



More freedom for companies

IHK Company Barometer 2025

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Imprint

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German Chamber of Commerce and Industry (DIHK) | Berlin | Brussels

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Graphic: Sebastian Titze, DIHK

Status: February 2025

The main results

Competitiveness of Germany as a business location

For companies, Germany is only competitive to a limited extent. In many areas, competitiveness has suffered greatly in recent years. Particularly with regard to economic policy framework conditions and costs

- 89 per cent of companies believe in the **reliability of economic policy**,
- 87 per cent of companies on **bureaucracy and regulations** and
- 65 per cent in the quality of **administration**

a deterioration or significant deterioration compared to the last general election. In terms of the **cost of gas and electricity**, 82% rate the competitive position as lower than four years ago, while the figure for **labour costs** is as high as 84%

Priorities for the coming federal government

Companies see the most important priorities for the coming federal government in the

- **reduction in bureaucracy** (95 per cent), in the
- **acceleration of planning and approval procedures** (70 per cent) and a
- **Acceleration and digitalisation of administrative services** (69 per cent).

There is also an urgent need for relief, both in the

- **corporate taxes** (60 per cent) as well as in the
- **social security contributions** (63 per cent).

The **expansion of infrastructure**, both digital (58 per cent) and transport (56 per cent), should also be high on the agenda of the next federal government.

Positions of the companies on selected topics

- 81% of companies would like to see the German government do more to promote EU trade agreements.
- For 65% of companies, the current organisation of the energy transition has led to additional costs in operations and thus reduced their own competitiveness (in industry: 73%).
- For 64% of companies, a further increase in property taxes would be detrimental or even jeopardise their continued existence.

In order to secure prosperity and growth and to transform the economy, large-scale additional public investment will be necessary in the coming years:

- Two thirds of companies (67%) are of the opinion that financing should primarily be realised through savings in public budgets elsewhere.
- Companies are divided when it comes to the statement "Public budgets should be given considerably more room to manoeuvre in terms of borrowing": 37% largely agree with this statement. 41% largely disagree with the statement (22% are neutral).

Competitiveness of the location under pressure

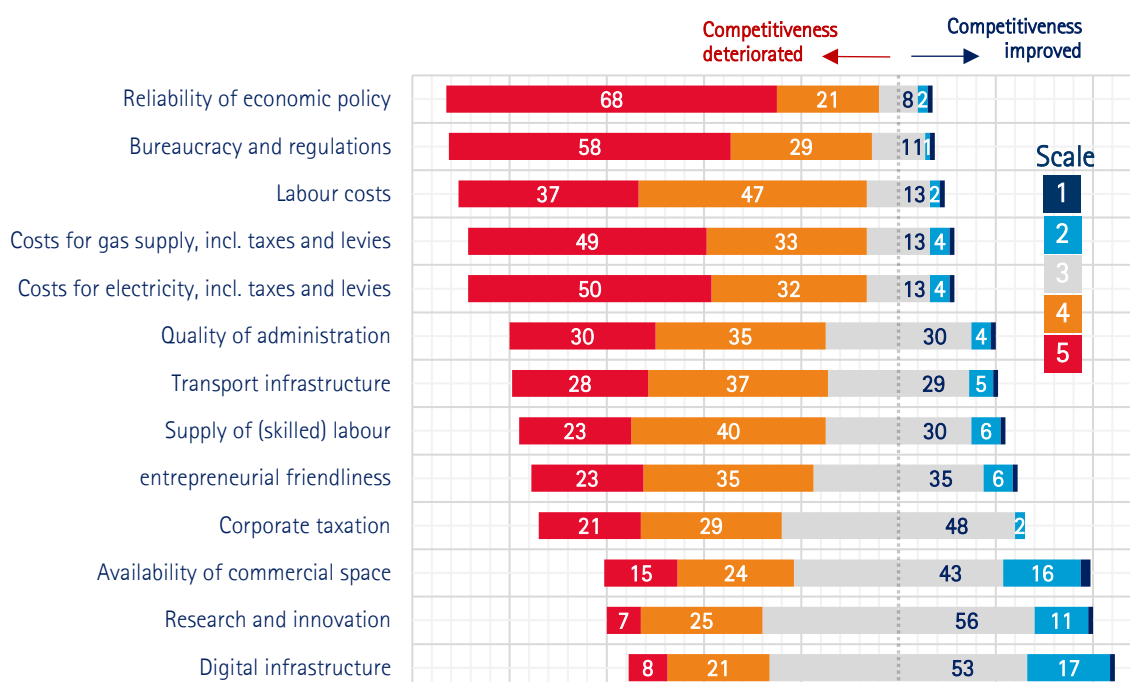
For companies, Germany is only competitive to a limited extent. In many areas, competitiveness has suffered greatly in recent years. For example, companies have diagnosed a significant deterioration in the reliability of economic policy, bureaucracy and the quality of administration. The economy is also under pressure in terms of costs: high labour and energy costs are slowing companies down.

A large majority of companies see a decline in competitiveness, particularly in the **reliability of economic policy**. For almost nine out of ten companies (89 per cent), competitiveness has deteriorated or even worsened considerably. Persistently high bureaucracy, energy and labour costs as well as the lack of tax reform are a burden on companies in Germany. This is hampering the transformation to a climate-neutral economy and is costing Germany growth, jobs and therefore tax revenue.

Companies have been concerned about **bureaucracy and regulations** for years. According to the companies, competitiveness in this area has declined significantly over the last four years. 87 per cent of companies see a deterioration, while only a dwindling minority of three per cent see an improvement. Given the burdens caused by bureaucracy, this is hardly surprising. The National Regulatory Control Council estimates the annual cost of bureaucracy in the economy alone at 67 billion euros. In the last legislative period, the Federal Government and the Bundestag may have reduced the burden on the economy by around three billion euros, but at the same time many new obligations have arisen that originate primarily in Brussels. For example, regulations such as sustainability reporting or the EU Supply Chain Directive are causing new costs that, in total, more than compensate for the current relief from the companies' point of view. Companies do not perceive a trend reversal towards a general reduction in bureaucracy. It is not even well documented, for example, what contribution the reporting and verification obligations actually make to the transformation towards a climate-neutral economy. What is certain, however, is that the requirements tie up a considerable amount of resources in companies that could be better utilised for innovation and investment.

How has the competitiveness of Germany as a business location changed in the following areas compared to the autumn of the coronavirus year 2021?

Scale from 1 to 5: 1 = competitiveness has improved a lot to 5 = competitiveness has deteriorated a lot, figures in per cent



Substantial wage increases, but also rising social security contributions, are causing **labour costs** to rise further. More than four out of five companies (82 per cent) see their competitiveness as worse than four years ago. Labour costs are increasingly becoming a problem for companies. In the [DIHK economic survey](#) at the beginning of the year, more than one in two companies (56%) cited labour costs as a business risk, more than ever before in the survey. Rising labour costs represent a hurdle in international competition, particularly in view of the weak productivity trend in Germany. In addition, they make it difficult for companies to hold on to the labour and skilled workers they urgently need when the economy picks up again, even when orders are lacking. Unemployed people are also less willing to hire, which makes it more difficult to reduce unemployment.

Although electricity exchange prices fell slightly last year, electricity and gas costs for companies remain at a very high level. Around four out of five (82 per cent) companies estimate the competitiveness of both **electricity costs, including taxes and levies**, and **gas supply costs, including taxes and levies**, to be lower than four years ago. Energy prices in Germany are among the highest in the world: gas prices are up to seven times higher and electricity prices up to five times higher than in other industrialised countries. In terms of energy costs, this means that Germany as a business location is neither competitive in Europe nor globally.

Companies also feel that **the quality of administration** has become less competitive. Almost two thirds rate the situation at the business location as worse (65 per cent). Only five per cent of companies see an improvement here since 2021. One reason for this is, for example, that the federal, state and local governments have struggled to implement the Online Access Act. This had obliged them to provide digital access to all administrative services by the end of 2022 - a goal that has not even come close to being achieved. Companies are correspondingly disappointed.

Companies rate the **transport infrastructure** significantly worse than four years ago. For a total of 37 per cent of companies, the competitiveness of the location in terms of transport infrastructure has declined, and for 28 per cent it has even deteriorated significantly. This clearly shows that the measures taken by politicians are far from sufficient and that the transport infrastructure continues to deteriorate. Bridge closures, the collapse of the Carola Bridge in Dresden, bottlenecks on roads and railways and outdated technology on railways and waterways show the urgent need for action. This applies equally to federal, state and local authority transport routes.

The ongoing economic downturn is having an impact on the labour market. Nevertheless, the shortage of skilled labour remains a significant problem for many companies. 63% of companies see a deterioration in their competitive position with regard to the **supply of (skilled) labour**. Rising unemployment combined with continuing high shortages of skilled labour represent a major challenge. Against the backdrop of demographic trends - around 400,000 more people leave the labour market each year for reasons of age than young people join - securing skilled workers will continue to be of great importance in the future.

According to a clear majority of 58 per cent of companies, **entrepreneurial start-up friendliness** has deteriorated over the past four years. This is also reflected in the fact that fewer and fewer people are contacting the CCIs who want to become involved in entrepreneurship - be it by setting up a new business or through company succession. The number of companies being advised by the IHKs about succession now exceeds the number of interested parties by a factor of three. The decline in interest in start-ups cannot all be explained by demographic changes. In addition to the economic situation, there are numerous structural obstacles to entrepreneurship, such as the high level of regulation and high costs, for example for energy and skilled labour, which, in addition to uncertainties about the business environment, inhibit the willingness to engage in entrepreneurial activity (DIHK reports on [business start-ups and company succession 2024](#)).

In an OECD comparison, Germany is one of the countries with the highest **corporate taxation**. Every second company rates its competitiveness in terms of corporate taxation as worse than it was four years ago. While many competitor countries have reduced the tax burden for companies in recent years, it has risen in Germany due to increases in trade tax rates by many municipalities, in many places even to over 30 per cent. As a result, German companies are increasingly falling behind internationally, as the OECD average is around 23 per cent and the EU average is only around 21 per cent.

Many areas are experiencing a strong influx with the result that there is no more building land for residential and commercial use. Competition for space and the encroachment of residential development on commercial and industrial operations is increasing and leading to permanent restrictions on trade and industry. As a result, almost two in

five companies (39 per cent) rate the competitiveness of the **availability of commercial space** as worse or significantly worse than four years ago. Only just under one in five see an improvement. There is a need for action, because without suitable commercial space, the establishment and growth of companies is made considerably more difficult. Structural guidelines are needed to give the economy long-term location prospects. Land must be made available for residential, commercial and industrial use in line with demand in order to ensure sustainable land development. Regional urban and settlement strategies must be developed in order to secure the supply of commercial space for the economy. Concepts for metropolitan regions and regional centres together with their interlinking areas and the accessibility of small towns in rural areas are suitable approaches for this. Intelligent, integrated and networked urban development can offer people and companies attractive locations in the future.

In the area of **research and innovation**, too, companies that see a decline in competitiveness outnumber those that see an improvement (twelve per cent) by just under a third (32 per cent). According to the latest DIHK Innovation Report, the German economy's willingness to innovate has fallen to its lowest level since the first survey in 2008. In addition, companies increasingly want to pursue R&D activities abroad. This does not bode well for Germany as a centre of innovation. It is true that the environment for innovation has improved in that companies have been granted tax benefits to support their research and development projects since 2020. However, many companies are still unaware of the research allowance or perceive it as too bureaucratic.

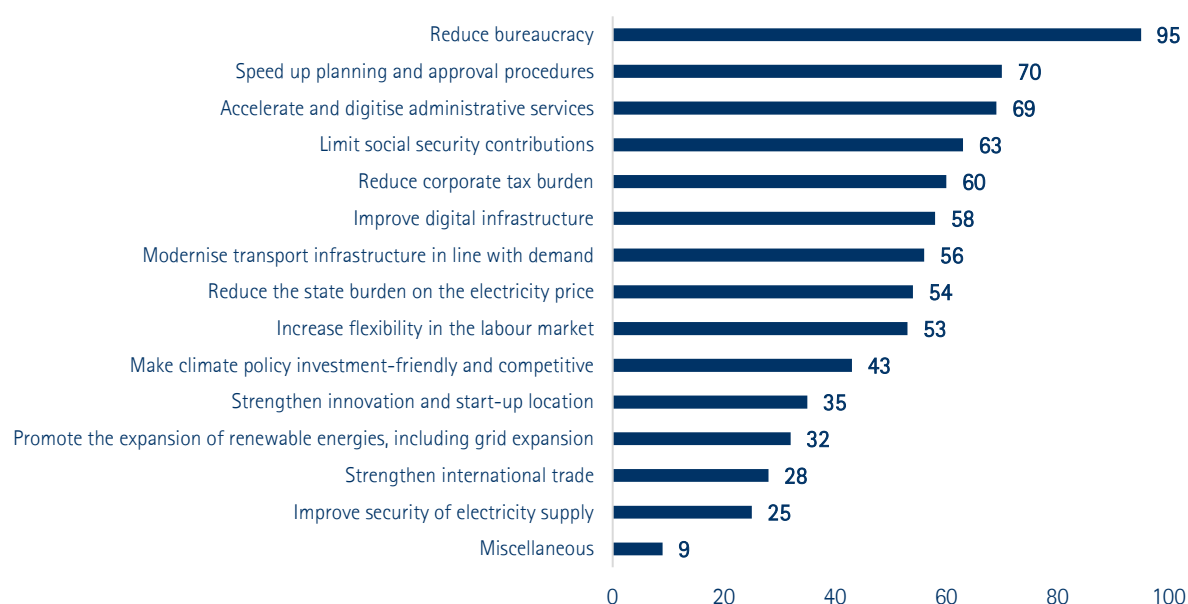
The competitiveness of the **digital infrastructure (e.g. broadband and mobile communications)** has largely declined according to companies. While 18 per cent of respondents see an improvement, 29 per cent are convinced of the opposite. With increasing digitalisation, companies' demands on available bandwidth are rising. Network expansion can hardly keep pace with this. As a rule, network expansion is driven by private companies in a competitive environment. It is made more difficult by high construction costs, a shortage of skilled labour and slow approval procedures from the public sector.

Priorities for the new federal government: reducing bureaucracy and cutting costs

Companies see reducing bureaucracy and speeding up administration as the most important priorities for the next federal government. There is also an urgent need for relief, both in terms of corporate taxes and social security contributions. The expansion of digital and physical infrastructure should also be high on the agenda of the next federal government.

What should the newly elected federal government focus on from a business perspective?

Multiple answers possible, figures in per cent



Almost all companies see the **reduction of bureaucracy** as a priority (95 per cent) for the new federal government. The economic policy guideline should be "simpler, faster, more digital". With a systematic approach, the federal government should be able to start reducing time-consuming and costly bureaucracy in the first few months and thus make Germany more attractive as a business location in the long term. Annual bureaucracy reduction laws and mandatory practice checks in all departments would be effective means of reducing bureaucracy noticeably step by step. The new federal government should continue along the path it has embarked upon to reduce bureaucracy and take up the many proposals from the business community that have not yet been implemented. In order to effectively curb the increase in new bureaucratic obligations, the new federal government should reform the "one-in-one-out" regulation designed as a brake on bureaucracy. Up to now, EU regulations that need to be implemented have been excluded from this - and the "one-off expense" of introducing a regulation, for example, has also been left out.

For seven out of ten companies, **speeding up planning and approval procedures is one of the most pressing political tasks**. The approval of investment and infrastructure projects in Germany often takes years or even decades. This is one of the reasons why the urgently needed refurbishment and expansion of infrastructure is only making slow progress, and investments in industrial facilities or commercial and residential construction are stalling. The German Pact for Acceleration has been in place since November 2023. So far, however, procedures have mostly only been accelerated selectively for certain technologies such as LNG terminals, wind turbines or hydrogen electrolysers. Shorter and binding deadlines for all parties involved, key date regulations on the relevant factual and legal situation and simplified standards should therefore be introduced in all specialised laws for all approval procedures.

At 69%, companies ranked **the acceleration and digitalisation of administrative services** in third place among the priority measures. Significant costs already arise from the fact that companies have to collect, document and process

(often the same) data for various administrative processes. Acceleration effects can be realised above all if the entire process chain in companies and administrations is taken into account digitalisation – instead of just online access as with the Online Access Act. In addition to bundled access to the administration, companies need uniform standards and interfaces so that data can be exchanged automatically between companies and administrations. A common technical infrastructure for the administration of all federal levels, which is structured like platforms in the private sector, harbours great potential for efficiency. The legal, technical and organisational prerequisites for this must be created. Processes must also be made digital-capable: A large part of the bureaucratic burden could be reduced by considering digital implementation in administrations and companies from the outset when formulating regulations. The digital check of laws must therefore develop clout – and also be applied to existing legal norms.

Almost two thirds of companies (63 per cent) see **limiting social security contributions** as a priority for the upcoming federal government. For labour-intensive sectors such as the hospitality industry, where personnel costs are among the highest cost items, the issue is even at the top of the agenda for 86 per cent of companies. Social security contributions and therefore labour costs are an important location factor. They should not rise any further, but rather be geared towards the upper limit of 40 per cent overall. The financing of statutory social insurance by companies is heavily influenced by demographic change. The pressure on contribution rates is increasing due to the growing number of beneficiaries. This places a burden on companies and increases labour costs. Sustainable social insurance therefore includes reforms to ease the burden on companies. For example, the retirement age in statutory pension insurance should be dynamically linked to the development of life expectancy. This limits the burden on contributors and companies. In contrast, incentives for early retirement and thus avoidable burdens on pension insurance should be abolished. This includes the full pension for particularly long-term insured persons after 45 years of insurance. No additional burdens should be introduced for companies and contributors, as would be the case if the pension level were fixed.

A **reduction in the tax burden on companies** would be particularly important for three out of five companies. In a comparison of OECD countries and EU member states, Germany has an above-average tax burden for companies (OECD average: 23 per cent, EU average 21 per cent), in some cases exceeding 30 per cent. The tax rates on undistributed profits should therefore be reduced to 25 per cent. A first step would be to abolish the remaining solidarity surcharge, which is now mainly paid by companies. An improvement in the tax framework would also mean faster tax depreciation of investments. This would create an additional investment stimulus for companies. As an immediate measure, declining balance amortisation could be reintroduced – more at the beginning, less at the end. This would also send an important signal to companies in Germany. In the long term, depreciation should not only be accelerated, but also simplified. For example, companies have to categorise every investment in the so-called depreciation tables (over 100 different assets) in order to determine the correct depreciation period. A simpler approach would be much less bureaucratic here: small investments of up to 5,000 euros should be immediately depreciable (low-value assets). Higher investments are categorised and depreciated in two groups of no more than three.

Improving the digital infrastructure is also an area that 58 per cent of companies believe urgently needs to be addressed. Sluggish authorisation procedures also play an inglorious role here. Approval procedures are still based on outdated standards, although there are already generally recognised industry standards that aim to reduce the effort and costs of fibre optic expansion. The authorisation authorities should be convinced of these modern methods. The law to accelerate network expansion was not passed in the last legislative period because no consensus could be reached on the economic importance of fibre optic and mobile networks. The potential for accelerating network expansion should be explored promptly and the necessary legal adjustments made. A reliable concept for the migration from copper to fibre optic networks is essential.

For 56% of companies, **modernising the transport infrastructure to meet demand is** a priority. Shortening planning and authorisation procedures would also be very important in this context. However, this alone is not enough. In order to quickly modernise dilapidated transport networks and eliminate bottlenecks, it is essential to have sufficient funds on a permanent basis. Only then can the capacities in the planning offices and in the construction industry be ramped up. At the same time, this would mean a switch from "building on a shoestring" to a long-term expansion and maintenance strategy.

According to 54 per cent of companies, a new federal government should urgently reduce **the state burden on electricity prices**. In industry, the figure is almost two thirds (63 per cent). The electricity tax for the manufacturing industry has been reduced from 2.05 cents/kWh to the European minimum of 0.05 cents by the end of 2025. The remaining sectors, such as trade and services, have so far been excluded from this. The new German government should

permanently reduce the electricity tax for all companies to the European minimum. Grid fees could be significantly reduced through a state subsidy. However, without a significant reduction in energy costs, the migration of production facilities abroad cannot be stopped. More favourable electricity prices also offer stronger incentives to switch from fossil fuels to renewable energy sources in order to successfully implement corporate climate protection concepts. Companies do not lack the will and sustainable concepts for their future energy supply; it is primarily the high costs and detailed regulations that restrict the scope for investment. Instead of detailed legal requirements, technological innovations should be incentivised.

More than one in two companies (53%) see increasing **flexibility in the labour market** as an urgent task for the new federal government. In labour-intensive sectors such as the hospitality industry, almost three quarters of all companies (74 percent) even cite the issue as a priority. This includes being able to organise working hours more flexibly in order to react better to fluctuations in orders and capacity utilisation. More flexibility would also give employees the opportunity to achieve a better work-life balance. The statutory maximum daily working hours should be replaced by a maximum weekly working time that allows a more flexible distribution of working hours. The importance of mobile working has increased significantly in recent years. For many companies, this form of employment is a measure to increase their attractiveness as an employer when recruiting skilled labour. It is important that it is organised individually at company level and remains free of additional regulation, new legal requirements and bureaucratic burdens. In order to get the unemployed into work more effectively, the incentives to take up work in the citizen's allowance and the principle of support and demand should also be strengthened

For 43 per cent of companies, there is an urgent need to make **climate policy investment-friendly and competitive**. The European Emissions Trading System has proven its worth as a key instrument of European climate protection policy. However, climate protection can only succeed through joint global efforts. In order to create fair competitive conditions for companies, effective and unbureaucratic carbon leakage protection is necessary alongside sufficient climate-neutral alternatives for the green transformation of industry. Climate protection policy loses its effectiveness if it leads to the relocation of value chains abroad. The CO2 border adjustment mechanism (CBAM) that has just been launched is currently more harm than good from a business perspective. A border tax on imports to protect domestic production could prove to be a mistake and not solve the challenge of rising CO2 pollution in Europe. It also does not help the export economy in any way and leaves companies on their own in global competition. Without a significant reduction in energy costs in Germany and Europe, the migration of production sites abroad cannot be stopped. This should become part of climate policy and complement consistent and reliable CO2 taxation.

For a good third of companies, **strengthening the location for innovation and start-ups** is a priority (35 per cent). More than ever, companies need the freedom to develop new products and solutions. This includes reliable, innovation-friendly framework conditions in Germany with less bureaucracy and the opportunity to try out new things in real laboratories as well as predictable funding for research and innovation, for example in technology-open project funding. As a result, findings from science also find their way into the SME sector. With the Central Innovation Programme for SMEs (ZIM), the Federal Ministry of Economics has an important innovation accelerator that should also be well-funded. Innovations should also be freed from unnecessary bureaucracy. The bureaucratic framework conditions are regularly a top obstacle in DIHK surveys. More than two thirds of companies complain that bureaucracy restricts their innovations. Companies urgently need a practical check for funding programmes in which politicians, administration and companies work together to identify bureaucratic obstacles and find solutions. This is an important building block to enable companies to innovate their way out of the crisis as soon as possible. And finally, real-world laboratories help companies to drive innovation in a relaxed regulatory framework - and thus create new products, processes or services. New inventions or products can be tested in reality that would currently still be rejected by the authorisation authorities.

The views of founders are reflected in surveys and counselling sessions at the IHKs. Faster and simpler regulations for applications and authorisations are a priority. For many founders, more legal certainty with regard to bogus self-employment and a simpler status determination procedure are important. According to the founders, better access to public funding, lower energy prices and greater understanding of entrepreneurship in society are also high on the to-do list for politicians (DIHK Report on [Business Start-ups 2024](#)).

In view of growing geopolitical tensions and increasing protectionism, the German government should urgently **strengthen international trade**. This is the opinion of 42 per cent of companies that are also active abroad. In relation to all companies, the figure is 28 per cent. Hardly any other country in the world is as dependent on foreign trade as

Germany. Companies therefore need an economically sovereign Europe that stands up for open international markets and practicable rules for trade and investment and keeps its own market open. The new German government should advocate a united stance of the EU member states towards the USA and show itself willing to engage in dialogue with the USA. It is essential to avoid escalating tariffs, as this harms companies and consumers on both sides. At the same time, it is important that the EU seeks a handshake with other trading partners and establishes stable trade relations, as companies need planning security. A strategic trade policy should be promoted together with the EU Commission. The agreements with Mercosur and Mexico should be ratified as soon as possible and negotiations with Indonesia and India should be finalised quickly. Further agreements with countries in South East Asia, the Arab region and Africa as well as strategic partnerships and raw materials agreements also offer significant business opportunities for many companies. At the same time, Germany should focus its own economic policy on making companies more competitive.

The **expansion of renewable energies, including grid expansion**, is a priority for almost a third of companies (32 per cent). High subsidy costs under the Renewable Energy Sources Act (EEG) of almost 20 billion euros, plant shutdowns due to a lack of grid infrastructure and the low availability of green electricity certificates from Germany for the economy are increasingly calling the acceptance of the energy transition into question. Certainly, the relatively low priority among companies shows that the expansion of renewables in Germany has progressed quite far. However, companies are also realising that the expansion of renewables must go hand in hand with the construction of the necessary infrastructure, otherwise it will not reach the locations. The expansion of the transmission and distribution grids is just as important as strengthening the European internal market. To this end, cross-border interconnection capacities with neighbouring countries must be expanded. The reality is that companies are currently waiting far too long for a grid connection for heat pumps, electromobility, storage or PV systems.

Contrary to the discussion about new gas-fired power plants to secure renewable energies, only a quarter of companies see the **security of electricity supply** as a pressing problem in Germany. However, industry in particular is experiencing increasing voltage fluctuations in the supply grid. With the increasing electrification of processes and the growing sensitivity of modern machines, particularly in industry, the burden of power interruptions is growing. At the same time, the growing proportion of weather-dependent renewable energies is increasing the load on the grids and thus the risk of power fluctuations and outages. From a business perspective, companies, grid operators and the Federal Network Agency should work together to find good solutions for voltage fluctuations at a fundamentally high supply level in Germany.

Viewpoints of the companies on selected topics

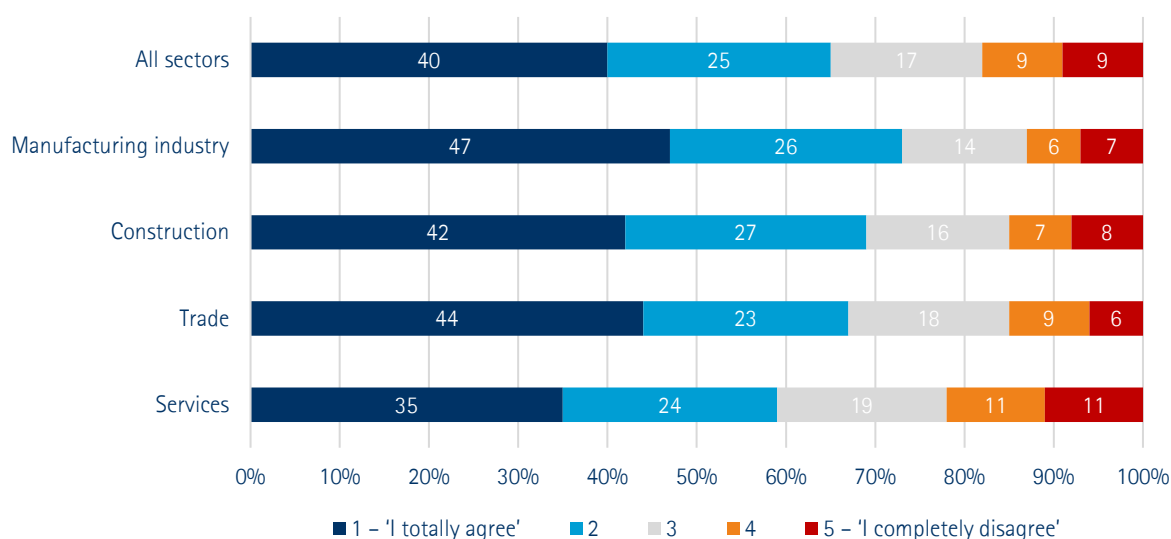
In the final part of the survey, companies were asked whether they agree or disagree with selected economic policy positions. The topics include the energy transition, trade policy, capital taxes and the financing of public investments:

Current design of the energy transition reduces competitiveness

The vast majority of companies agree that the **current organisation of the energy transition** is damaging their competitiveness. Three quarters of industrial companies and two thirds of all companies believe that additional costs are being caused by energy policy.

"The current organisation of the energy transition leads to additional costs in operations and reduces the competitiveness of my company"

Scale 1-5; 1=totally agree; 5=completely disagree, figures in per cent



This result is an impressive confirmation of the IHK Energy Transition Barometer from summer 2024 and reinforces its central message: "A rethink is necessary". The energy transition can and must be made more cost-efficient. In concrete terms, this means

Reduce electricity tax and grid fees: Broad-based relief for the economy is possible through a permanent reduction in electricity tax to the European minimum, a subsidy for grid fees and the transfer of other electricity price components to the federal budget. This will make electricity cheaper, which will incentivise investment, boost the economy and benefit the climate.

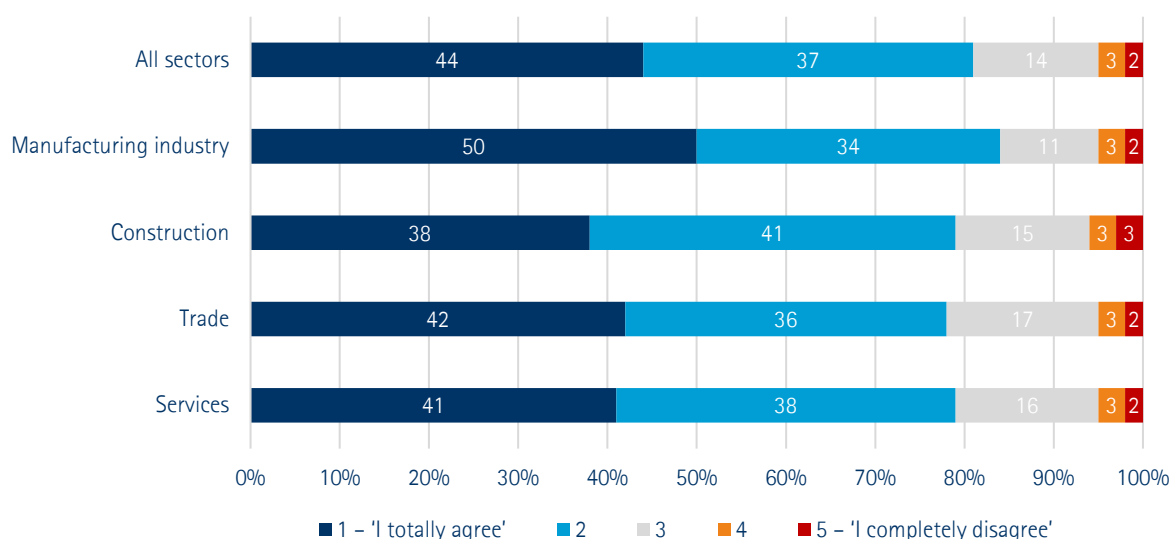
The expansion of renewables must go hand in hand with the construction of the necessary infrastructure. At the same time, the principle must apply that power plant capacities are only switched off when other weather-independent capacities are actually available.

Maintaining economic openness - strengthening international cooperation

Four out of five companies (81 per cent) are in favour of the German government stepping up its commitment to more trade agreements, with 44 per cent even fully agreeing. The result differs only slightly between economic sectors. Even more than three quarters of companies that are not active abroad at all agree with the statement (strongly agree: 39 per cent; agree: 38 per cent). A comparison with the last Business Barometer for the 2021 federal election is also remarkable: a similarly worded question was agreed with by a total of 53 per cent (statement in the 2021 Business Barometer: "Trade barriers have increased once again for my company in the wake of the coronavirus pandemic. The German government should work together with the EU against protectionism and in favour of open markets worldwide - even in a politically difficult constellation."). This shows that companies are currently acutely aware of how the entire economy is suffering from protectionism or would benefit from open markets. No other advanced economy is as integrated into global trade as Germany. Germany's trade volume corresponds to almost 90 per cent of its gross domestic product. Germany's prosperity is largely based on the fact that companies in this country make good use of the advantages of the international division of labour. One in four jobs in Germany is directly or indirectly linked to the export business, and in industry this figure is as high as one in two. German companies thrive on global competition. At the same time, German consumers benefit from the wider and more favourable range of goods made possible by international trade. Against the backdrop of increasing protectionism, heightened geopolitical risks and reduced competitiveness, a smart EU trade policy and an ambitious EU competition agenda are perhaps more necessary than ever.

"In view of geopolitical challenges and increasing trade barriers worldwide, the German government should step up its efforts in favour of EU trade agreements to ease the burden on companies."

Scale 1-5; 1=totally agree; 5=completely disagree, figures in per cent



Trade agreements are a tool for arming ourselves against protectionist tendencies. The conclusion of the negotiations on the EU-Mercosur agreement is a milestone for the German economy. The agreement must now enter into force quickly so that companies can benefit from market liberalisation as soon as possible. However, in order to further diversify their supply chains, companies also urgently need trade agreements such as those with India, Malaysia or Indonesia. The threat of protectionist measures by the USA poses enormous challenges for German companies. The EU should defend its trade policy interests vis-à-vis the USA even more resolutely and find a balance between open markets and fair market access. Retaliatory measures between trading partners must not be allowed to escalate. Ultimately, this also threatens the stability of global supply chains - and therefore the success of many German companies.

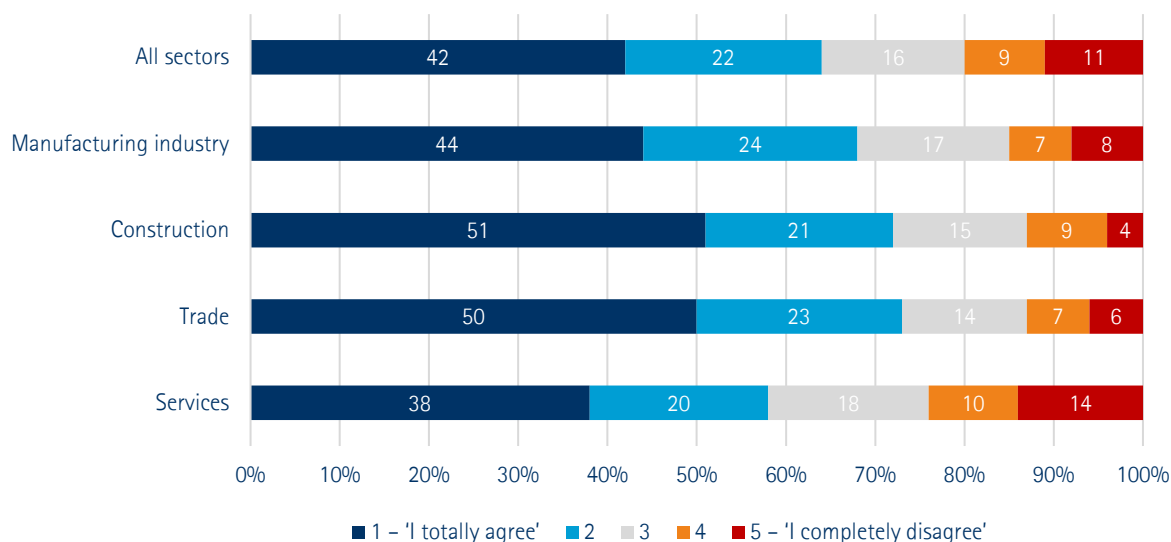
The global economy is becoming increasingly fragmented. The World Trade Organisation, the guardian of multilateral trade rules, has a special role to play here. Its task is to stabilise the global trading system and ensure fair trade. However, it urgently needs to be reformed in order to fulfil this role.

Do not restrict companies' scope for investment by taxing the substance

A sustainable financial and tax policy favours long-term growth. In the view of the vast majority of companies, a tax on corporate assets that weakens companies - e.g. through a revitalised wealth tax - does not fit in with such a policy. For almost two thirds of companies, the introduction of capital taxes would cause damage or even jeopardise their existence. Higher or new taxes on the assets of companies would further restrict the investment opportunities of companies, especially those with already limited equity. In the long term, the international competitiveness of local companies would suffer and securing jobs would become more difficult.

"A further increase in property taxes (e.g. inheritance tax, wealth tax, property tax) would be very damaging to my company and possibly even jeopardise it."

Scale 1-5; 1=totally agree; 5=completely disagree, figures in per cent



Inheritance and gift tax was reformed almost ten years ago. In essence, it is still correct that the transfer of business-critical assets is exempt. However, conditions that are not easy to fulfil for many family businesses were attached to the exemption, e.g. the retention of payroll over a longer period of time. In addition, significant tightening has been introduced. For reasons of legal certainty alone, the rules for business succession should not be tightened again.

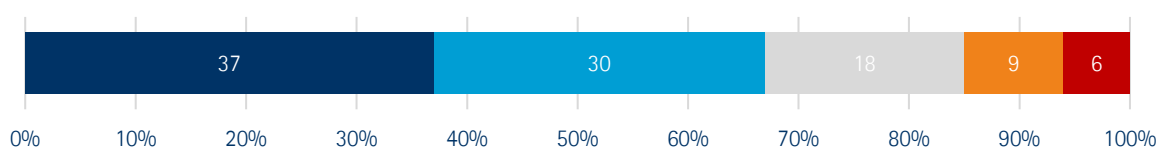
Ensuring priority for investments in public budgets

In addition to stable public finances, a forward-looking economic policy requires a sustainable growth strategy, which primarily includes investment in infrastructure, education and research. It is true that public investment was increased in the legislative period now coming to an end. However, public budgets should place an even greater focus on this expenditure in the future so that the economic framework conditions can also be improved in the long term. It is important that public investment projects are implemented much faster and with less bureaucracy at all levels of government.

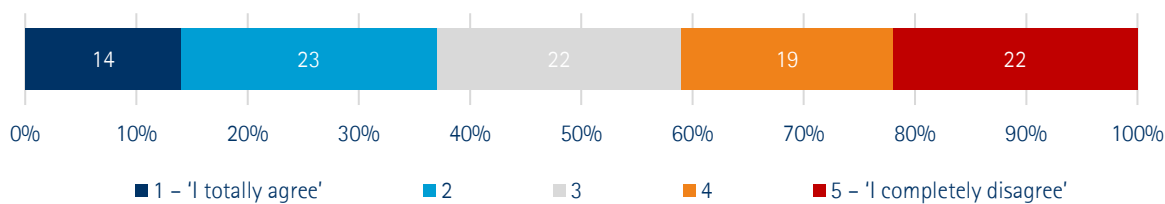
In order to secure prosperity and growth and to transform the economy, large-scale additional public investment will be necessary in the coming years:

"Financing should primarily be achieved through savings elsewhere in the public budget be realised."

Scale 1-5; 1=totally agree; 5=completely disagree, figures in per cent



"To finance this, the public sector's scope for borrowing should be significantly expanded".



Rising interest and repayment burdens on public budgets reduce the state's investment opportunities in the future - and thus the improvement of economic conditions for companies. Prioritising public spending for more growth is therefore essential. Two thirds of companies are in favour of public investment to secure prosperity and growth being financed primarily through savings elsewhere in the budget. When it comes to the question of expanding the scope for borrowing to finance public investment, the assessment of companies is less clear. While 37 per cent of companies are more in favour of increasing the scope for borrowing in public budgets, 41 per cent are more against it.

The state has enormous resources at its disposal to finance its tasks. In 2008, general government tax revenues totalled around 560 billion euros. In 2025, all levels of government will have more than 1,000 billion euros at their disposal. The debt brake caps federal borrowing at 0.35 per cent of GDP. In 2024, this was 14.4 billion euros (according to preliminary calculations by the BMF). In addition depending on the economic situation, federal borrowing is also possible with the debt brake. In 2024, this amounted to an additional 20.4 billion euros. In addition, there is an investment budget for promoting the transformation with the special fund "Climate and Transformation Fund" (KTF), which has its own income of almost 20 billion euros every year - and rising - from CO2 certificate trading and the CO2 tax. The higher defence spending required as a result of the "turnaround" will also be covered by a credit-financed special fund "Bundeswehr" until 2027. Any new special fund that finances its expenditure exclusively or predominantly with borrowing can lead to higher tax burdens for companies in the future because interest has to be paid and the loans have to be repaid. Above all, modern institutions and well-functioning administrations are needed in order to utilise the available financial resources effectively and efficiently.

Statistical appendix

From your company's perspective: How has the competitiveness of Germany as a business location changed in the following areas compared to the autumn of the coronavirus year 2021 (answers in alphabetical order)

(Average on a scale from 1 to 5: 1 = competitiveness has improved a lot to 5 = competitiveness has deteriorated a lot; figures in per cent)

| | 1 | 2 | 3 | 4 | 5 |
|---|---|----|----|----|----|
| Labour costs | 1 | 2 | 13 | 47 | 37 |
| Supply of (skilled) labour | 1 | 6 | 30 | 40 | 23 |
| Bureaucracy and regulations | 1 | 1 | 11 | 29 | 58 |
| Digital infrastructure | 1 | 17 | 53 | 21 | 8 |
| Research and innovation | 1 | 11 | 56 | 25 | 7 |
| Entrepreneurial friendliness | 1 | 6 | 35 | 35 | 23 |
| Costs for gas supply, incl. taxes and levies | 1 | 4 | 13 | 33 | 49 |
| Costs for electricity, incl. taxes and levies | 1 | 4 | 13 | 32 | 50 |
| Quality of administration | 1 | 4 | 30 | 35 | 30 |
| Corporate taxation | 0 | 2 | 48 | 29 | 21 |
| Transport infrastructure | 1 | 5 | 29 | 37 | 28 |
| Reliability of economic policy | 1 | 2 | 8 | 21 | 68 |
| Availability of commercial space | 2 | 16 | 43 | 24 | 15 |

In your company's view, what should the newly elected federal government *primarily* tackle?

(in per cent, multiple answers possible)

| Industry | All sectors | Manufacturing industry | Construction | Trade | Services |
|--|-------------|------------------------|--------------|-------|----------|
| Drive forward the expansion of renewable energies including grid expansion | 32 | 32 | 27 | 29 | 32 |
| Reduce bureaucracy | 95 | 95 | 97 | 96 | 94 |
| Improve digital infrastructure | 58 | 52 | 53 | 53 | 63 |
| Increase flexibility in the labour market | 53 | 56 | 53 | 53 | 51 |
| Strengthen innovation and start-up location | 35 | 30 | 31 | 28 | 39 |
| Strengthening international trade | 28 | 37 | 17 | 26 | 25 |
| Making climate policy investment-friendly and competitive | 43 | 48 | 45 | 39 | 42 |
| Speed up planning and authorisation procedures | 70 | 70 | 81 | 68 | 70 |
| Limit social security contributions | 63 | 64 | 65 | 68 | 61 |
| Reduce the state burden on electricity prices | 54 | 63 | 53 | 56 | 50 |
| Reducing the tax burden on companies | 60 | 62 | 63 | 70 | 56 |
| Modernising transport infrastructure in line with demand | 56 | 51 | 54 | 55 | 58 |
| Accelerate and digitalise administrative services | 69 | 63 | 74 | 65 | 72 |
| Improving security of supply for electricity | 25 | 27 | 24 | 24 | 24 |
| Miscellaneous | 9 | 9 | 8 | 9 | 9 |

How do you rate the following statements from your company's perspective?

(Scale 1-5; 1=totally agree; 5=completely disagree, figures in per cent)

"The current organisation of the **energy transition** leads to additional costs in operations and reduces the competitiveness of my company."

| Industry | All sectors | Manufacturing industry | Construction | Trade | Services |
|-----------------------------|-------------|------------------------|--------------|-------|----------|
| 1 - " totally agree" | 40 | 47 | 43 | 42 | 35 |
| 2 | 24 | 26 | 25 | 23 | 24 |
| 3 | 18 | 13 | 16 | 19 | 19 |
| 4 | 9 | 7 | 7 | 9 | 11 |
| 5 - " completely disagree " | 9 | 7 | 9 | 7 | 11 |
| Cut | 2,2 | 2,0 | 2,1 | 2,2 | 2,4 |

"In view of geopolitical challenges and increasing trade barriers worldwide, the German government should step up its efforts in favour of EU **trade agreements** to ease the burden on companies."

| Industry | All sectors | Manufacturing industry | Construction | Trade | Services |
|-----------------------------|-------------|------------------------|--------------|-------|----------|
| 1 - " totally agree" | 44 | 50 | 38 | 42 | 41 |
| 2 | 37 | 34 | 41 | 36 | 38 |
| 3 | 14 | 11 | 15 | 17 | 16 |
| 4 | 3 | 3 | 3 | 3 | 3 |
| 5 - " completely disagree " | 2 | 2 | 3 | 2 | 2 |
| Cut | 1,8 | 1,7 | 1,9 | 1,9 | 1,9 |

"A further **increase in property taxes** (e.g. inheritance tax, wealth tax, property tax) would be very damaging to my company and possibly even jeopardise it."

| Industry | All sectors | Manufacturing industry | Construction | Trade | Services |
|-----------------------------|-------------|------------------------|--------------|-------|----------|
| 1 - " totally agree" | 42 | 44 | 51 | 50 | 38 |
| 2 | 22 | 24 | 21 | 23 | 20 |
| 3 | 16 | 17 | 15 | 14 | 18 |
| 4 | 9 | 7 | 9 | 7 | 10 |
| 5 - " completely disagree " | 11 | 8 | 4 | 6 | 14 |
| Cut | 2,2 | 2,1 | 2,0 | 2,0 | 2,4 |

In order to secure prosperity and growth and to transform the economy, **large-scale additional public investment** will be necessary in the coming years:

"Funding should primarily be realised through savings elsewhere in the public budget."

| Industry | All sectors | Manufacturing industry | Construction | Trade | Services |
|----------------------------|-------------|------------------------|--------------|-------|----------|
| 1 - "totally agree" | 37 | 39 | 38 | 38 | 36 |
| 2 | 30 | 33 | 27 | 32 | 28 |
| 3 | 18 | 16 | 21 | 19 | 18 |
| 4 | 9 | 8 | 10 | 7 | 10 |
| 5 - "completely disagree " | 6 | 4 | 4 | 4 | 8 |
| Cut | 2,2 | 2,1 | 2,2 | 2,1 | 2,2 |

"To finance this, the public sector's scope for borrowing should be significantly expanded."

| Industry | All sectors | Manufacturing industry | Construction | Trade | Services |
|----------------------------|-------------|------------------------|--------------|-------|----------|
| 1 - "totally agree" | 14 | 11 | 13 | 11 | 16 |
| 2 | 23 | 24 | 26 | 19 | 24 |
| 3 | 22 | 20 | 24 | 26 | 22 |
| 4 | 19 | 22 | 16 | 21 | 17 |
| 5 - "completely disagree " | 22 | 23 | 21 | 23 | 21 |
| Cut | 3,1 | 3,2 | 3,0 | 3,3 | 3,1 |

Questionnaire

1. From your company's perspective: How has the competitiveness of Germany as a business location changed in the following areas compared to the autumn of the coronavirus year 2021 (answers in alphabetical order)

(On a scale from 1 to 5: 1 = competitiveness has improved a lot to 5 = competitiveness has deteriorated a lot; no answer)

- Labour costs
- Labour and skilled labour supply
- Bureaucracy and requirements
- Digital infrastructure (e.g. broadband and mobile communications)
- Research and innovation
- Entrepreneurial friendliness
- Costs for gas supply, incl. taxes and levies
- Costs for electricity, incl. taxes and levies
- Quality of administration
- Corporate taxation
- Transport infrastructure
- Reliability of economic policy
- Availability of commercial space

2. In your company's view, what should the newly elected federal government *primarily* tackle? (Multiple answers possible; answers in alphabetical order)

- Drive forward the expansion of renewable energies including grid expansion
- Reduce bureaucracy
- Improve digital infrastructure
- Increase flexibility in the labour market
- Strengthen innovation and start-up location
- Strengthening international trade
- Making climate policy investment-proof and competitive
- Speed up planning and authorisation procedures
- Limit social security contributions
- Reduce the state burden on electricity prices
- Reducing the tax burden on companies
- Modernising transport infrastructure in line with demand
- Accelerate and digitalise administrative services
- Improving security of supply for electricity
- Other (free text field)

3. How do you rate the following statements from your company's perspective?

(Scale 1-5; 1=agree strongly; 5=disagree strongly; no response)

- In order to secure prosperity and growth and to transform the economy, **large-scale additional public investment** will be necessary in the coming years:
 - a. Financing should primarily be realised through savings elsewhere in the public budget.
 - b. To finance this, the public sector's scope for borrowing was to be significantly expanded.
- "The current organisation of the **energy transition** leads to additional costs in operations and reduces the competitiveness of my company."
- "In view of geopolitical challenges and increasing trade barriers worldwide, the German government should step up its efforts in favour of EU **trade agreements** to ease the burden on companies."
- "A further **increase in property taxes** (e.g. inheritance tax, wealth tax, property tax) would be very damaging to my company and possibly even jeopardise it."

Methodology

Under the title "More freedom for companies", the DIHK presents the evaluation of the results of an online survey in which the IHK plenary assembly members took part.

The analysis is based on responses from over 4,000 companies from the plenary assemblies of the CCIs and the DIHK's specialised committees.

These are spread across the economic sectors of industry (28 per cent), construction (six per cent), trade (17 per cent) and services (49 per cent).

The responses are broken down by company size class as follows: 29 per cent of companies employ 1-19 employees, 44 per cent 20-249, 16 per cent 250-999 and 11 per cent more than 1,000.

Of these, 53 per cent of companies are internationally active. In industry, the figure is 86 per cent.

The survey took place from 27 January to 5 February 2025.