

**PRESS RELEASE**Press Release/  
Press Information**Sixth AmCham Business Barometer: Despite crisis, U.S. companies still see Germany as the most attractive location for investment in Europe**

***Berlin, 10 February 2009. With a new government in Washington, most U.S. companies anticipate better transatlantic relations – they fear a drop in revenues, but still hope to realize planned investments***

In spite of or, perhaps more accurately, even due to the current economic crisis, U.S. companies have named Germany the most attractive location for investment in Europe for the first time. This places Germany not only ahead of other large Western European economies but also of Eastern Europe, which was the top pick the two preceding years. This is one result of the sixth *AmCham Business Barometer*, a joint survey conducted by The Boston Consulting Group (BCG) and the American Chamber of Commerce in Germany (AmCham Germany) among 61 U.S. companies with a total of 110 billion Euros in revenue and 250,000 direct jobs in Germany.

"Since customers shaken by crisis want security, companies are more eager than ever to provide high product and process quality – which they find here," explains Christian Veith, Chair of BCG's Management Team for Germany. But to secure the appeal of Germany as a location to do business beyond the crisis, 55 percent of U.S. companies believe that German schools and universities need to turn out better-qualified potential employees. There is an especially acute shortage of engineers. However, there may be increased cooperation between Germany and the U.S. in the future: "Our survey revealed high expectations of the new government in the U.S. Most companies are assuming that Germany and the U.S. will work together even more closely, both on a political level and particularly on an economic one," notes Fred B. Irwin, President of AmCham Germany.

**41 percent of U.S. companies to cut jobs**

Within the framework of the survey, U.S. companies evaluated Germany as a location for doing business and estimated how their sales, investment activities and employee numbers will develop in the coming year. For the first time since the annual survey was started six years ago, a clear slump is evident: Only half of the surveyed companies believe they will be able to improve sales this year – at the start of 2008,

three quarters of them did. 22 percent expect unchanged sales, but 26 percent (as opposed to nine in 2008) anticipate a decline. They also have bad news for the job market: Last year, 38 percent planned to hire new employees, but only 18 percent see themselves creating new jobs this year. Additionally, the number of companies intending to cut jobs has risen by 25 points to 41 percent.

### **Sales expectations for 2008 not fulfilled**

It's no wonder that U.S. companies are looking warily to the future; at the beginning of 2008, 81 percent of those surveyed expected increased sales but only 65 percent were actually able to realize them. 21 percent even had to absorb losses although only nine percent anticipated having to do so. Employee numbers did not develop as planned, either: over a quarter of U.S. companies in Germany reduced their staffs, though only 16 percent anticipated doing so at the beginning of the year. However, they are still thinking long-term and still want to invest in Germany: more than half of the surveyed companies plan to invest as much in 2009 as they did last year and a third even intend to invest more. Only 17 percent indicated that they would invest less in Germany in 2009 than they did last year. "Investment plans show that companies also view the crisis as an opportunity and that they are already gearing up for better times," says BCG's Veith.

Although many forecasts show the German economy being hit hard due to its dependency on exports, many of the surveyed companies specifically see Germany in a relatively good position compared to the rest of Europe. Roughly one third of them are convinced that the effects of the financial crisis will not be as strong here as in other countries. "Our members have assured us that Germany, thanks to its relatively stable real estate market, strong purchasing power and low personal debt, is still an extremely attractive market," says Irwin. "Some of their sister companies in other European countries are already dealing with big drops in consumption. Businesses focused on the German market, however, have thus far remained largely unaffected." Only if people in Germany stop spending money will the surveyed U.S. companies feel the full impact of the recession.

### **Mergers and acquisitions decreasing in importance**

As far as activities planned for 2009 are concerned, organic growth is, as in recent years, still at the top of the list (for 76 percent of the surveyed companies). Strategic acquisitions, on the other hand, continue to lose importance: Only 13 percent of the U.S. companies surveyed are now planning mergers or acquisitions, whereas two years ago, nearly every third company was. Few companies, 18 and six percent,

respectively, intend to shift business activities to other European countries or out of Europe entirely. In contrast, the forecast for disinvestments, such as divestitures of company units, rose from two percent last year to nine percent in 2009.

"In markets characterized by economic cycles, the next upturn always comes sooner or later," Veith of BCG Germany remarks. "Government and business have to pull together now – that's the only way Germany can retain or even expand its still respectable position."

The **AmCham Business Barometer** surveys the satisfaction of U.S. companies with Germany. For the sixth year in a row, AmCham Germany and The Boston Consulting Group asked U.S. investors for their opinions on Germany as a business location relative to other European countries. This year's survey was conducted at the end of 2008 and the results cross-checked with those of an additional brief survey in January 2009. Half of the 50 highest-volume U.S. companies participated in the survey. Overall, 61 companies with total revenues of 110 billion euros and 250,000 direct jobs in Germany participated.

**AmCham Germany** is the largest bilateral business association in Europe. The companies organized in it represent approximately 130 billion Euros of investment and 800,000 direct jobs. AmCham sees itself as a communications bridge to investors in the United States. Its activities focus on the promotion of German-American business relations and Germany as a business location.

**The Boston Consulting Group (BCG)** is a global management consulting firm and the world's leading advisor on business strategy. We partner with clients in all sectors and regions to identify their highest-value opportunities, address their most critical challenges, and transform their businesses. Our customized approach combines deep insight into the dynamics of companies and markets with close collaboration at all levels of the client organization. This ensures that our clients achieve sustainable competitive advantage, build more capable organizations, and secure lasting results. Founded in 1963, BCG is a private company with 66 offices in 38 countries.

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