

Press Release

Embargoed until December 5, 2016, 6:30pm EST

German American Business Outlook Survey Predicts Impacts of US Presidential Election on Transatlantic Business

New York City, NY, December 5, 2016 – German subsidiaries in the US have split opinions on the impact of the election outcome, according to the seventh annual German American Business Outlook (GABO) survey conducted by German American Chambers of Commerce (GACCs), the Representative of German Industry & Trade (RGIT), and Roland Berger Strategy Consultants.

While 42% of German subsidiaries in the US believe that their businesses will not be affected in the coming year, 30% anticipate positive impacts; 28% foresee negative impacts. Despite guarded optimism, some industries in particular seem more alarmed about their future under Trump's administration. Respondents from the automotive, manufacturing, and healthcare sectors mainly voiced concerns about potential negative impacts. However, only 1% of respondents plan to decrease their strategic focus on the US.

More than half of all respondents named free trade agreements at the top of their wish list for the new administration (58%), together with comprehensive tax reform (60%), incentives for investment (55%), investing in apprenticeships (52%) and investment in infrastructure (52%).

"The survey reflects that German companies have built a strong customer base in the US over the last decade and demand for German products and services remains high. These factors are unlikely to change under the new administration", says Martin Richenhagen, Chairman of the German American Chambers of Commerce and Chairman, President and CEO of AGCO Corporation. Companies responded (87%) that customer demand for goods and services along with customer access (57%) are the prime reasons for future investment in the US. Rather significantly, 98% of German companies do not expect any decrease in their US business, and 85% expect to add jobs in the coming year.

Additional survey highlights include:

- **Lack of skilled workers remains key challenge for growing business.** Many companies continue to struggle with the lack of qualified workers. While new workforce development programs, such as the GACCs' implementation of German-style dual apprenticeship programs across the US, address this issue, 69% of respondents – 10% more than five years ago – find it challenging to hire personnel with the desired skills.
- **Reducing tariffs between EU and US would lead to job creation and higher investments.** Harmonizing standards and reducing tariffs would have a positive impact on 70% of the respondents. These positive effects include increased hiring and investment in the US (61%), benefiting both the US economy and German companies in the US.

- **Expansion of manufacturing capabilities and investment in big data planned in 2017.** Based on strong customer demand, manufacturing expansion remains solid. 28% of respondents plan to increase their production capabilities in 2017. German companies also expect to reap the benefits of digitization as 35% plan to invest in IT infrastructure and big data in the coming year. Given that 88% of respondents belong to the Mittelstand, the survey reflects that small and medium-sized companies are gearing up for the ever-advancing digital revolution.
- **Brexit and legal risks are no major concern for German business in the US.** 87% of German companies operating in the U.S. stated that Brexit will not impact their US investment, and only about one in ten respondents is strongly concerned that future investment will be affected by legal risks such as product liability.

Survey Process:

Immediately following the presidential election, the GACCs, RGIT, and Roland Berger approached 1,900 top executives of German-owned subsidiaries in the US with the German American Business Outlook. The nationwide survey was conducted from November 9 to 20 focusing on the attractiveness of the United States as a business location and the opportunities and challenges of business growth in light of the election. German companies created more than 670,000 jobs in the U.S. and total investments from Germany amount to US\$ 224 billion.

The full report will be available at the end of January at www.ahk-usa.com.

About Us:

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

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

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Roland Berger Strategy Consultants, founded in 1967, is one of the world's leading strategy consultancies. With 45 offices in 33 countries, the company has successful operations in all major international markets. Annually, it generates about USD 900 million in revenues with 2,500 employees. The strategy consultancy is an independent partnership exclusively owned by about 180 partners.

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