

AmCham Germany TRANSATLANTIC Business Barometer

2024

How companies rate
Germany and the U.S.
as investment locations



AmCham
GERMANY

Roland
Berger



The AmCham Germany Transatlantic Business Barometer is an exclusive survey among U.S. investors in Germany and German investors in the U.S.

The survey provides a well-founded analysis of investment sentiment as well as a business assessment of both countries.

For over 18 years, U.S. companies have been surveyed as part of the AmCham Germany Business Barometer.

As in the previous seven years, German companies in the U.S. were also surveyed this year.

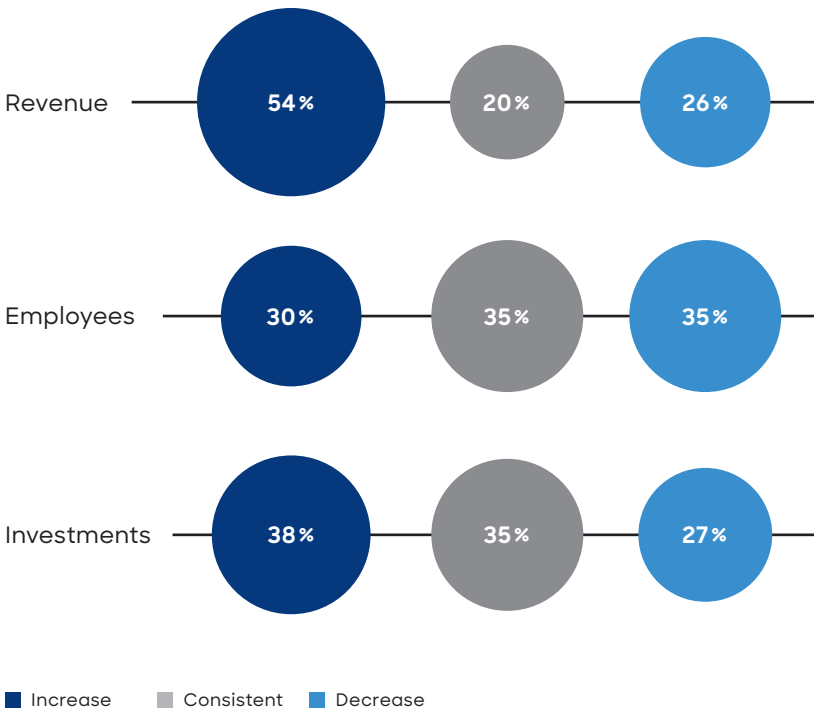
How U.S. companies view Germany as an investment location in 2024

Germany in early 2024. The ongoing weak economic growth in Germany is evident in our survey. In 2023, only about half of the surveyed companies reported revenue growth. By contrast, expectations for 2024 are better – almost two thirds of the companies surveyed expect revenue to rise. As a business location, Germany has once again become less attractive. Less than one in three companies still rate the location as good or very good. U.S. companies are also less optimistic about the country's future, criticizing the high costs in Germany in particular.

1 Around half of the U.S. companies surveyed in Germany were able to increase their revenue in 2023

Employment and investment demonstrate roughly balanced levels of increase, stability and decrease.

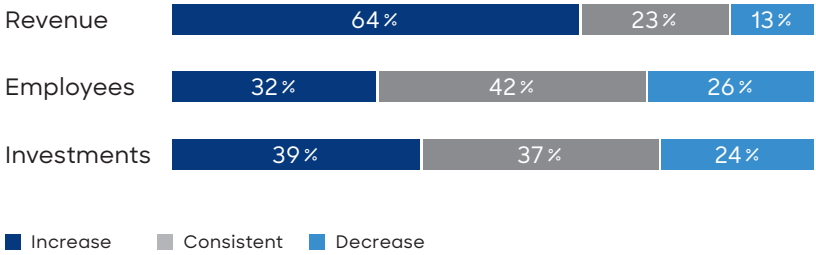
How did the year 2023 turn out for your company in Germany? [%]



2 Improved growth prospects for the current year

Around two thirds of U.S. companies in Germany expect their revenue to increase in 2024. For employment and investments, around one in three companies expects an increase.

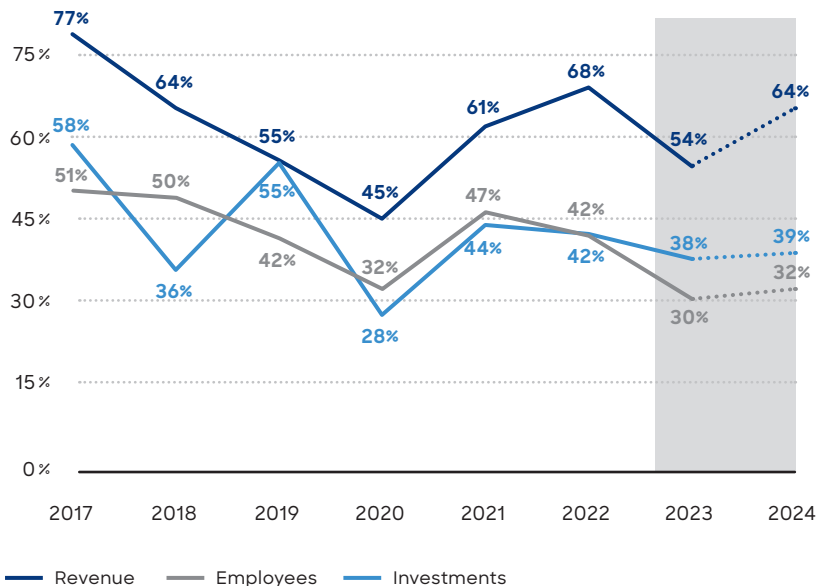
How will your revenue, employees and investments in Germany develop in 2024? [%]



The expectations for 2024 surpass last year's actual outcomes

Following last year's lower results across all categories compared to previous years, expectations for revenue, employment and investments are higher again in 2024.

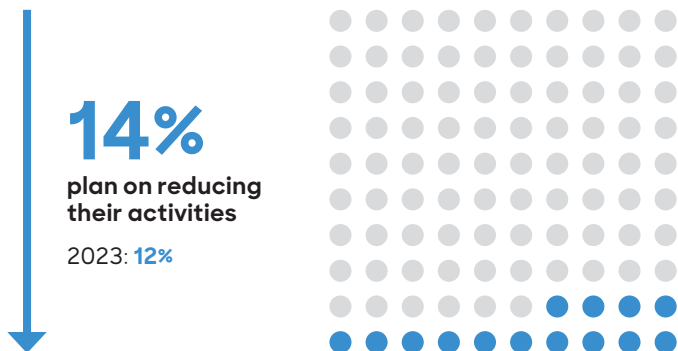
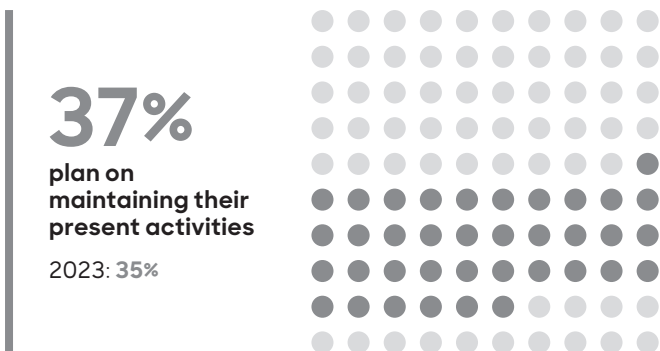
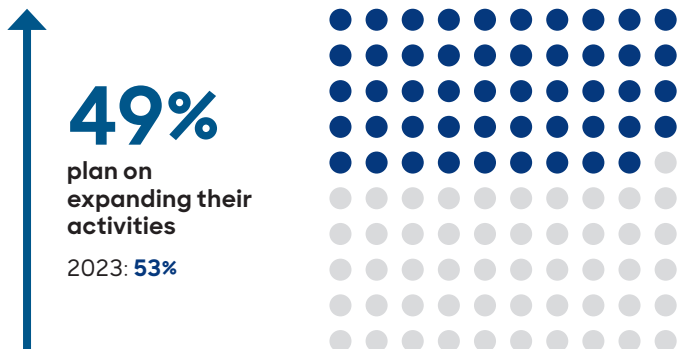
Percentage of companies that experienced an increase in revenue, number of employees and investments for the respective year (2017-2023) or anticipate this in 2024



3 For the first time since the beginning of the survey, less than half of U.S. companies plan to expand their activities in Germany

However, only a few U.S. companies are planning to reduce their activities in Germany.

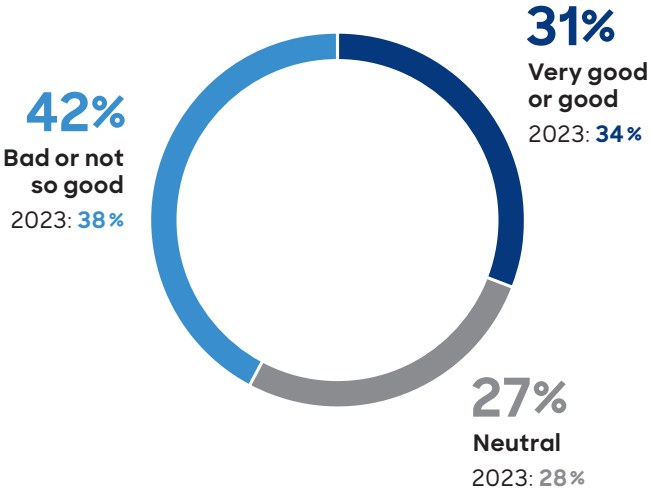
Will you expand, maintain or reduce your activities in Germany over the next three to four years?



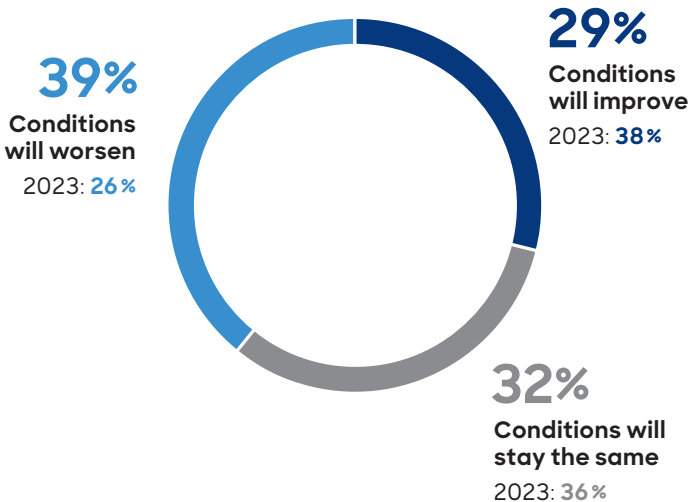
4 Germany is becoming less attractive as a business location

Fewer than one in three U.S. companies still consider Germany a good business location. Looking ahead, there is an urgent need for action: less than three in ten respondents expect the location conditions to improve.

How would you rate the current investment conditions in Germany?



How will investment conditions in Germany develop over the next three to four years?

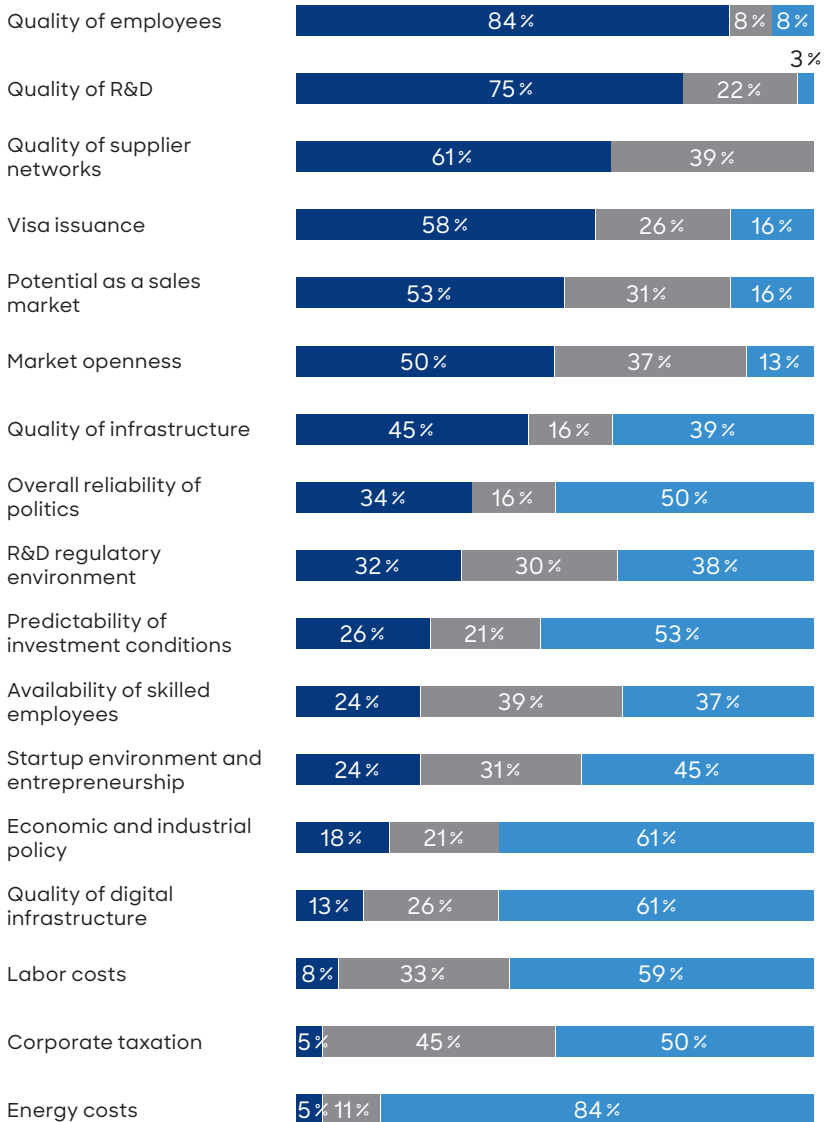


5

Germany check: Outstanding workforce but high costs

U.S. companies highly value the quality of employees, R&D and supplier networks. However, the surveyed companies still perceive an urgent need for action regarding energy costs and digitalization. Additionally, almost two-thirds of respondents rated economic and industrial policy poorly.

How would you rate the following investment conditions? [%]

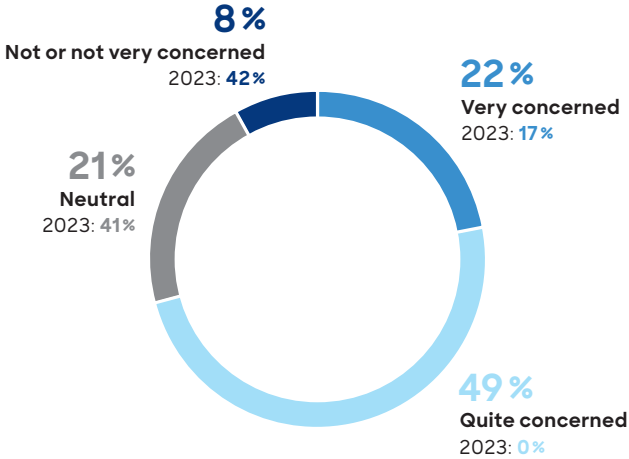


■ Very good or good ■ Neutral ■ Not so good or bad

6 U.S. companies are significantly more concerned about trade-distorting measures than in the previous year

Seven in ten U.S. companies surveyed express concerns about the potential impact of trade-distorting measures, a significant increase from less than one in five last year.

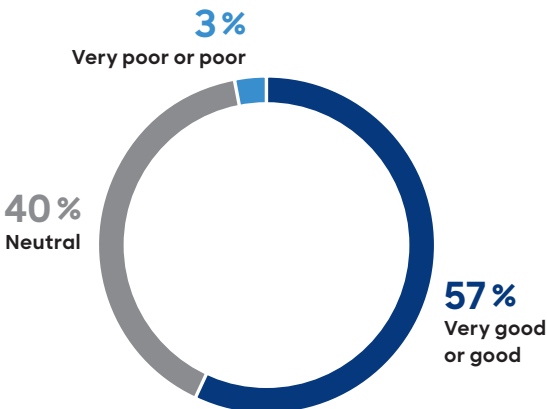
How concerned are you about the potential impact of trade-distorting measures such as protectionist policies that are being discussed in times of global uncertainty? [%]



7 The environment for innovation and research & development in Germany is perceived as predominantly favorable

More than half of U.S. companies consider the framework conditions for innovation to be very good or good.

What is your overall assessment of the innovation and R&D environment in Germany?

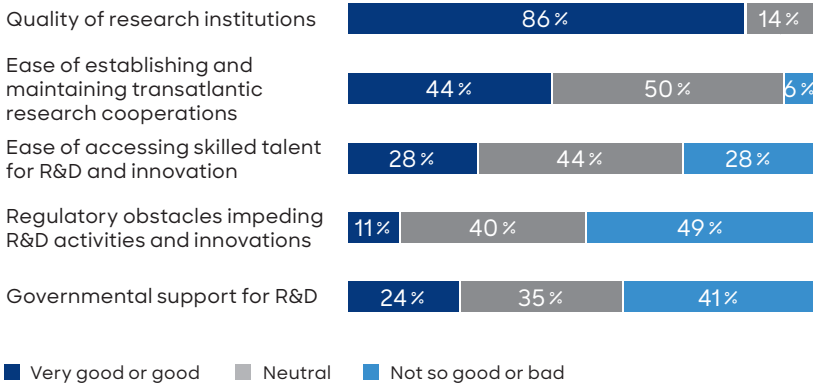


8

The quality of German research institutions is highly valued by US companies

However, there is room for improvement, particularly in terms of regulatory hurdles and government support for R&D.

How would you assess the following factors with regard to the general R&D and innovation environment in Germany? [%]



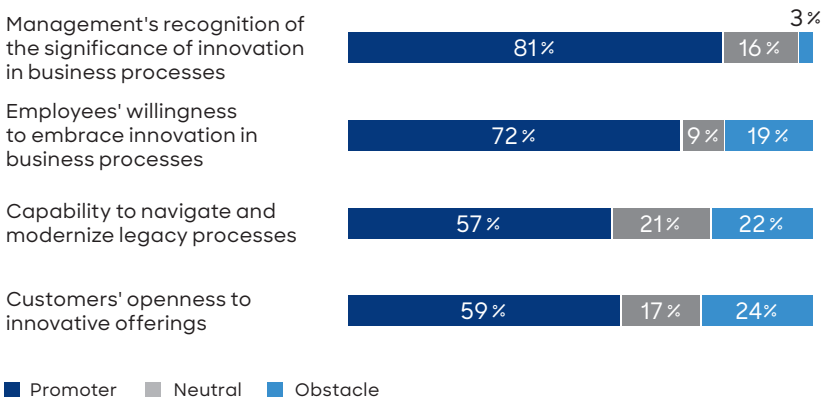
■ Very good or good ■ Neutral ■ Not so good or bad

9

U.S. companies in Germany exhibit favorable conditions for enhancing their innovation capabilities

Most management and employees are prepared for innovations in business processes, though there is still room for improvement in handling legacy processes and in customers' openness to innovative offerings.

How do you perceive the following prerequisites for enhancing innovation capacity within your own company? [%]

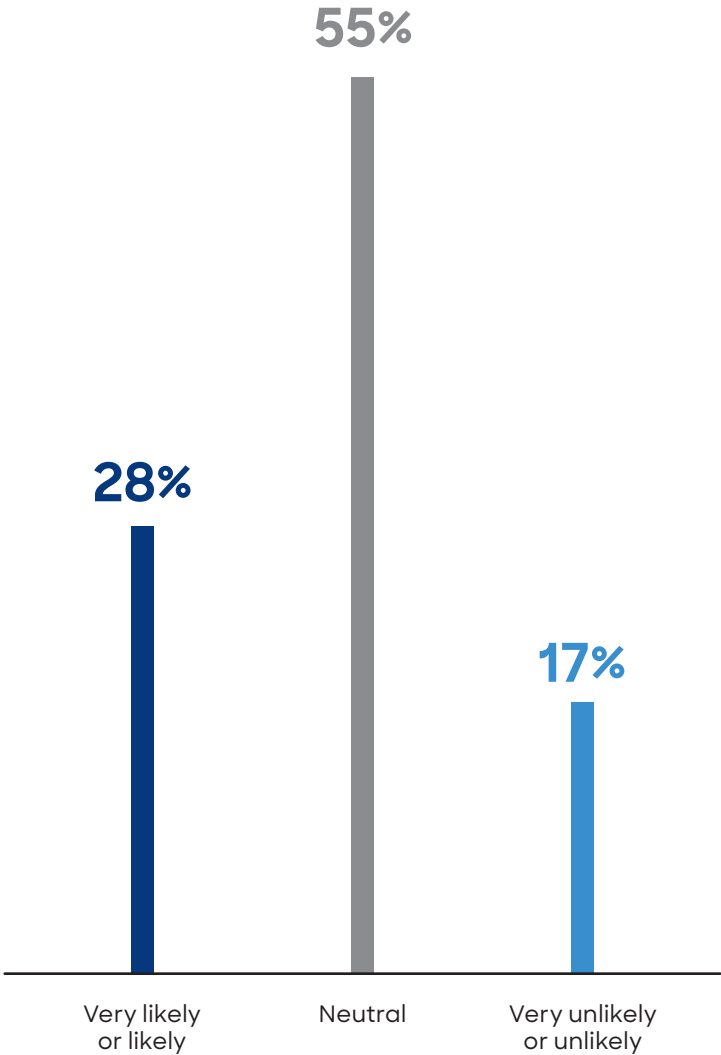


■ Promoter ■ Neutral ■ Obstacle

10 More than every fourth U.S. company surveyed plans to expand its R&D and innovation activities in Germany

Around half of U.S. companies intend to keep their R&D activities in Germany constant.

How likely are you to expand your company's R&D and innovation activities in Germany? [%]





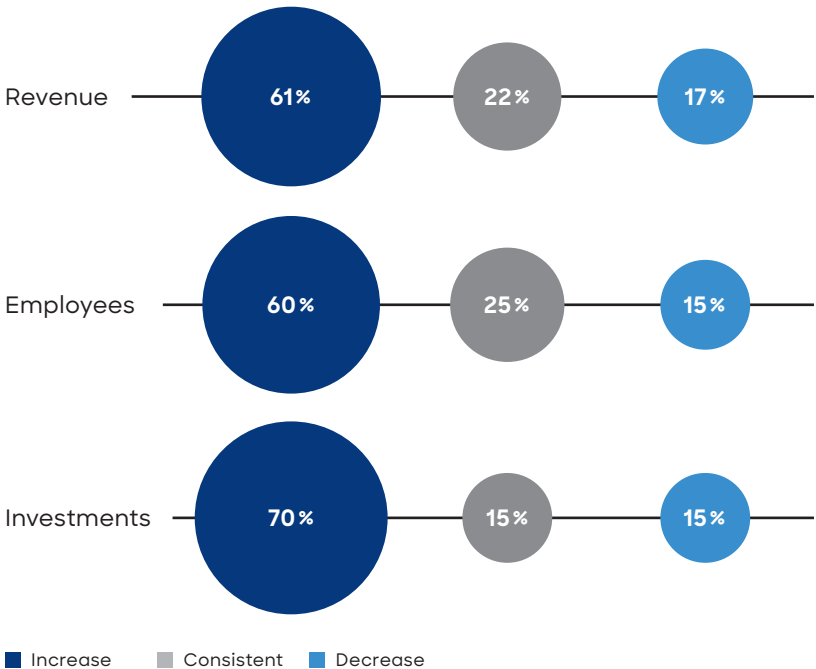
How German companies view the U.S. as an investment location in 2024

The U.S. in early 2024. The economic situation in the U.S. has seen a noticeable improvement recently, avoiding a recession anticipated by many observers. Similarly, German companies in the U.S. have had a successful year 2023, with predominantly positive expectations for the current year. German companies hold a largely favorable perception of the United States as a business location, evidenced not only by their favorable assessments of location factors but also by their investment activities. However, respondents are more critical of the general reliability of politics and labor costs.

1 German companies in the U.S. recorded a strong financial year in 2023

More than half of the surveyed German companies in the U.S. were able to increase their sales in the past year. Many companies in the U.S. also increased their investments and expanded their workforce.

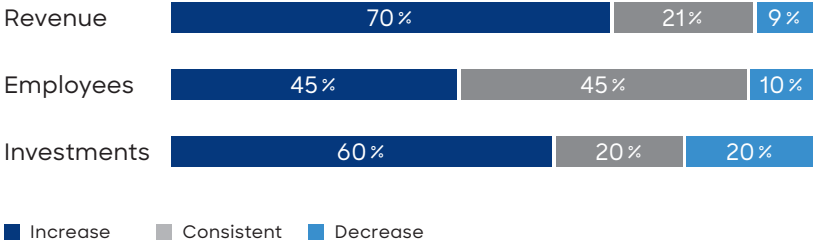
How did the year 2023 turn out for your company in the U.S.? [%]



2 Expectations for the current year are high

The vast majority of surveyed German companies expect increasing revenue and renewed investment growth in the U.S. this year. In comparison, the share of respondents who plan to increase their workforce is slightly lower.

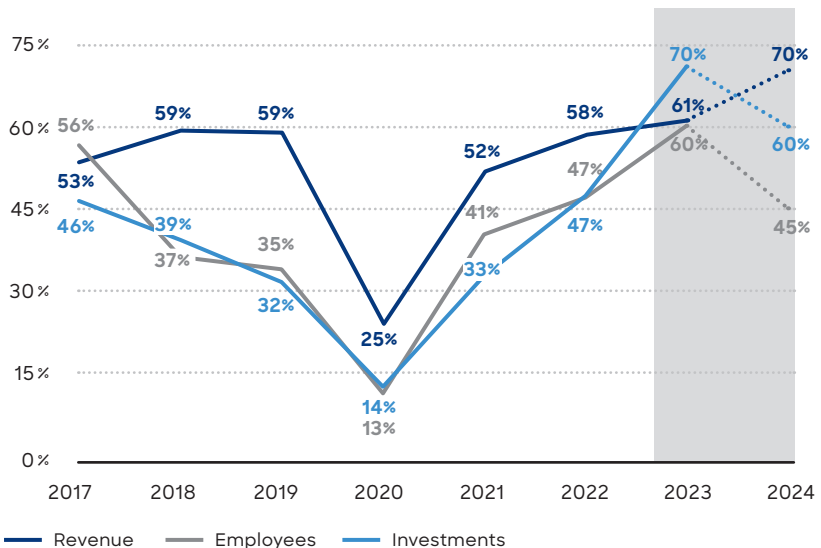
How will your revenue, employees and investments in the U.S. develop in 2024? [%]



Continuing positive economic development in 2024

After a successful year 2023, the German companies surveyed are generally positive about the current year 2024. The majority expect another strong increase in revenue. However, the share of companies looking to expand their investments and employment will decrease compared to 2023.

Percentage of companies that experienced an increase in revenue, number of employees and investments for the respective year (2017-2023) or anticipate this in 2024

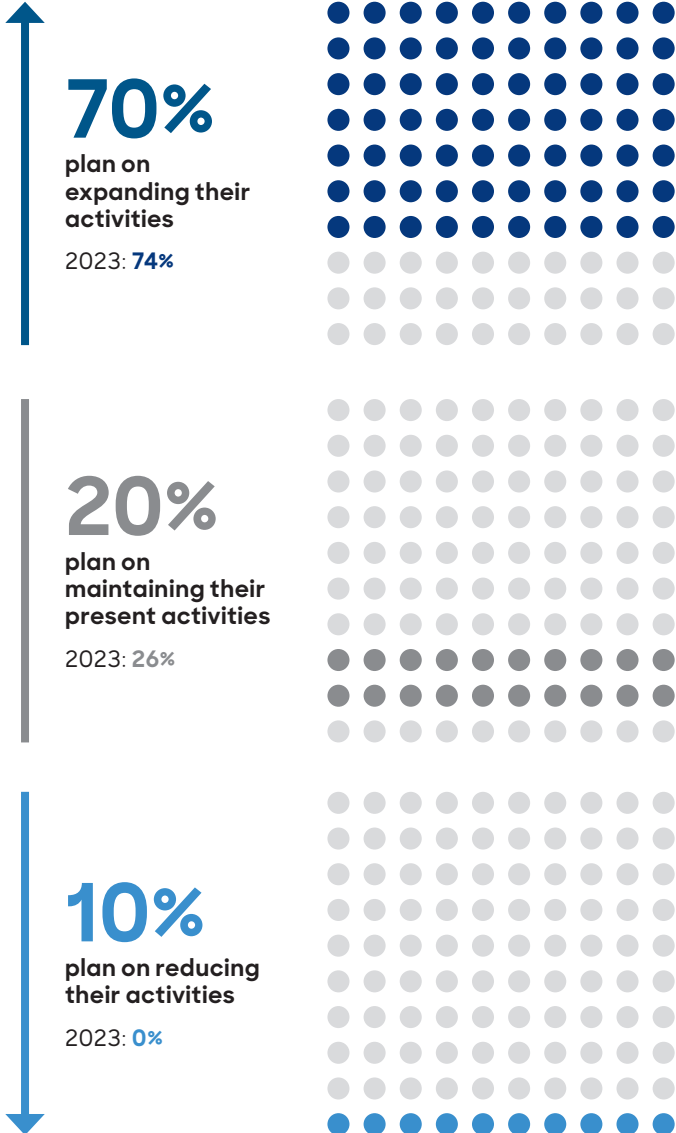


3

Continuous expansion of activities in the U.S.

70% of the companies surveyed intend to further expand their activities in the U.S. in the medium term.

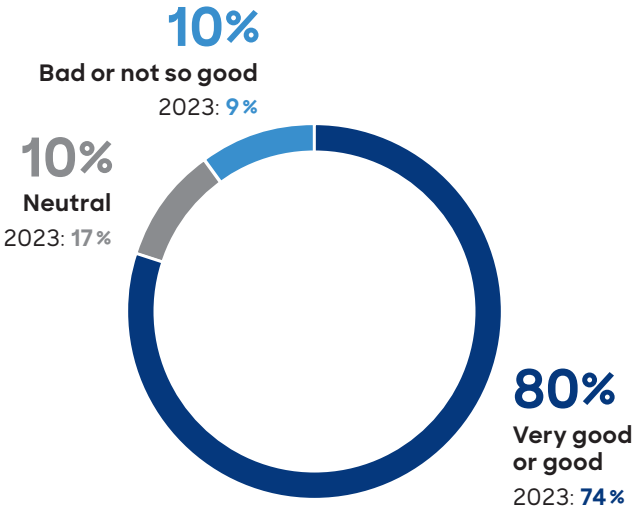
Will you expand, maintain or reduce your activities in the U.S. over the next three to four years?



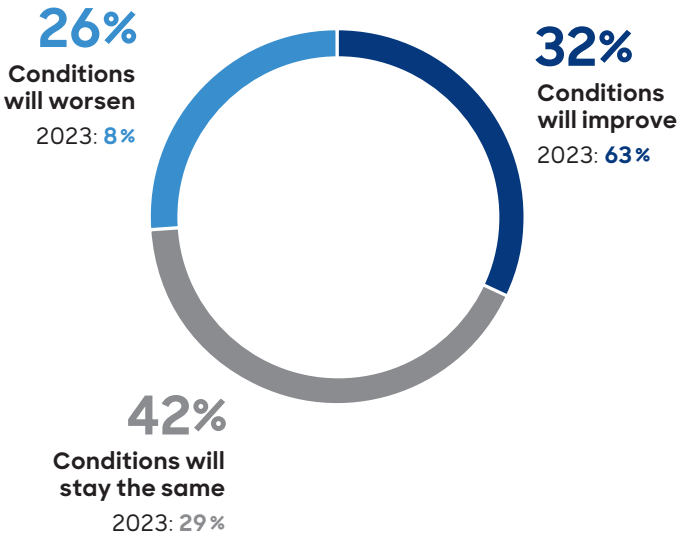
4 The U.S. as a business location: Positive assessment, mixed expectations

The vast majority of German companies are positive about the U.S. as a business location, although significantly fewer companies than last year see an improvement ahead.

How would you rate the current investment conditions in the U.S.?



How will investment conditions in the U.S. develop over the next three to four years?

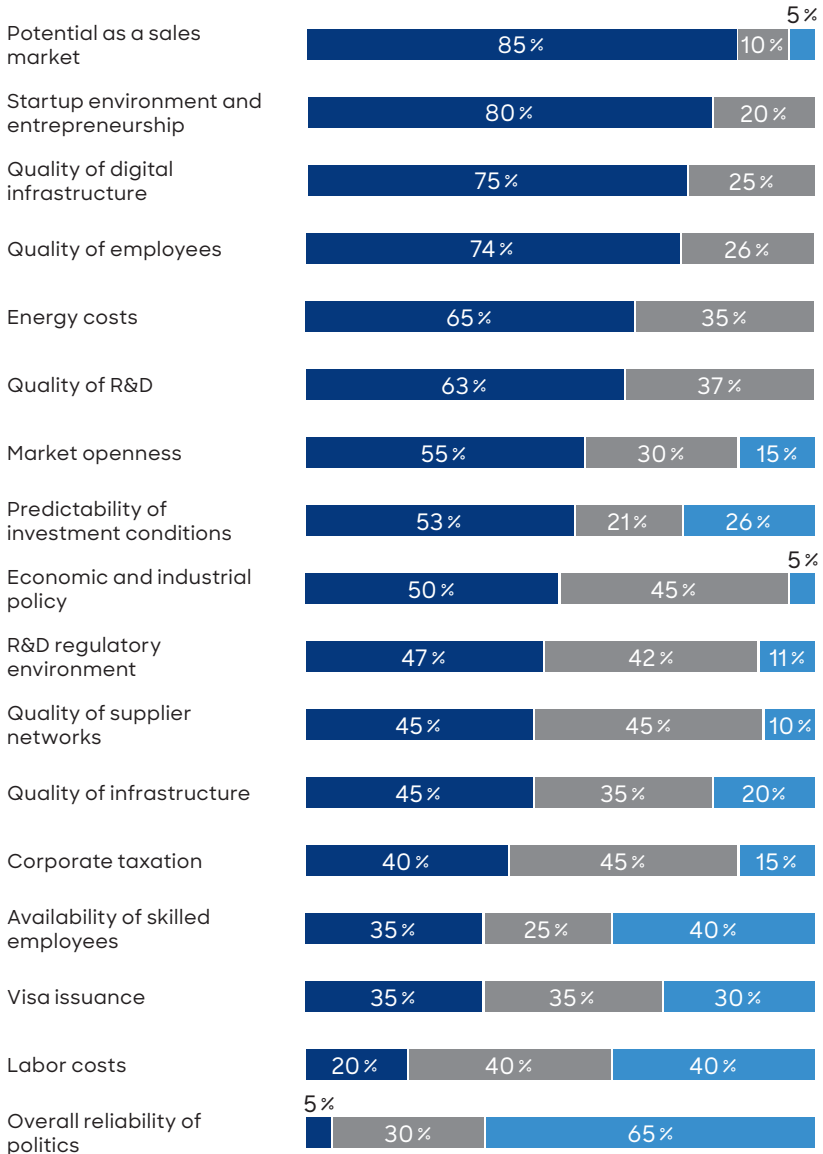


5

U.S. check: Attractive location with few weaknesses

The many strengths of the American market are highly valued by German companies. In particular, the potential as a sales market and the startup and entrepreneurship environment are viewed favorably. There is room for improvement in terms of political reliability and labor costs.

How would you rate the following investment conditions? [%]

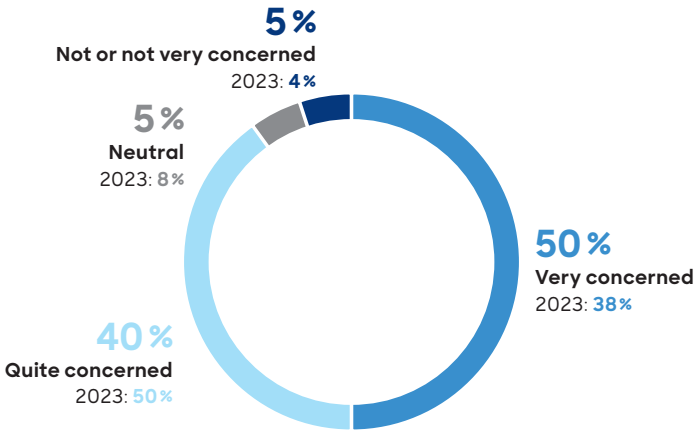


■ Very good or good ■ Neutral ■ Not so good or bad

6 German companies express significant concern regarding trade-distorting measures

The vast majority of German companies are even more concerned about the potential impact of trade-distorting measures than U.S. companies. Four in ten companies are quite concerned, and every second company surveyed is even very concerned.

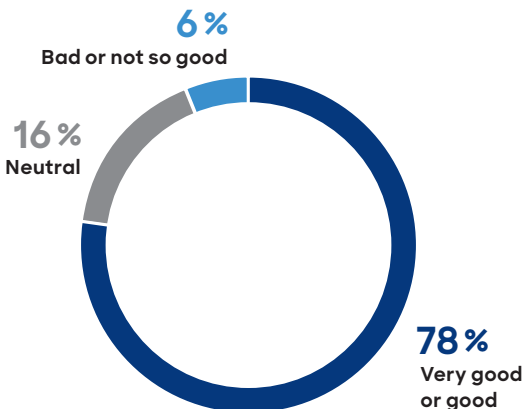
How concerned are you about the potential impact of trade-distorting measures such as protectionist policies that are being discussed in times of global uncertainty? [%]



7 German companies perceive the environment for innovation and research & development in the U.S. as highly favorable

More than three-quarters of those companies surveyed indicate that the U.S. is a good or even very good location for innovation.

What is your overall assessment of the innovation and R&D environment in the U.S.?

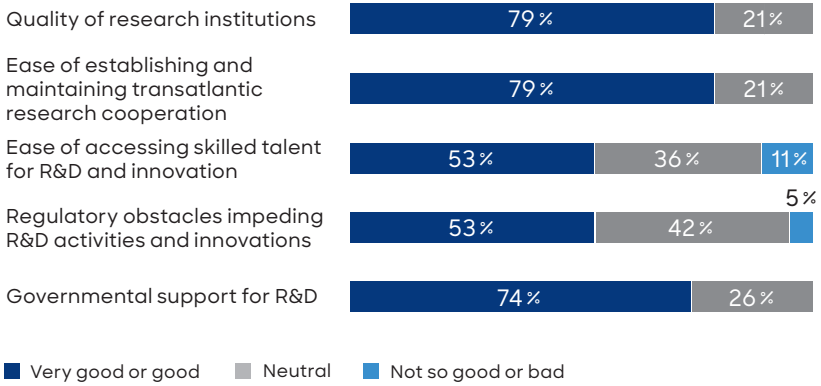


8

Very good R&D conditions in the U.S.

German companies commend the quality of research institutions and the ease of establishing research collaborations. However, access to talent in the research field and regulatory obstacles are rated less favorably.

How would you assess the following factors with regard to the general R&D and innovation environment in the U.S.? [%]

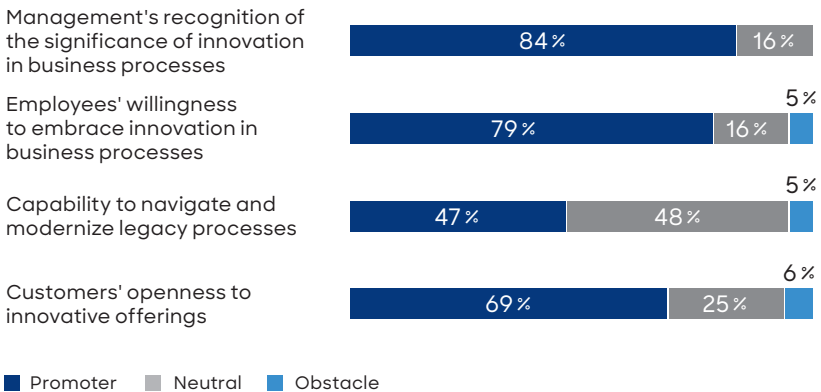


9

Excellent prerequisites for improving the ability to innovate

The majority of management, employees and customers in the U.S. are ready for innovations in business processes and products, while most German companies consider the capability of modernizing legacy processes as an obstacle.

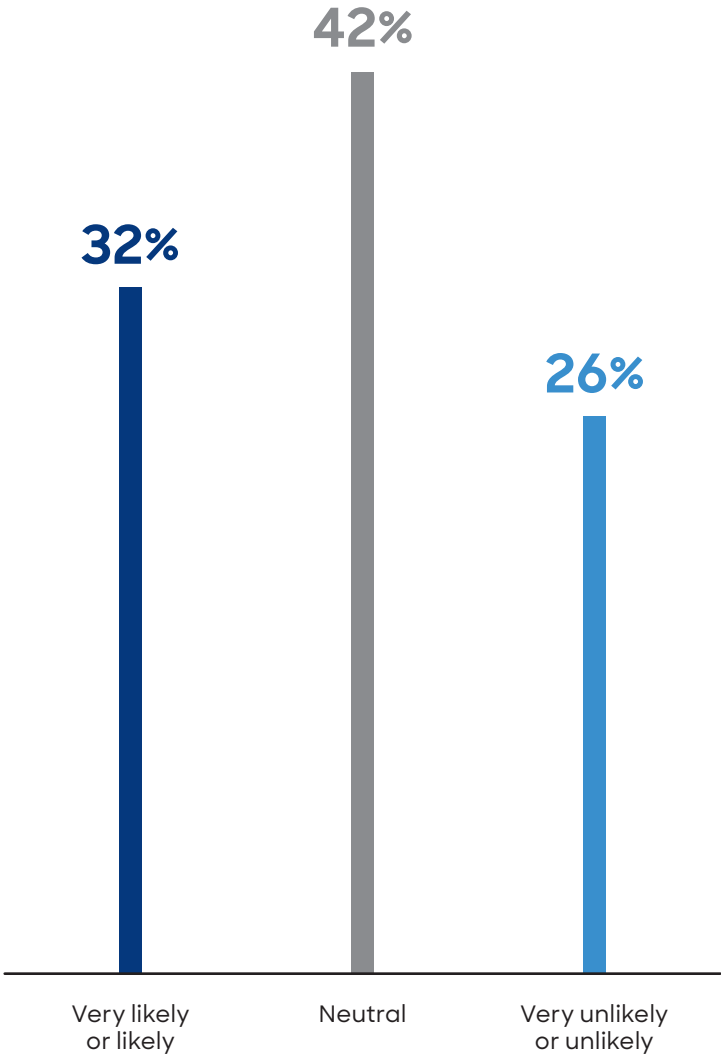
How do you perceive the following prerequisites for enhancing innovation capacity within your own company? [%]



10 One in three companies plans to expand R&D and innovation activities in the U.S.

However, the majority of companies surveyed plan to keep their innovation activities in the U.S. constant.

How likely are you to expand your company's R&D and innovation activities in the U.S.? [%]



About AmCham Germany

The American Chamber of Commerce in Germany (AmCham Germany) is the voice of transatlantic business. We strive to enhance global economic and trade relations built on a strong foundation of American and German partnership. We actively support and promote our members' interests through our global networks in business, politics and AmChams worldwide. AmCham Germany enables cross-cultural understanding, cooperation and new investment through our commitment to transparent dialogue, unrestricted trade and a competitive and open business climate.

About Roland Berger

Roland Berger is one of the world's leading strategy consultancies with a wide-ranging service portfolio for all relevant industries and business functions. Founded in 1967, Roland Berger is headquartered in Munich. Renowned for its expertise in transformation, innovation across all industries and performance improvement, the consultancy has set itself the goal of embedding sustainability in all its projects. Roland Berger revenues stood at more than 1 billion euros in 2023.

About the participants

A total of 68 member companies from AmCham Germany participated in the survey, whose responses were incorporated into the Business Barometer. Thirty-eight U.S. companies with locations and revenue of at least EUR 36 billion in Germany as well as 30 German companies with locations and revenue of at least EUR 72 billion in the U.S. participated in this year's Transatlantic Business Barometer. The survey was conducted from April 10, 2024, to May 10, 2024.



Publishers

Roland Berger GmbH

Sederanger 1
80538 Munich
+49 89 9230-0
press@rolandberger.com
www.rolandberger.com

AmCham Germany

Börsenplatz 13-15
60313 Frankfurt am Main
+49 69 929104-0
presse@amcham.de
www.amcham.de

This publication has been prepared for general guidance only. The reader should not act according to any information provided in this publication without receiving specific professional advice. Roland Berger GmbH shall not be liable for any damages resulting from any use of the information contained in the publication.

© 2024 ROLAND BERGER GMBH. ALL RIGHTS RESERVED.