

2024 German American Business Outlook

German American Chambers of Commerce

“I am excited to observe the optimism of German subsidiaries in the US in their expansion plans reflected in our 2024 GABO survey results. The dynamic market conditions over the past few years made German companies stronger and more resilient in the face of change. The mutual economic benefits experienced by both - Germany and the United States - are proof of our strong transatlantic relationship.”

Jan Heck, Chairman of the German American Chambers of Commerce

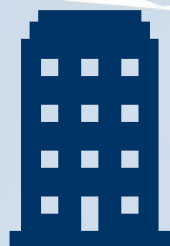
GLOBAL GERMAN CHAMBER NETWORK



93
Countries



150
Locations



>46,000
Members



>3,000
Voluntary Board
Members

EXECUTIVE SUMMARY

SUCCESS OF GERMAN COMPANIES IN THE US LEADS TO TRANSATLANTIC INVESTMENT AND INCREASED OPERATIONS IN BOTH THE US AND GERMANY.

- **In 2024, 99.5% of German companies in the US forecast no recession for the US economy; 91% expect their net sales to grow.**
- **Over the next 3 years, 96% of respondents plan to invest in the US; over 40% more than \$5 million; 30% more than \$10 million.**
- **For over 2/3 of German companies in the US, the US has a significant or dominant importance for their global business; 40% have US production facilities.**
- **Strong US demand results in increased production, employment and R&D activities in Germany.**
- **72% plan to expand their workforce in 2024, though 91% struggle with recruitment. By 2028, 82% expect to grow their workforce.**
- **Concerns about US inflation, market uncertainty, supply chain and trade tension decrease ahead of 2024 US election.**



GABO 2024: Survey Participants

German American Chambers of Commerce



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GERMAN AMERICAN BUSINESS OUTLOOK

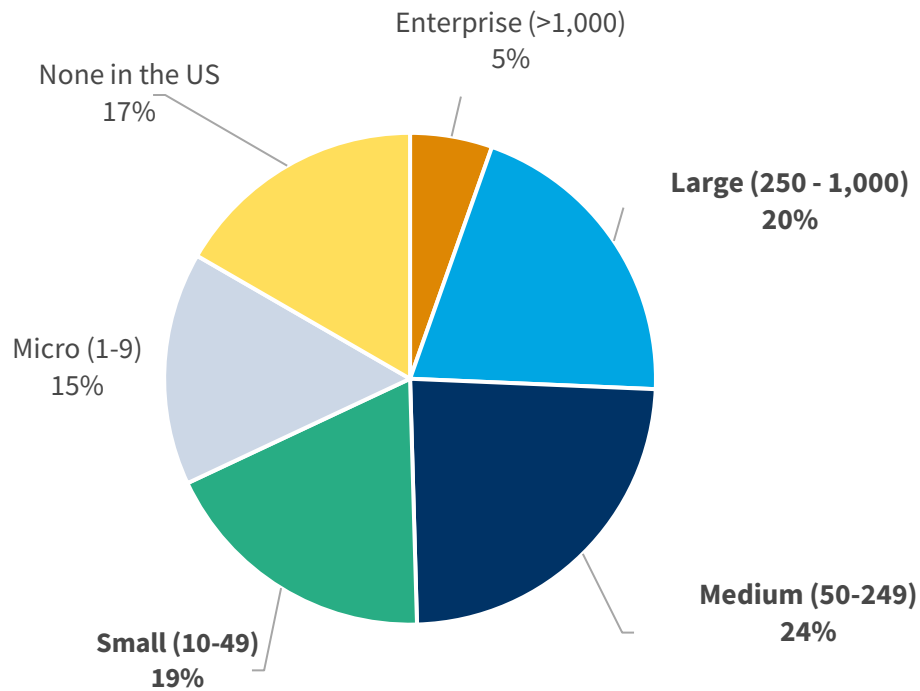


JANUARY 2024

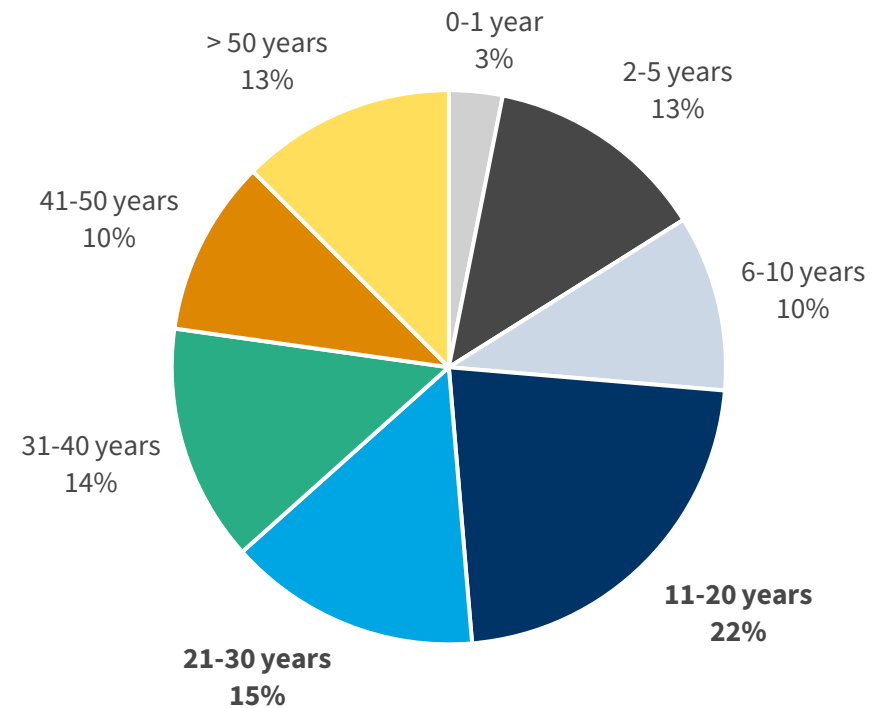
OVER 220 RESPONDENTS

COMPANY PROFILE OF RESPONDENTS

NUMBER OF EMPLOYEES



YEARS IN THE US

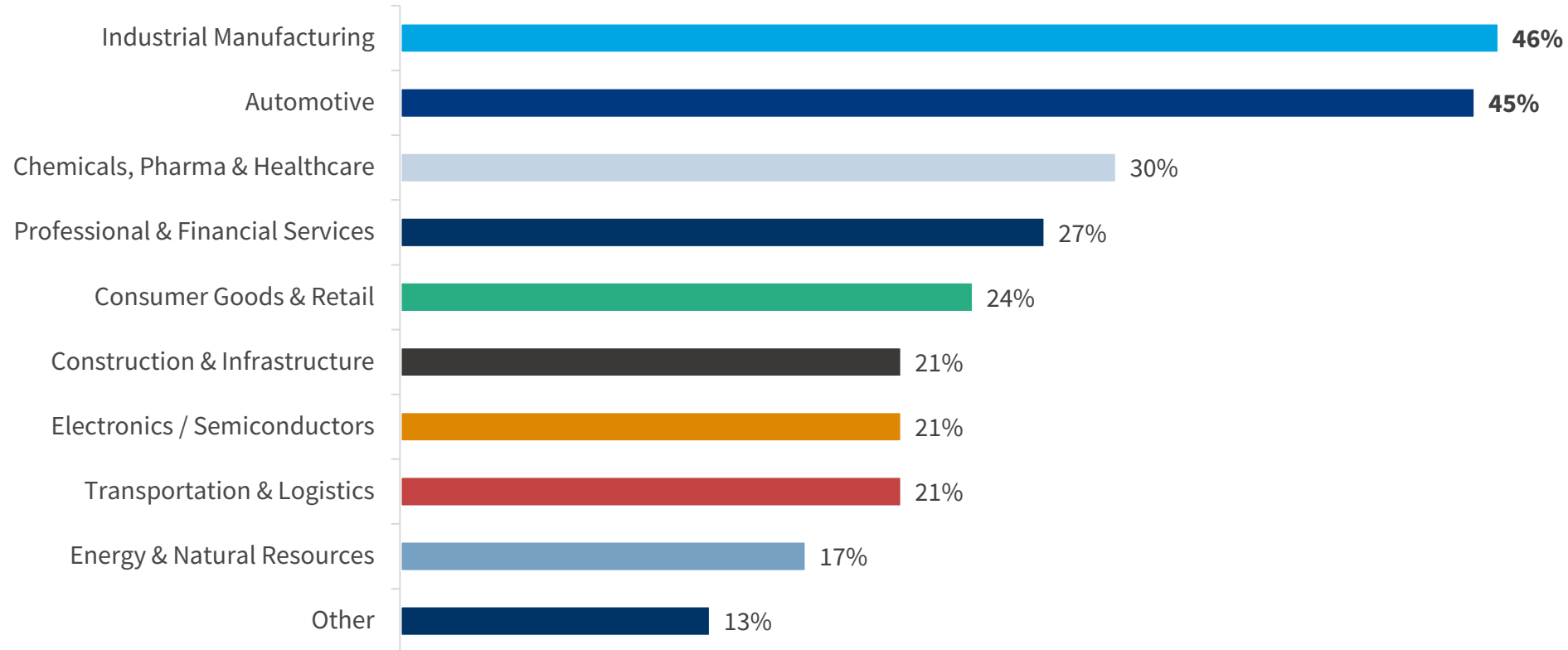


N=224

Source: GACCs, 2024, figures in percent, N=224

COMPANY PROFILE OF RESPONDENTS

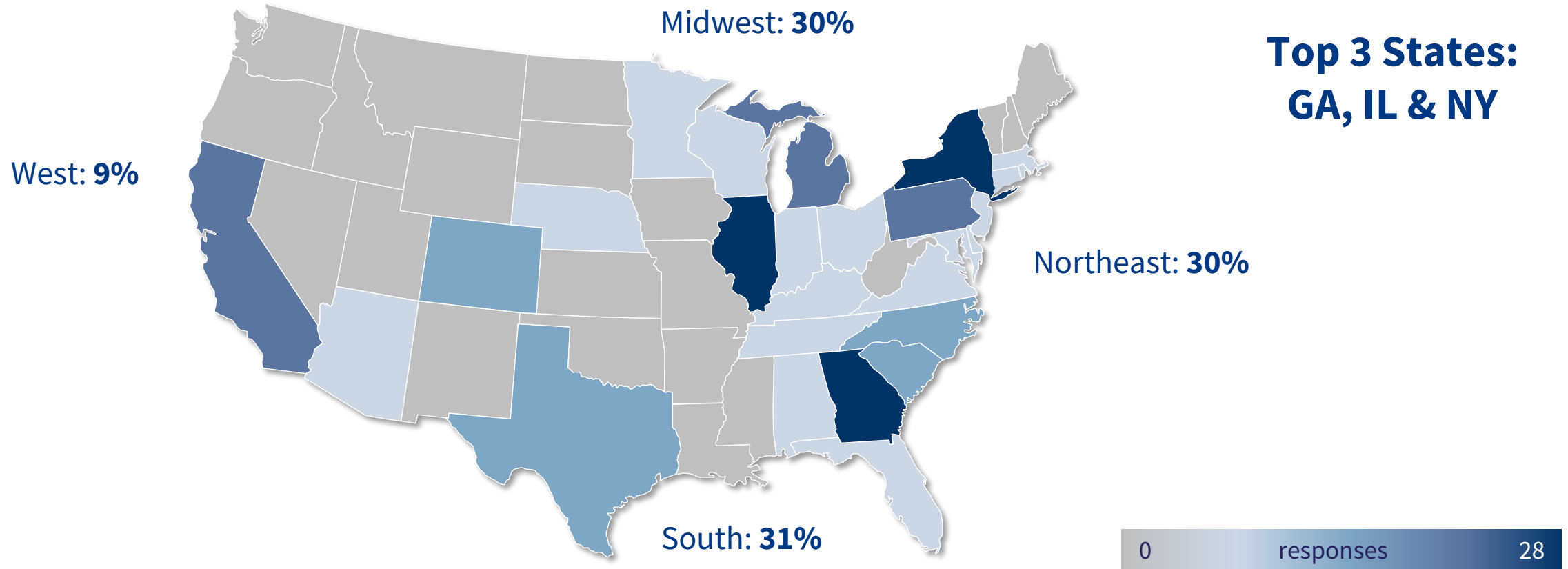
KEY INDUSTRY (MULTIPLE SELECTIONS POSSIBLE)



Source: GACCs, 2024, figures in percent, multiple answers possible, N=224

HQ DISTRIBUTION OF RESPONDENTS

In which US state is your headquarters located?

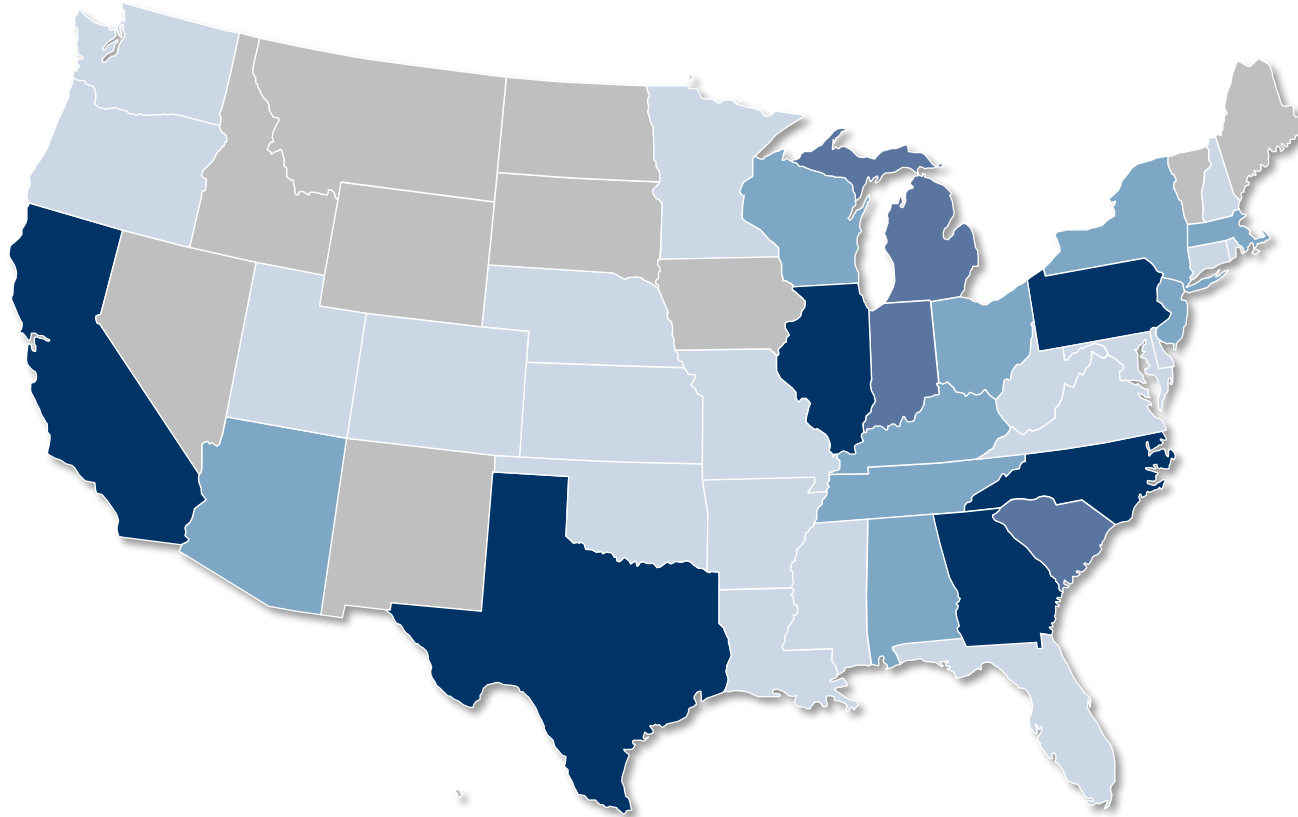


Source: GACCs, 2024, figures in percent, N=220

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PRODUCTION HUBS OF RESPONDENTS

In which state(s) is your US production facility?



Top States: PA, NC, CA, GA, IL, TX

40% have a production facility in the US



Source: GACCs, 2024, figures in percent, N=86



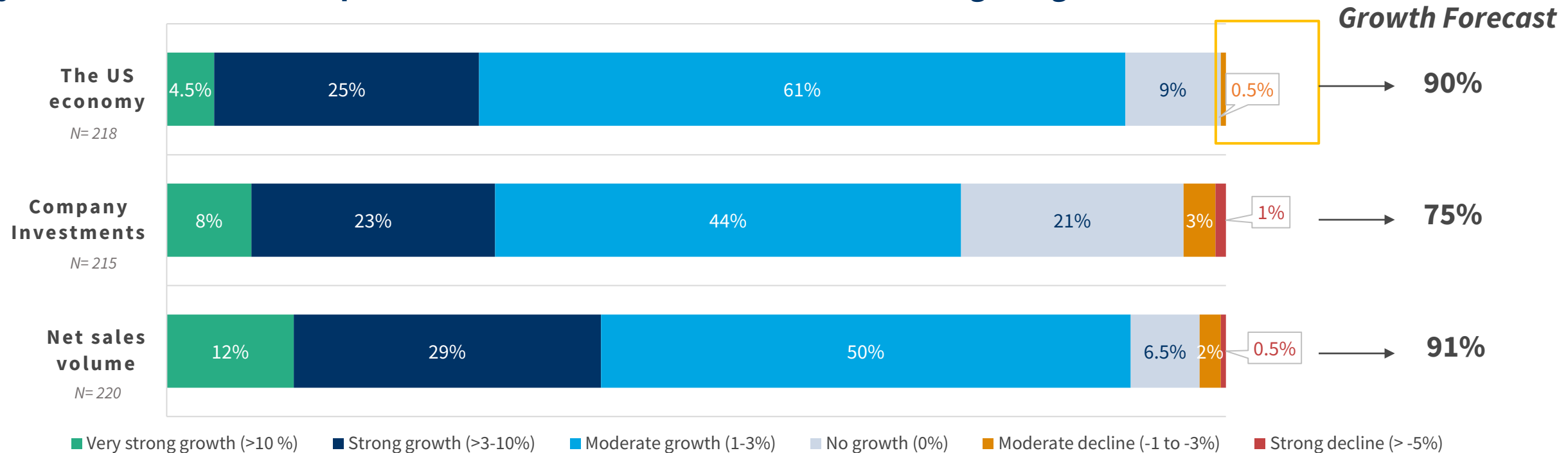
2024 GABO RESULTS

Economic Outlook & Investment

German American Chambers of Commerce

99.5% FORECAST NO RECESSION FOR THE US DRIVING INVESTMENT AND NET SALES 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 2024 vs. 2023 across the following categories?

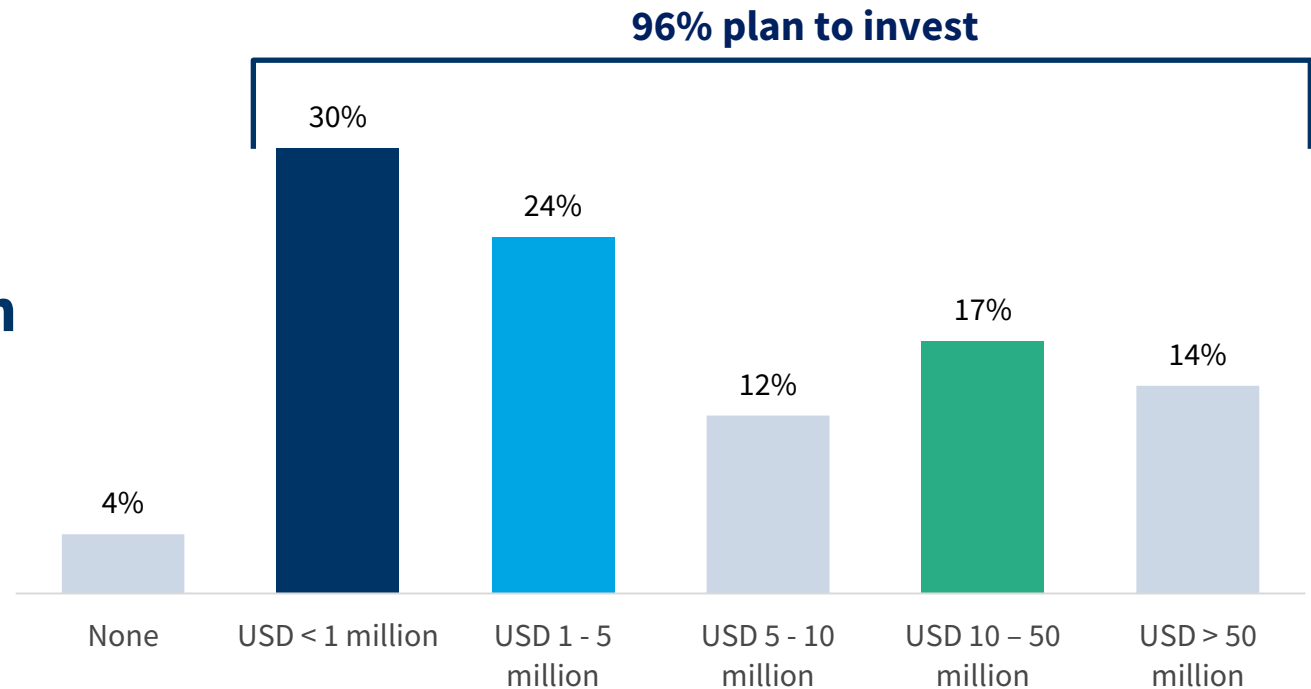


Source: GACCs, 2024, figures in percent

96% PLAN TO INVEST, CREATING DIVERSE AND ROBUST OPPORTUNITIES

How much is your company planning to invest in the US within the next three years (2024 – 2026)?

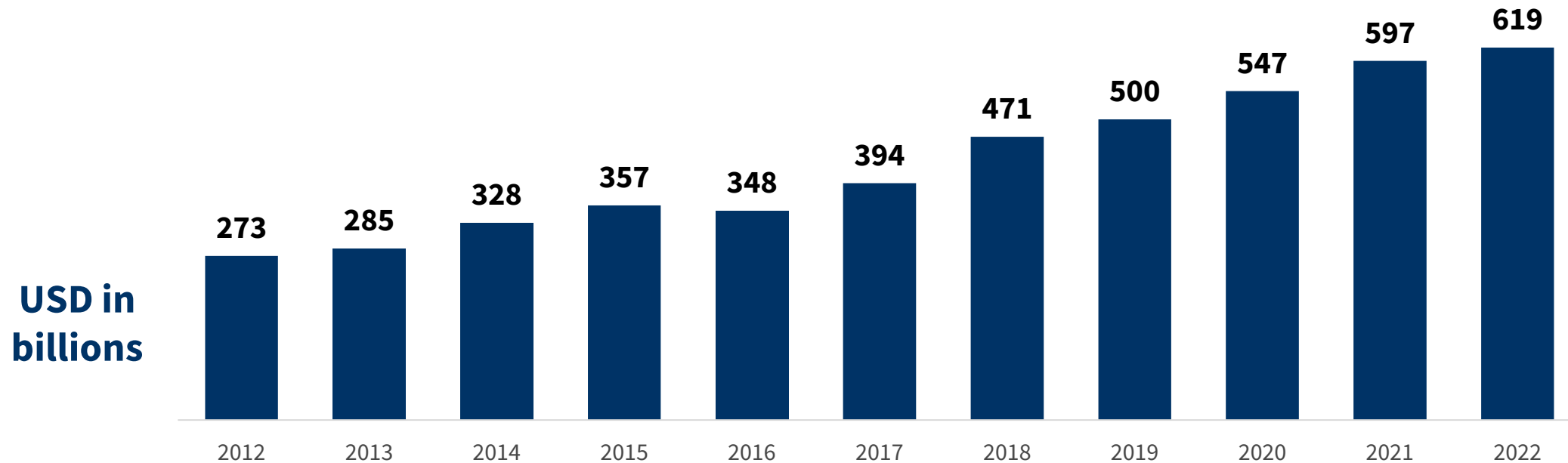
Over 40% plan to invest more than \$5 million; over 30% more than \$10 million



Source: GACCs, 2024, figures in percent, N=193

GERMAN INVESTMENT OVER THE LAST 10 YEARS HAS MORE THAN DOUBLED

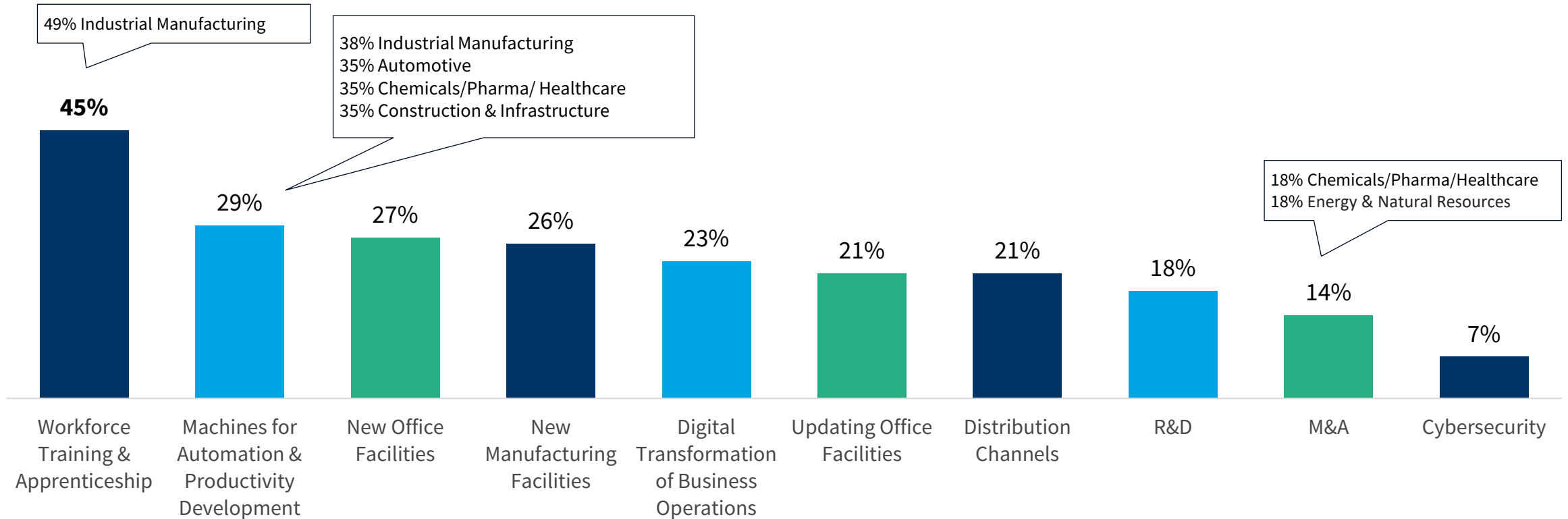
Foreign direct investment (FDI) in USD from Germany in the US 2012-2022



Source: Bureau of Economic Analysis, in USD, US Department of Commerce

INVESTMENT FOCUSED ON PEOPLE, PRODUCTION, OFFICES – UPGRADES ACROSS THE BOARD

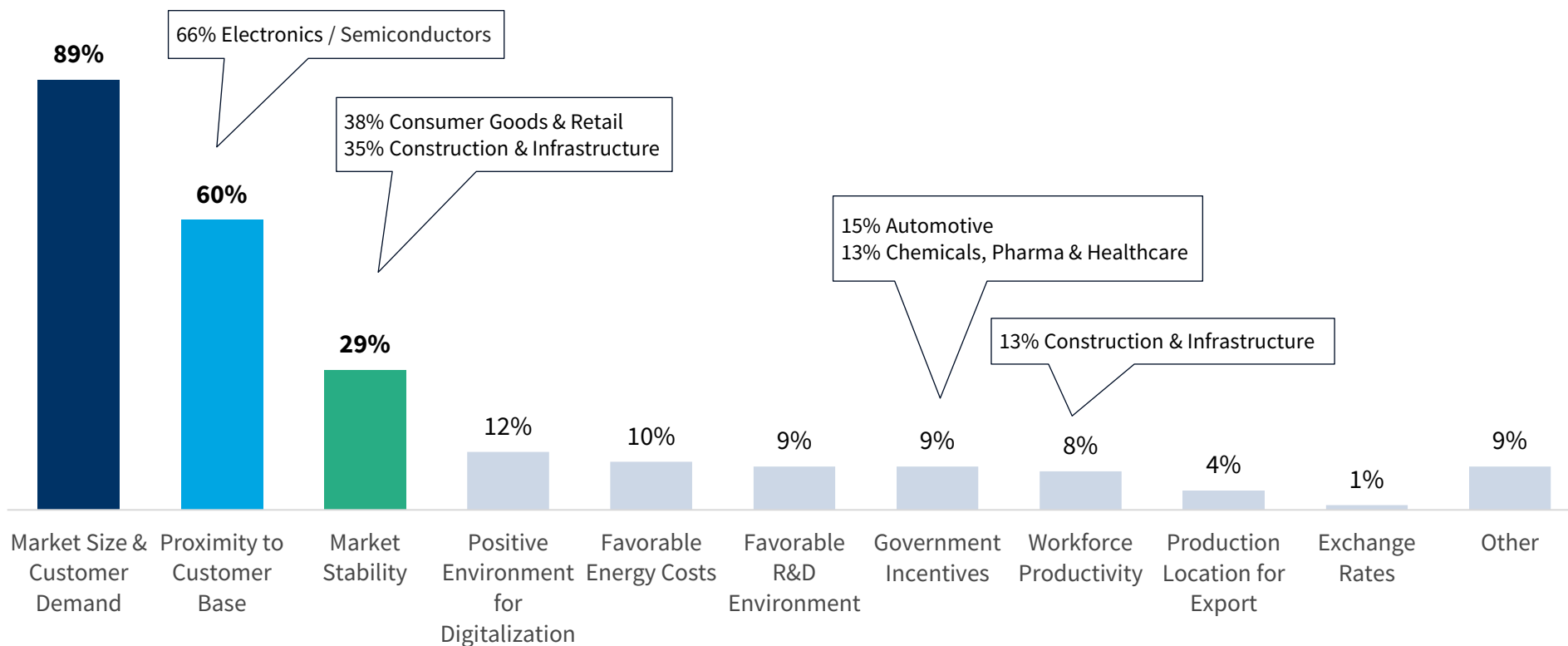
In which areas are you planning to invest in the US within the next three years (2024 - 2026)?



Source: GACCs, 2024, figures in percent, multiple answers possible, N=221

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?



Source: GACCs, 2024, figures in percent, multiple answers possible, N=223

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DEEP DIVE #1: US - German Synergies

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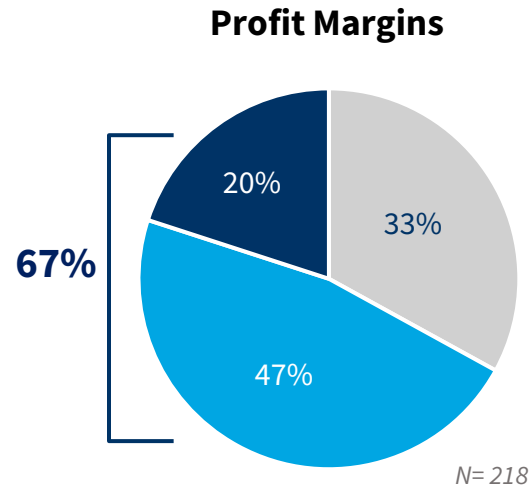
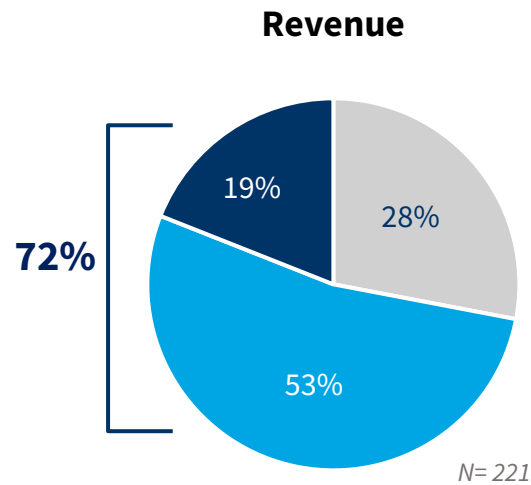


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GERMAN AMERICAN BUSINESS OUTLOOK 2024

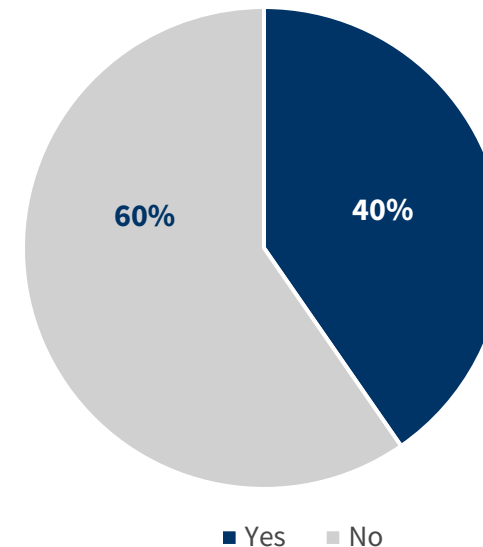
US MARKET HIGHLY SIGNIFICANT FOR GERMAN COMPANIES; 40% HAVE US PRODUCTION

On a global scale, how important is the US business compared to other countries in terms of revenue and profit margins?



- Modest (<15% of global business)
- Significant (15% to 50% of global business)
- Dominant (Above 50% of global business)

Do you have a production facility in the US?



12% without production facility plan to build in the next 3 years

19% if professional/financial services are excluded

Source: GACCs, figures in percent, 2024

Source: GACCs, 2024, yes/no question, N=223

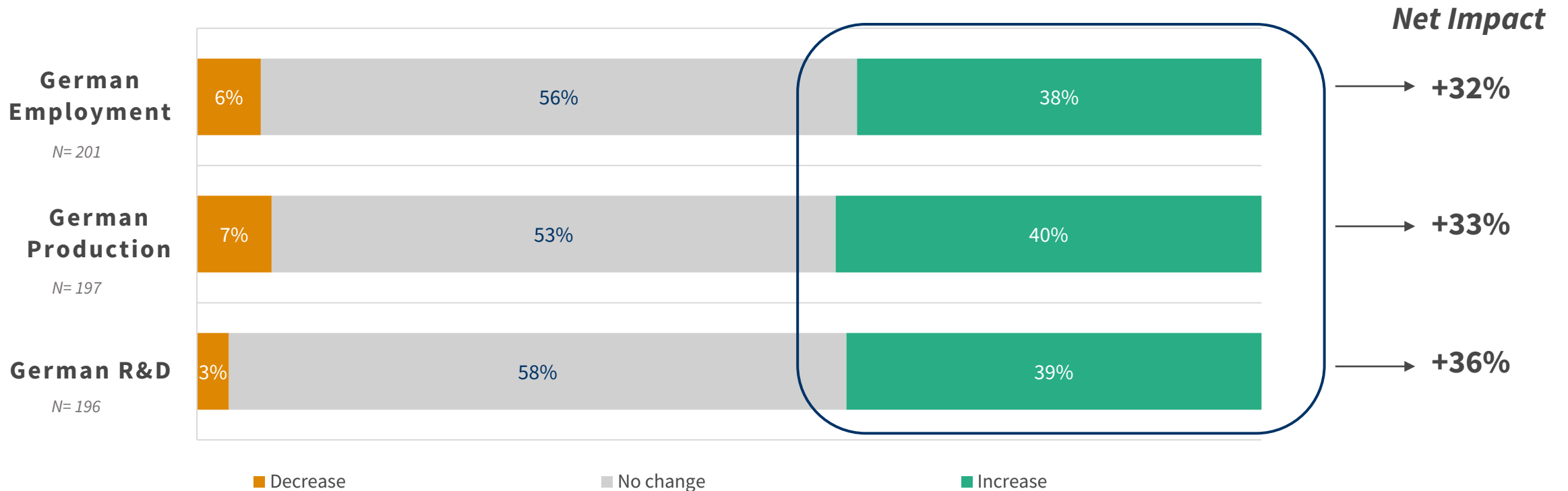
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GERMAN AMERICAN BUSINESS OUTLOOK 2024

GERMAN OPERATIONS BENEFIT FROM US GROWTH

As your company has grown in the US for the past 3 years, how has it impacted your German operations?

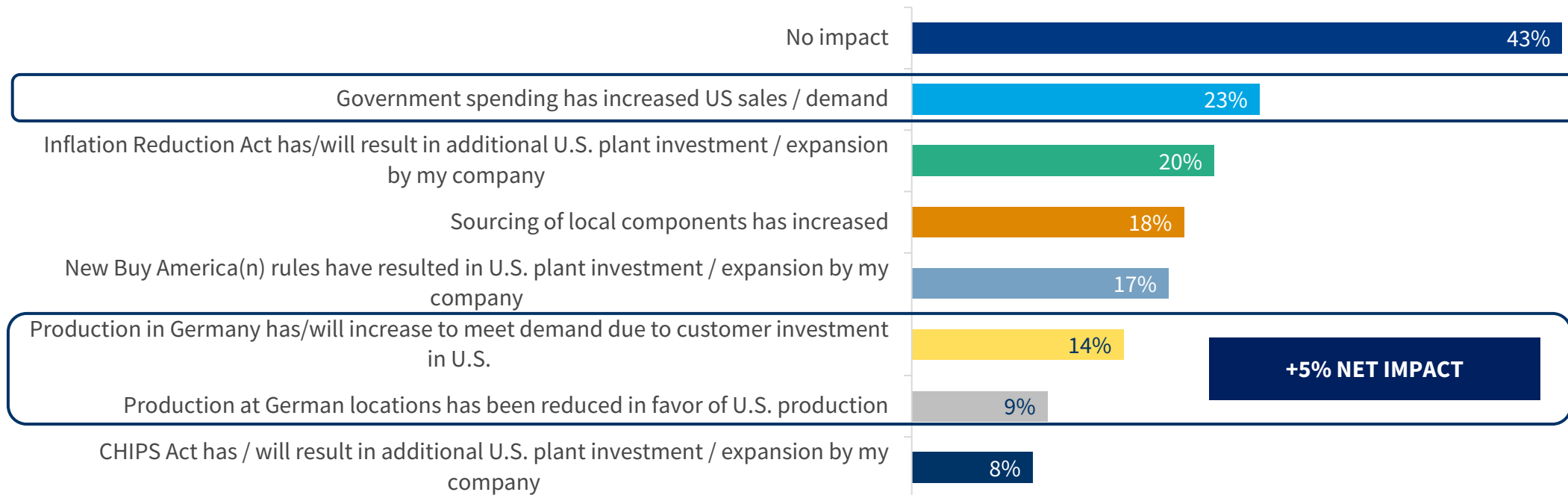


Source: GACCs, 2024, figures in percent, multiple choice question

GERMAN AMERICAN BUSINESS OUTLOOK 2024

US GOVERNMENT INCENTIVES BRING GAINS TO GERMAN COMPANIES

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



Source: GACCs, 2024, figures in percent, multiple answers possible, N=221



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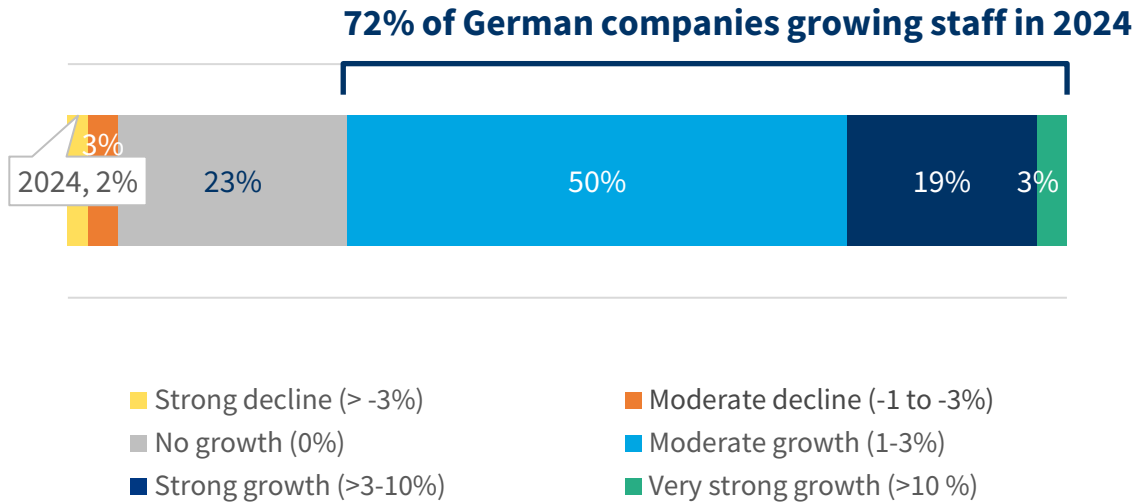
Deep Dive #2: Future Shoring

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GERMAN AMERICAN BUSINESS OUTLOOK 2024

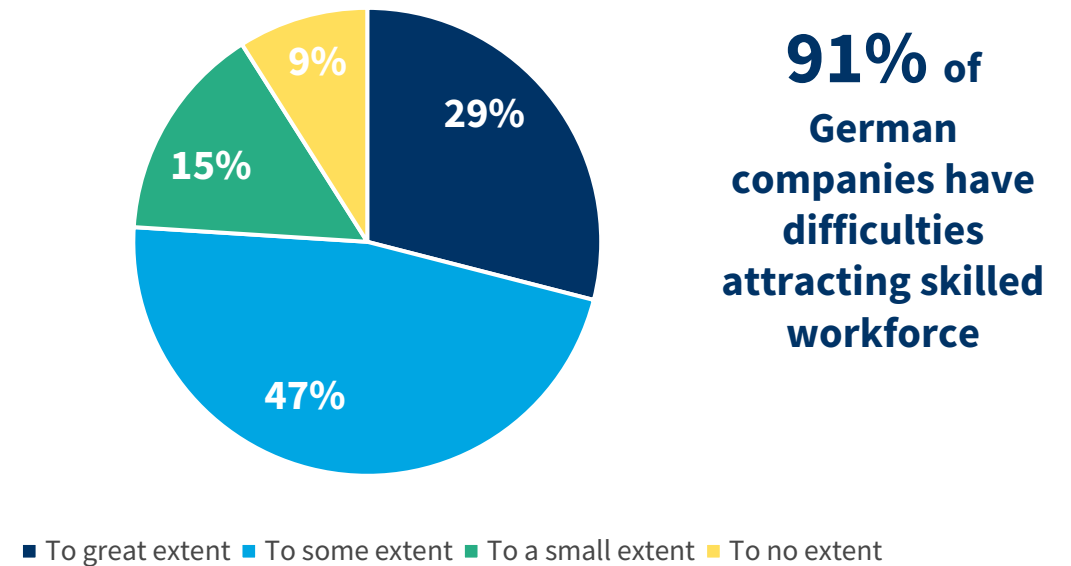
72% PLANNING TO EXPAND THEIR WORKFORCE IN 2024 BUT STRUGGLE WITH RECRUITMENT

How do you predict your workforce will develop in the US in 2024 vs. 2023?



Source: GACCs, 2024, figures in percent, N=221

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

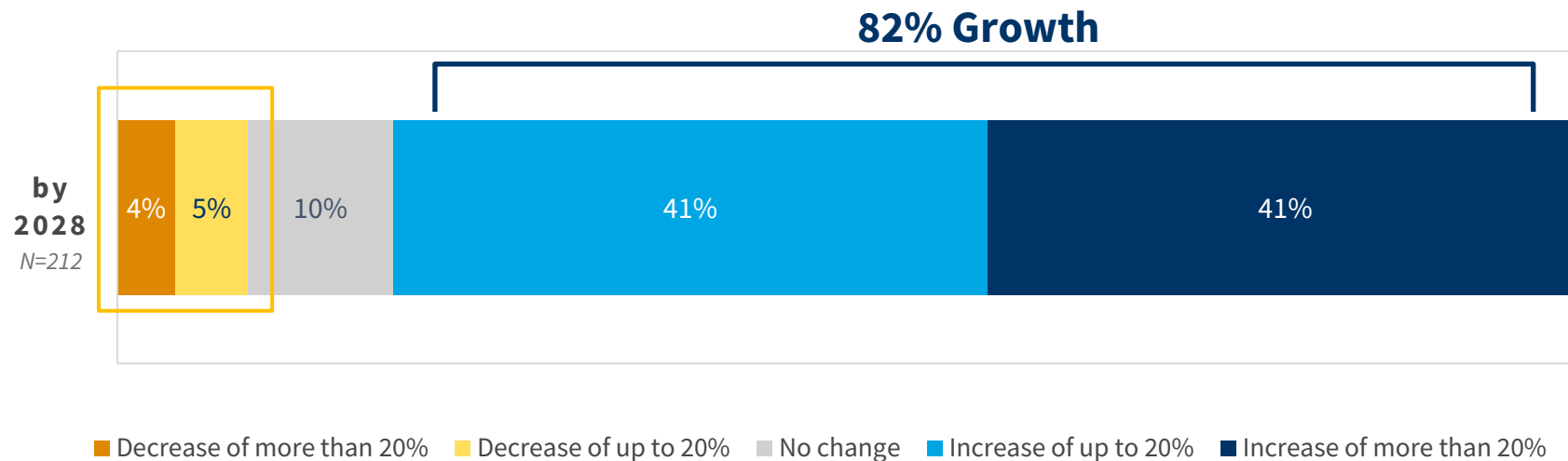


Source: GACCs, 2024, figures in percent, N=209

GERMAN AMERICAN BUSINESS OUTLOOK 2024

82% EXPECT TO GROW THEIR WORKFORCE BY 2028 BUT 9% EXPECT TO SHRINK

How do you expect your number of employees to change by 2028?



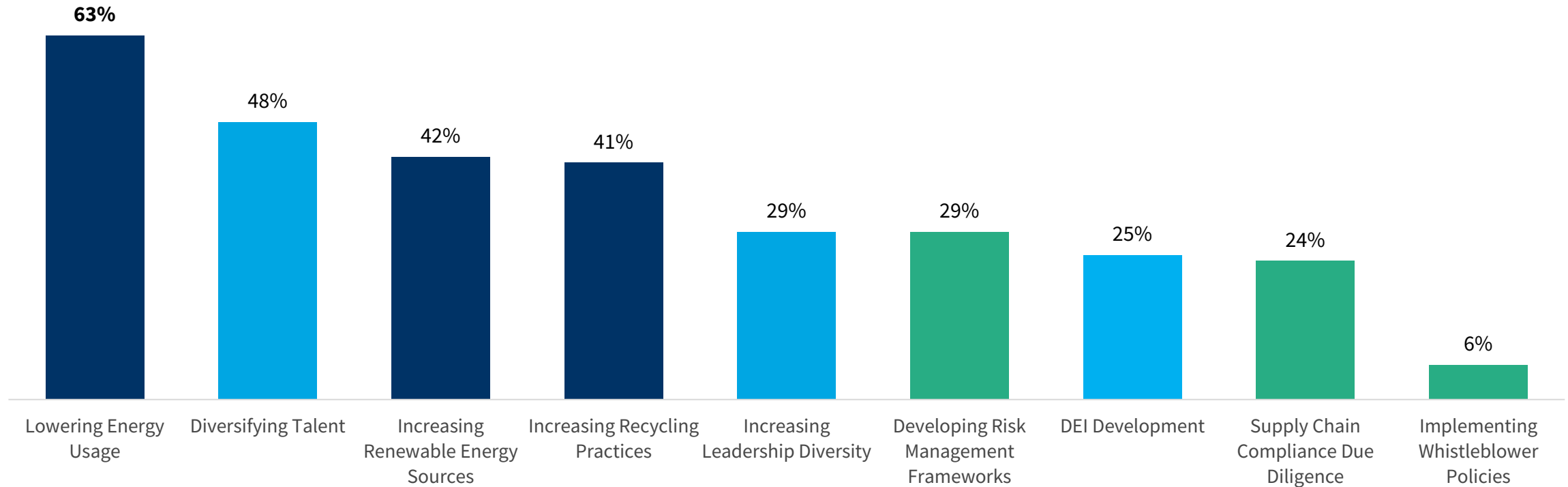
50% of those shrinking are in the automotive industry

Source: GACCs, 2024, figures in percent, N= 212

GERMAN AMERICAN BUSINESS OUTLOOK 2024

SUSTAINABILITY AND DIVERSITY INITIATIVES DRIVE COMPETITIVENESS

Which Environmental, Social, and Governance (ESG) topics are most important for your company?



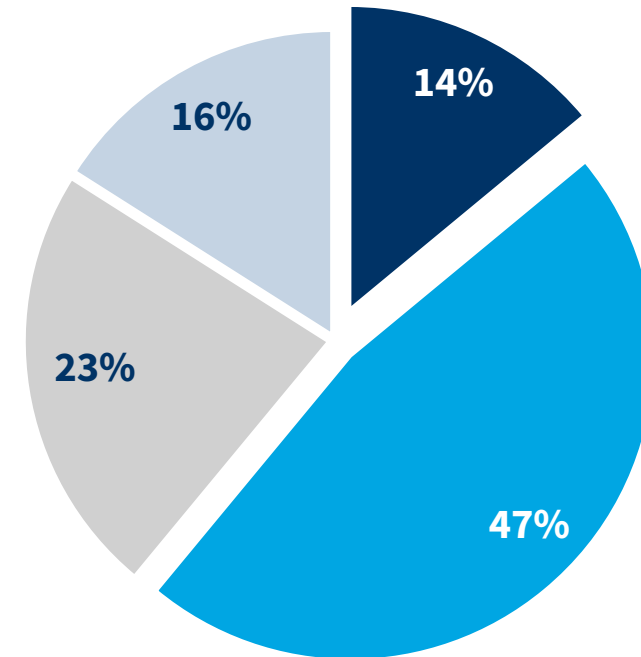
Source: GACCs, 2024, figures in percent, multiple answers possible, N=187

GERMAN AMERICAN BUSINESS OUTLOOK 2024

+10% INCREASE IN COMPANIES GROWING THEIR SUSTAINABILITY INVESTMENT VS. 2023

How much do you plan to grow your investments in sustainability programs within the next three years (2024 – 2026)?

61% of German companies in the US are increasing their investment in sustainability programs vs. 51% in 2023



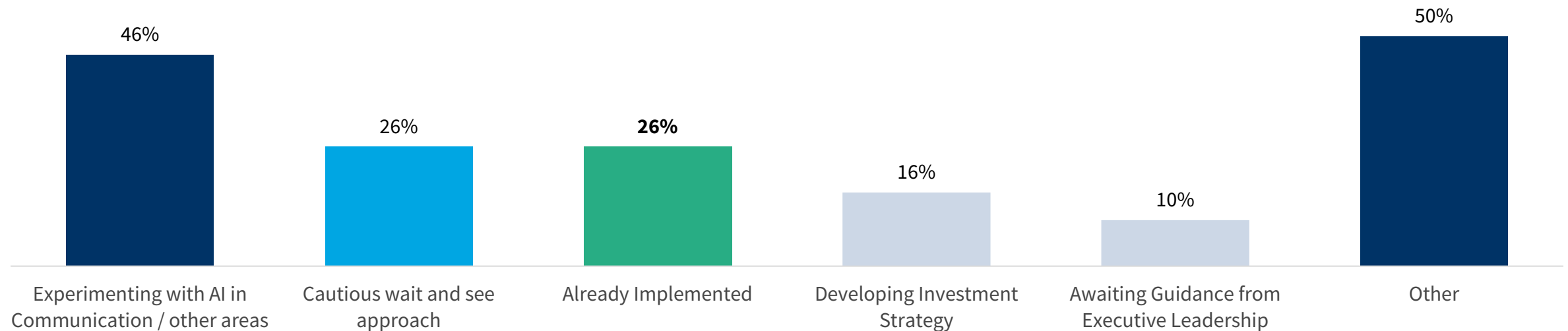
■ Strong Growth ■ Moderate Growth ■ Unchanged ■ N/A

Source: GACCs, 2024, figures in percent, multiple answers possible, N=222

GERMAN AMERICAN BUSINESS OUTLOOK 2024

MORE THAN ¼ OF COMPANIES HAVE ALREADY IMPLEMENTED AI IN THEIR BUSINESS

How do you describe your company's approach to Artificial Intelligence (AI) within the next year?



Source: GACCs, 2024, figures in percent, multiple answers possible, N=208



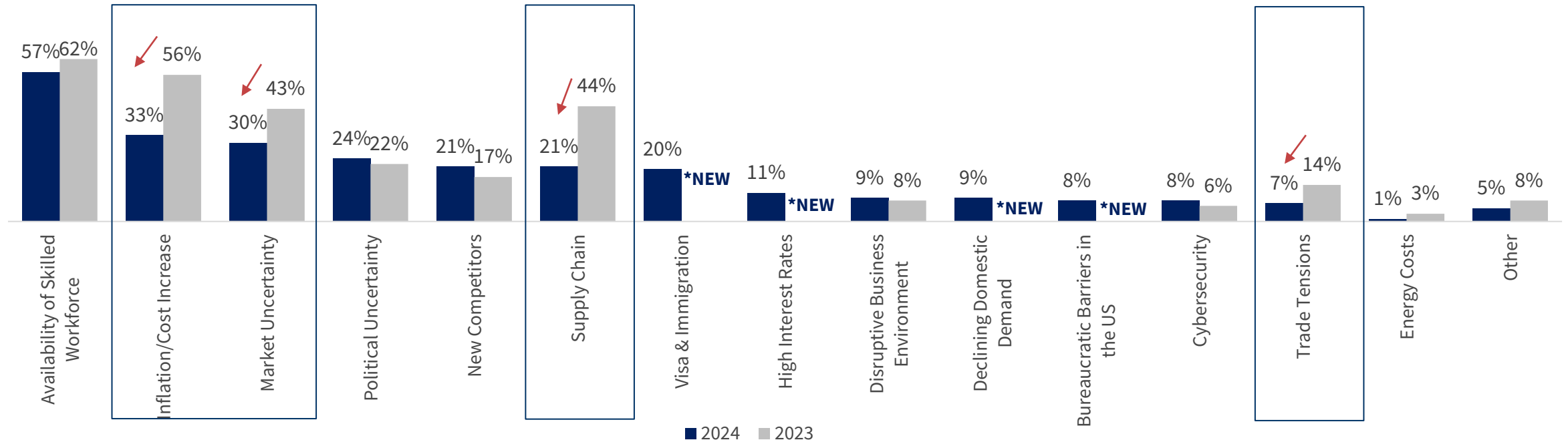
DEEP DIVE #3: 2024 US Election

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GERMAN AMERICAN BUSINESS OUTLOOK 2024

VISIBLE RELIEF CONCERNING INFLATION, MARKET UNCERTAINTY AND SUPPLY CHAIN

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

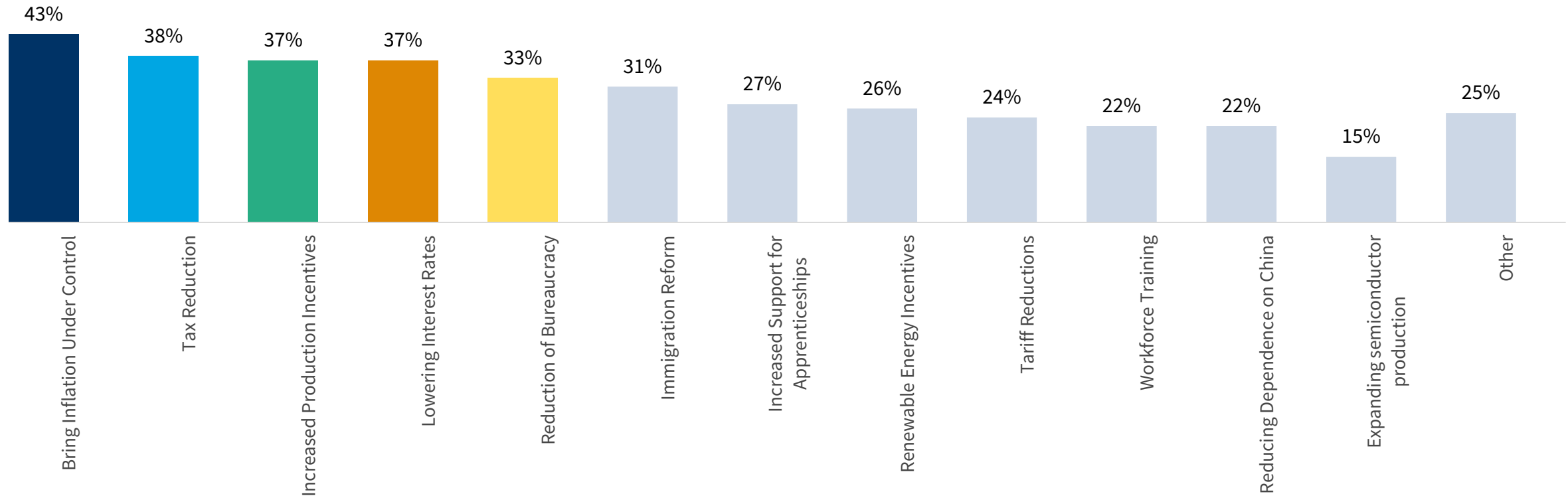


Source: GACCs, 2024, figures in percent multiple answers possible, N=222

GERMAN AMERICAN BUSINESS OUTLOOK 2024

PRIORITIES FOR US GOVERNMENT

Which topics of the 2024 election cycle are most important to your business?

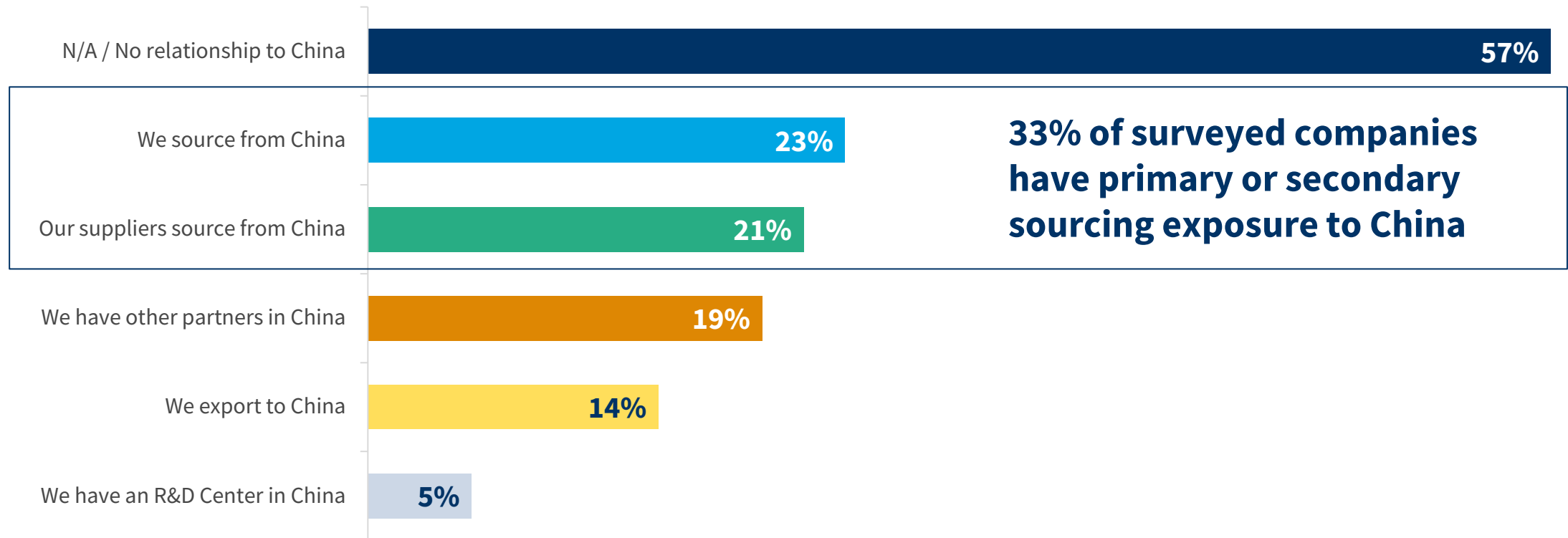


Source: GACCs, 2024, figures in percent, multiple answers possible, N=208

GERMAN AMERICAN BUSINESS OUTLOOK 2024

LITTLE EXPOSURE TO CHINA

What is the relationship between your US subsidiary and China?



Source: GACCs, 2024, figures in percent, multiple answers possible, N=222



COMING UP: Expert Panel Discussion

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