

Going International

Experiences and Perspectives of German Business Overseas

Results of the 2011 | 2012 IHK Business Survey
National Evaluation



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The survey explores the current situation and the expectations of German businesses on foreign markets worldwide. At the same time, it provides an overview of the barriers that companies have to face in their international activities. Participating businesses also evaluated existing support measures to overcome barriers when going international.

The nationwide survey "Going International 2011 | 2012" by DIHK has been conducted with the support of the 80 German Chambers of Industry and Commerce (IHKs). In total 3,200 globally active businesses based in Germany took part in the online survey during the winter of 2011. The survey carries on the national analysis of 2005-2009 and ties in with the 2003 questionnaire by the Stuttgart Chamber of Industry and Commerce, "Going International".

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OVERVIEW OF THE RESULTS

Currently quiet beat

The slowdown of the global economic activity at the end of the year 2011 is reflected in the situation assessment by internationally active companies. Companies draw a mainly tense picture: Only under a quarter assess the current situation as good. Currently one third of enterprises reports on a poor business situation abroad. Nevertheless, compared with 2010 the assessment of the current situation has improved.

Better prospects as the year progresses

The companies' expectations about their foreign business are cautiously optimistic. Quite a number of enterprises expect an improvement during the course of the year. The BRIC countries Brazil, Russia, India and China register the best business prospects for 2012. There are signs of a comeback also of the USA. On the other hand, companies are pessimistic concerning business in EU countries affected by the crises. The lower demand from Europe prevents similarly high export growth rates in 2012 as in 2010 and 2011. Nevertheless, the German economy will increase the volumes of its exports. The growth rate slight below 4 per cent will lie below the ten year average of 5.9 per cent.

Keep eyes firmly on internationalisation

Two-thirds of the companies which has already been active abroad will further improve their foreign businesses in the next years. Export is thereby the most important element. In 2011, 91 per cent of the internationally active foreign companies sold goods from Germany to the whole world. Moreover, in order to expand their foreign business companies bank on a strengthened cooperation with independent partners. Almost a third of foreign active companies act abroad with own branch offices and subsidiaries – a comparatively constant number in the last years. It is noteworthy that companies with foreign representation or production centres show a higher willingness to recruit on their domestic locations than on their locations abroad. Accordingly foreign investments promote the location Germany significantly.

Asia still on top

Currently, German companies are still mainly active in Western European countries. At the same time, Asia strengthens its position as second most important sales market of German enterprises (rise from 54 to 59 per cent). In the wake of China, the ASEAN countries like Vietnam and Indonesia see a strong growth. There, the German companies also want to be present with their products and services. Asia is still a magnet for German companies that want to go global: 35 per cent of the companies that want do open branches abroad aim to Asia – as much as the EU-15 countries. The third place goes to Russia and Eastern Europe with 20 percent. Asia leads in the expansion of sourcing for production in Germany and purchase offices as well (both 59 per cent).

Companies call for free market access

A free market access is the most important element for successful foreign business transactions. Free market access is a necessary requirement for 60 per cent of the enterprises. But the worldwide liberalisation of trade has stalled currently: the WTO Doha negotiations still have not come to a result even after more than 10 years. At the same time, an increase of trade barriers can be observed worldwide. The German government and the EU should act resolutely against this trend.

External economic activities strengthen the German labour market

Success and presence on international markets strengthen the German companies also on their domestic locations and, as a consequence, the employment in Germany. Impulses and sales increases by the external business create recruitment not only abroad, but also particularly in Germany. 34 per cent of active foreign companies report, that they increase the number of employees right here. Only 10 per cent of them had to reduce the number of employees. Therefore, German active foreign companies have made a strong contribution to the expansion of employment in Germany in the last year.



