



Spotlight on Germany as a business location in 2024

The view of companies abroad – results of a survey conducted by the German Chambers of Commerce Abroad, delegations and representative offices

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AHK

German Chambers
of Commerce Abroad

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Poor marks for Germany's international image as a business location

The image of Germany as a business location abroad has suffered significantly over the last 5 years. This shows the result of a survey conducted by the German Chambers of Commerce abroad with a global presence in cooperation with the German Chamber of Industry and Commerce in Berlin.

More than 1,250 companies from all regions of the world took part in the first "Spotlight on Germany as a Business Location" survey.

Nearly half of the companies - 48 per cent - state that their image has "declined" (35%) or even "strongly declined" (13%).

Development of the international image of Germany as a business location in the last 5 years Company responses (in per cent)

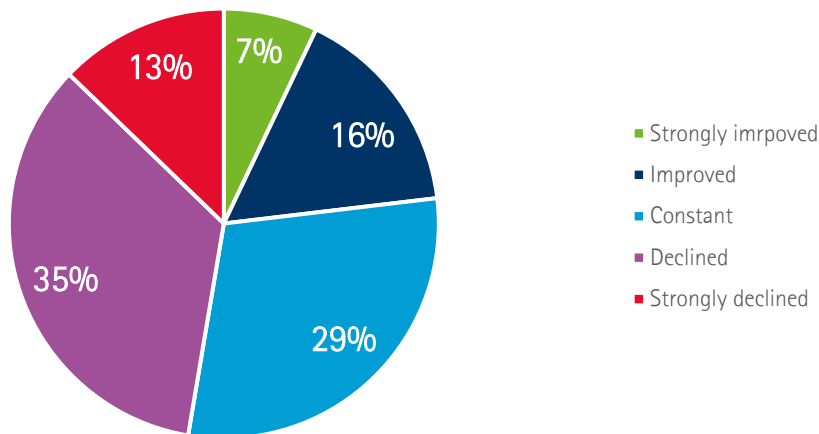


Figure 1: n=1259 company responses worldwide
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Negative voices mainly from the Eurozone and Asia-Pacific, relatively positive from South & Central America and Africa

Companies in Europe - Eurozone and non-EU - and Asia-Pacific in particular paint a negative picture of Germany as a business location. In Greater China, significantly more than three quarters of companies see a deterioration (56 per cent) or severe deterioration (22 per cent) in Germany's image as a business location.

The image of Germany as a business location is comparatively positive in Africa and the Middle East with a total of 52 per cent "improved" or "strongly improved" responses, as well as in South and Central America, where 12 per cent of companies see a strong improvement in the image and 28 per cent an improvement.

Development of the international image of Germany as a business location in the last 5 years from the perspective of companies by company location (in per cent)

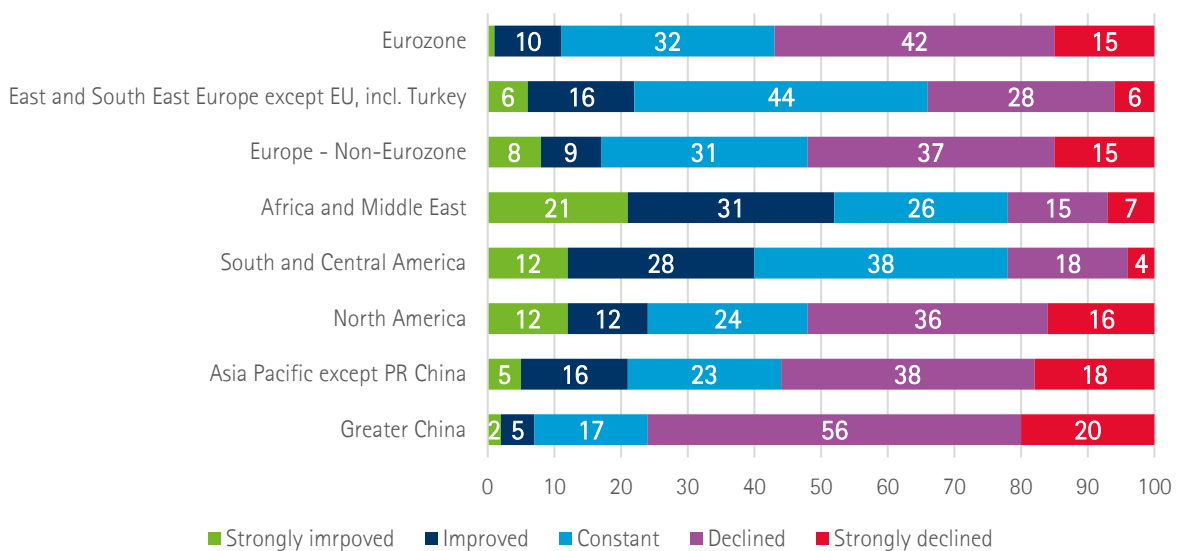


Figure 2: n=1259 company responses
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The bigger the company, the more negative the view of Germany as a business location

Development of the international image of Germany as a business location in the last five years according to the size of companies worldwide (in per cent)

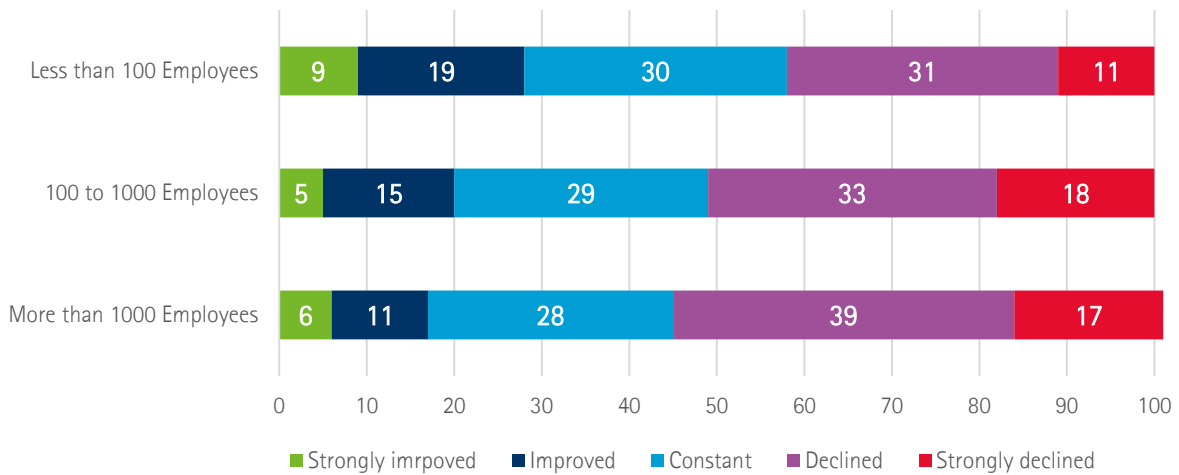


Figure 3: n=1259 company responses
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No longer even mediocre in terms of business friendliness

The view from the outside makes it clear that Germany has some catching up to do when it comes to business friendliness.

It is true that 40% of companies have a rather positive view of the location in terms of business friendliness. However, more than a third see the location as mediocre in this respect, and more than a quarter see the location as unfriendly to business.

Germany's business friendliness on a scale from 1 - poor to 5 - very good

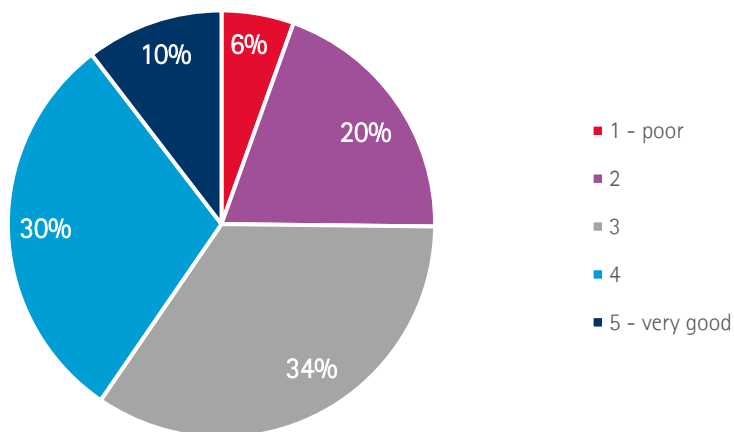


Figure 4: n=1259 company responses
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Putting Germany to the test as a centre of innovation

Although 46 per cent of the companies surveyed see Germany's innovative strength at its core as rather positive – scores 4 and 5, around a third rate it as constant.

However, a fifth of the companies – scores 1 and 2 – have doubts about its innovation-friendliness, which should ultimately lead to new products and services and future business opportunities.

Germany's innovative strength on a scale from 1 – poor to 5 – very good

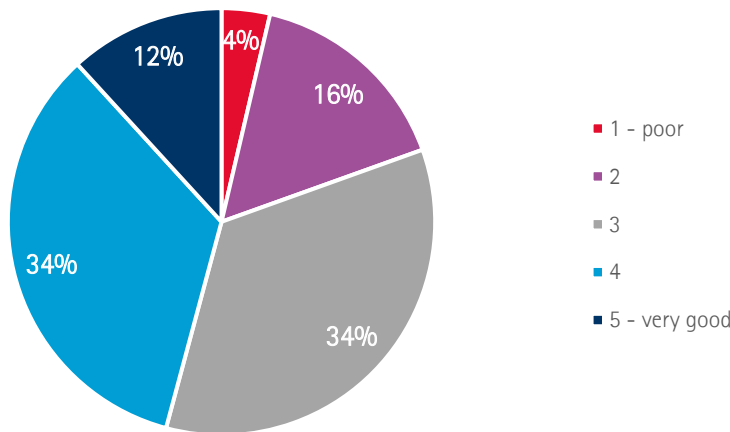


Figure 5: n=1255 company responses
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Hesitation to recommend investments in Germany

At first glance, the willingness of the companies surveyed to recommend foreign companies to invest in Germany appears relatively high at 43%. However, this should not obscure the fact that 32% seem rather neutral with a rating of "3". And a quarter of the companies (1: 8% and 2: 17%) would not recommend Germany as an investment location.

Willingness to recommend investing in Germany on a scale from 1="not recommended" to 5="highly recommended"

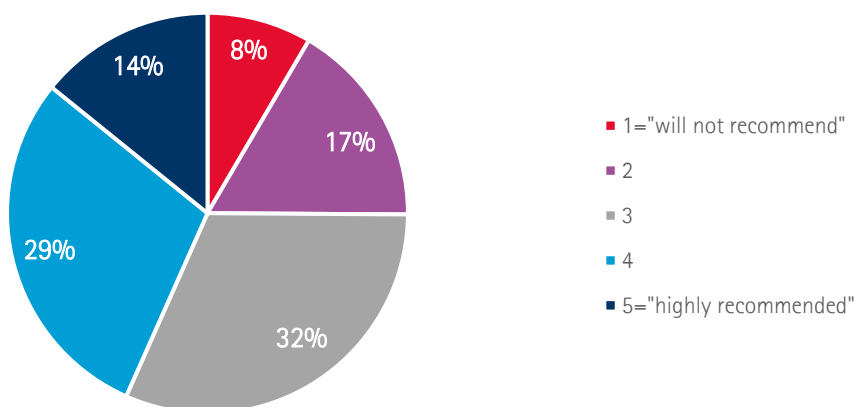


Figure 5: n=1255 company responses
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Homework for Germany: reducing bureaucracy, a welcoming culture for companies and political reliability

Reducing bureaucracy, a better welcoming culture for companies and foreign employees as well as reliable political decisions top the list of to-dos to (re)improve the image of the location.

Almost on a par with the reliable political decisions is the need not to make political decisions without further ado, but to consider their impact on companies and the business location.

Need for improvement in Germany

Number of company responses - 3 responses per company possible

Figures in per cent

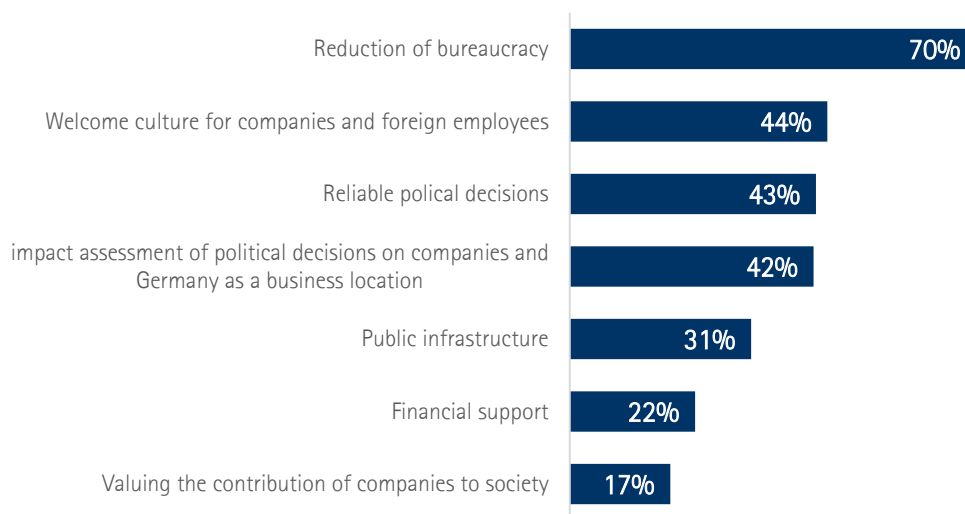


Figure 5: n=1261 company responses

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Methodology

The "AHK Spotlight on Germany as a Business Location" 2024 is based on a DIHK survey of the member companies of the German Chambers of Commerce Abroad, delegations and representative offices (AHKs). In autumn 2024, it collected feedback from around 1,250 German companies, branches and subsidiaries worldwide as well as companies with close ties to Germany. The survey was conducted from the end of August to mid-September 2024.

43 per cent of the responding companies come from the industrial sector, 6 per cent from the construction industry, 35 per cent from the service sector and a further 12 per cent are trading companies.

Smaller companies with fewer than 100 employees account for 50 per cent of responses. 27 per cent of companies employ between 100 and 1,000 employees. Large companies with more than 1,000 employees account for 23 per cent of respondents worldwide.

53 per cent are subsidiaries/branches of German companies, 33 per cent are local or (non-German) international companies without a branch in Germany and a further 14 per cent are local or (non-German) international companies with a branch in Germany.

29 per cent of the companies come from the euro zone, 6 per cent from Europe outside the EU, 6 per cent from Eastern and South-Eastern Europe outside the EU, including Turkey, 10 per cent from Africa and the Middle East, 17 per cent from South and Central America and 6 per cent from North America.

Questionnaire

1. From the perspective of companies in your host country: How would you assess the development of Germany's international image as a business location over the last five years?
 - Strongly improved
 - Improved
 - Constant
 - Declined
 - Strongly declined
2. How would you rate business friendliness in Germany on a scale from 1="bad" to 5="very good"?
3. How would you rate the innovative environment that leads to new products and services and secures future business opportunities? Again, on a scale from 1="poor" to 5="very good".
4. On a scale of 1="would not recommend" to 5="highly recommend", how likely is it that you would recommend a foreign company to invest in Germany?
5. Please tell us the 3 most important aspects that need to be improved in Germany
 - Reliable political decisions
 - Public infrastructure
 - Welcoming culture for companies and foreign employees
 - Reduction of bureaucracy
 - Financial support
 - Valuing the contribution of companies to society
 - Impact assessment of political decisions for companies and Germany as a business location