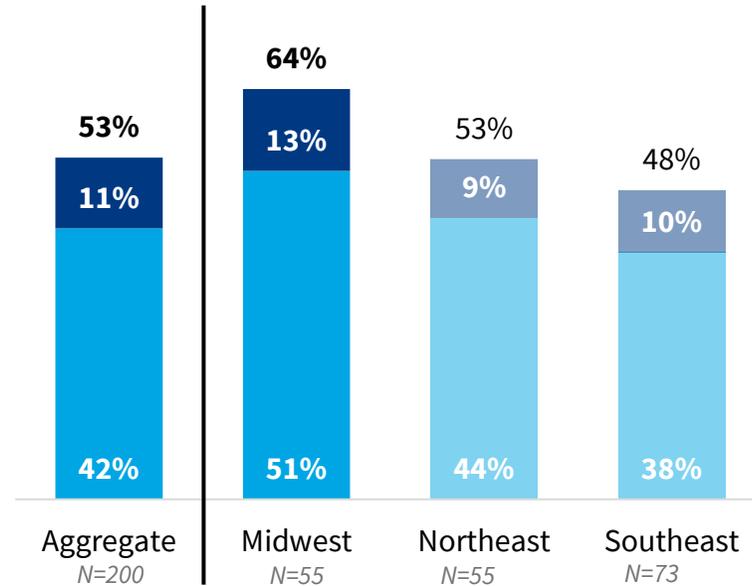
Strong Investments throughout the US, **Midwest** compares to **national average**



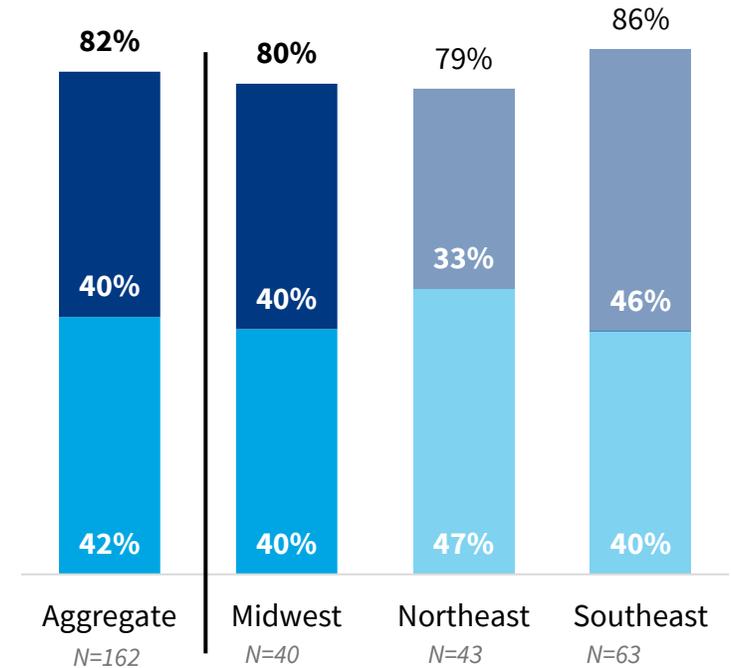
STRONG DEMAND FOR NEW HIRES

Midwest with highest promise to increase workforce in 2023

Employee Change 2023



Employee Change 2027



■ Increase of up to 20% ■ Increase of more than 20% Total



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Source: GACCs, 2023, figures in percent