

PRESS RELEASE

US companies were satisfied with the business environment in Germany in 2011

Emerging markets such as India and China represent increased competition for investment

Germany should strengthen its position as a high-tech center and ideal location for research and development in order to remain competitive

IX AmCham Business Barometer: Revenue for US companies in Germany fell in 2011 compared with 2010 and companies were therefore more cautious with new investments. At the same time, they hired more employees. Moreover, the global economic shift towards areas of faster growth is changing the role of Germany as a business location: Germany should increase its investment activities in order to remain attractive to US investors.

Frankfurt/Munich, April 3, 2012– Revenues for US companies in Germany did not increase quite as much as they did in the banner year 2010; companies were slightly more conservative in their investment activities but hired more people than they did in 2010. That is the key message of the IX Business Barometer, a study conducted by the American Chamber of Commerce in Germany ("AmCham Germany") and Roland Berger Strategy Consultants. The Business Barometer is based on a study of 274 US companies that are active in Germany.

Over two-thirds of those surveyed indicated that they continue to be satisfied with Germany as an investment location and are optimistic about this year: 81 percent of companies expect an increase in revenue in 2012 in Germany, and the expectations on investment activities and employment remained virtually unchanged. US companies especially value the stability and reliability of the German market as well as local politics. Additional important advantages of the country include the high quality of employees, the size of the market and superior infrastructure. "Germany is the most important market in Europe," states Fred B. Irwin, President of the American Chamber of Commerce in Germany. "But if we look to the future, we see a number of risks that could affect US companies in Germany."

Companies surveyed perceive a risk in Germany's handling of the Euro crisis and financial crisis. Excessive bureaucracy and the lack of skilled workers are also seen as problems. "US companies appreciate the solid foundation of the German economy, the diverse industrial sector, and our high level of motivation," states Dr. Martin C. Wittig, CEO of Roland Berger Strategy Consultants. "But we cannot be satisfied with this alone, as growth industries such as health care, information and communication technology, and biotechnology must be made more attractive to investors."

The economic balance is shifting towards growth regions

While Germany has always been an attractive investment location, the country will have to fight harder for the attention of US investors in the future. New growth regions are becoming ever more important to American companies. "The global division of labor is shifting: regions such as China or India can already be considered competitors with Germany in terms of investments by US companies," explains Fred B. Irwin. He predicts: "The shift of labor markets will also have implications for German manufacturing, research activities, and marketing organizations."

Seven Recommendations for Germany

The study includes seven recommendations for Germany that are designed to ensure the successful future of Germany as a business location. "Some US companies note the lack of a future vision for Germany," notes Dr. Martin C. Wittig. "They note that the desire to try new things and the readiness to take risks can sometimes be lacking."

Germany should strengthen its role as a driver of innovation for the high-tech sector and as a leader in research and development. US companies criticize the excessive bureaucracy in Germany that makes it more difficult to introduce innovative technologies to the market. Bureaucratic hurdles should be removed in order to allow new technologies to be brought to market. The lack of skilled workers continues to be a problem for Germany and more must be done to attract qualified people from abroad. In addition, problems with infrastructure, including rising energy costs, should be solved at the political level through a clear energy policy. This will help to ensure that Germany will remain a top country for foreign investment.

About the AmCham Germany Business Barometer

The AmCham Germany Business Barometer analyzes on an annual basis the satisfaction of US companies with Germany as a business location. It examines companies' expectations on revenue growth, employment, and planned investments for the current year. The Business Barometer asks US investors how Germany stands compared with other countries within Europe and on a global scale. The current study is the ninth edition of the Business Barometer. The study was conducted in January and February 2012 and 274 US companies were invited to participate.

You may find the full results here:

www.amcham.de

and here:

www.rolandberger.com/pressreleases

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Roland Berger Strategy Consultants, founded in Munich, 1967, is one of the world's leading strategy consultancies. The strategy consultancy is active worldwide with 2,500 employees in 47 offices in 35 countries and is an independent partnership exclusively owned by around 220 partners.

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