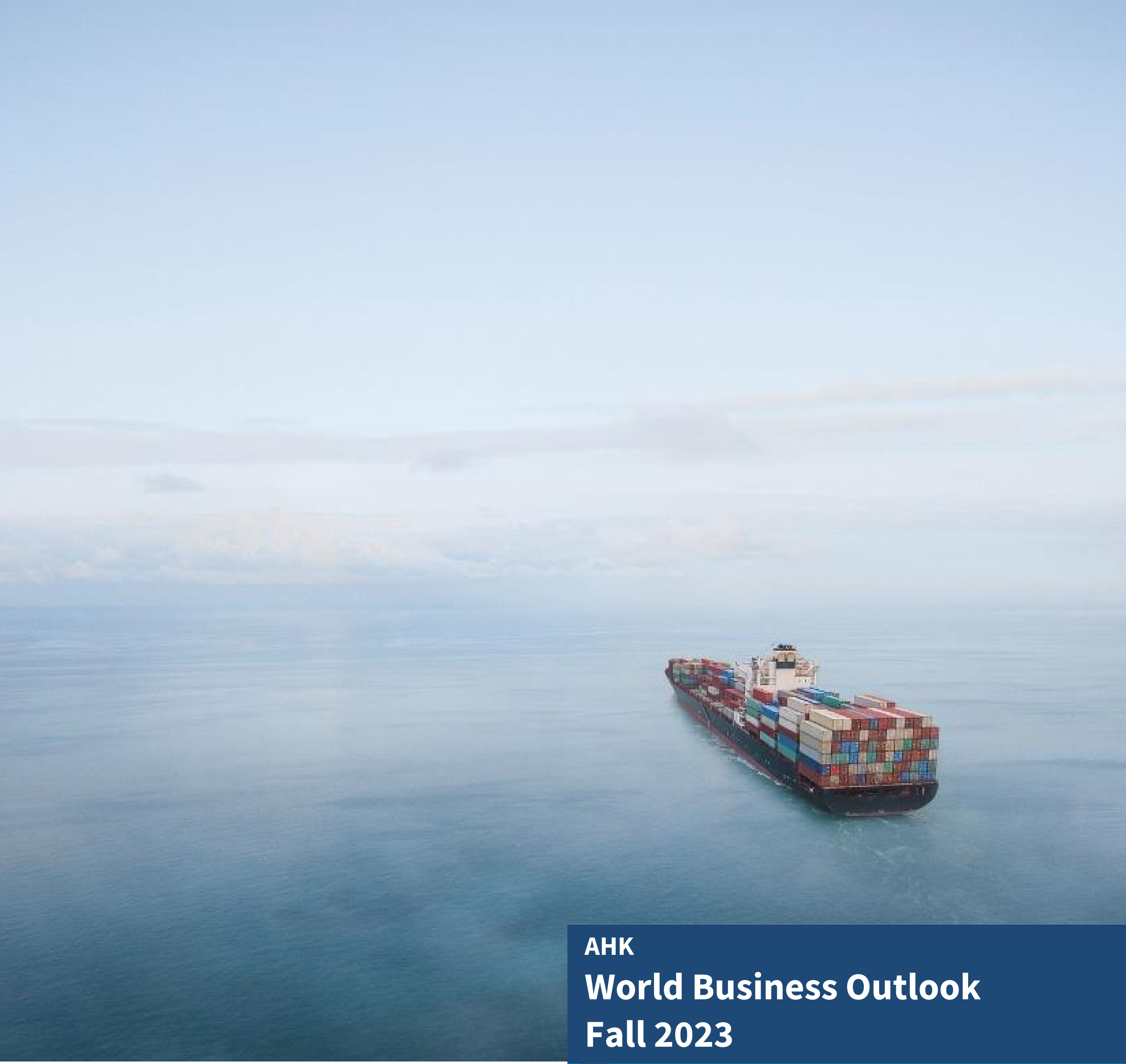

AHK

World Business Outlook Fall 2023

Results of a survey of German chambers of commerce abroad, delegations and representative offices

DIHK German Chamber of Commerce and Industry

AHK German Chambers of Commerce Abroad

Contents

Methodology

The AHK World Business Outlook is based on a regular DIHK survey of the member companies of the German Chambers of Commerce Abroad, Delegations and Representative offices (AHKs). In fall 2023, it collects feedback from more than 3,600 German companies, branches and subsidiaries worldwide as well as companies with close ties to Germany. The survey was conducted from 25 September to 20 October 2023. 39 percent of the responding companies come from the industry and construction sector, 40 percent from the service sector and a further 21 percent are trading companies. Smaller companies with fewer than 100 employees accounted for 49 percent of the responses. 24 percent of the companies employ between 100 and 1,000 employees. Large companies with more than 1,000 employees account for 27 percent of respondents worldwide.

50 percent are subsidiaries/branches of German companies, 38 percent are local or (non-German) international companies without a branch in Germany and a further 12 percent are local or (non-German) international companies with a branch in Germany.

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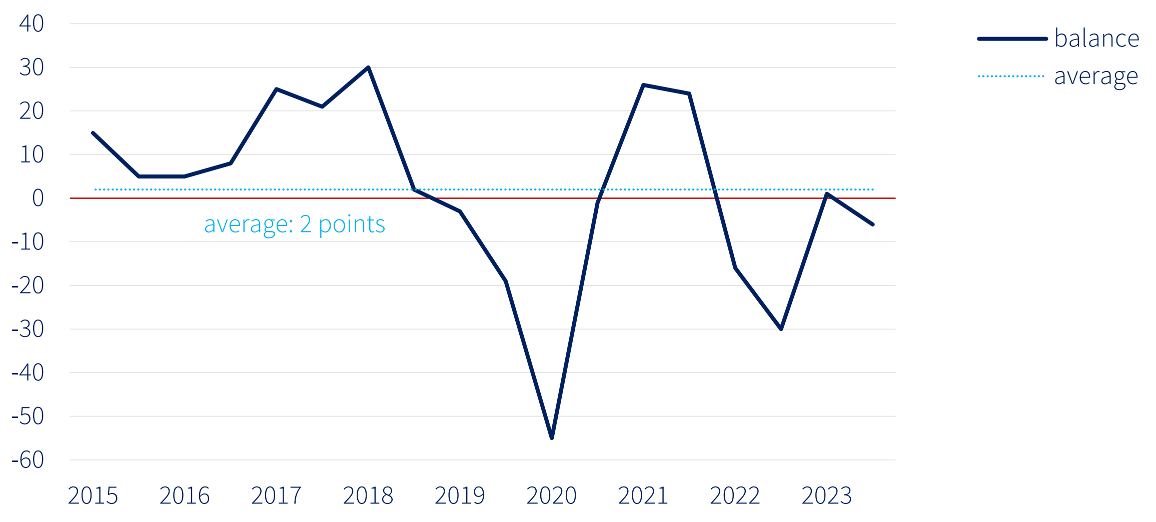
Development of the global economy

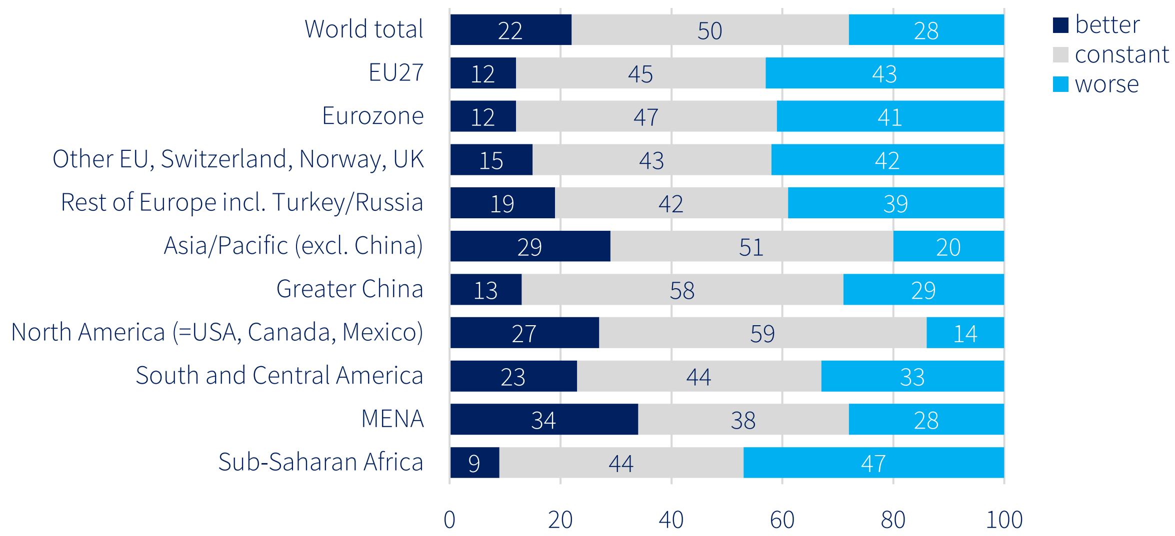
Economic expectations of German companies abroad

With regard to the development of the global economy, German companies and companies with close ties to Germany are divided at their international locations. According to their assessments, there is still no sign of a strong global upturn - although developments vary from region to region. The momentum in the global economy has slowed over the course of the year. Although international supply chains have stabilised and energy and commodity prices as well as inflation rates are declining - albeit from a high level. By historical standards, inflation rates and some commodity and energy prices are still high in some regions. In addition, the rise in interest rates, particularly in the Eurozone and the US, China's weakness on the demand side and geopolitical risks are weighing on the business of globally active companies. In fall 2023, German companies are less optimistic about economic development at their international locations than they were in spring - according to the more than 3,600 companies surveyed by the AHKs.

Economic expectations of companies worldwide (balance of "better" minus "worse" - answers in points)



Economic expectations of companies worldwide (proportion of responses in percent))



A further 22 percent of the companies surveyed worldwide expect economic development at their locations to improve over the next twelve months (spring: 28 percent). In contrast, 28 percent expect the local economy to slow down (spring: 27 percent). Every second company expects stable development based on the current economic situation (spring: 45 percent). The resulting balance of better and worse assessments has therefore fallen from one point in spring to currently minus six points, thus turning negative again. After the positive and negative expectations of companies were almost in balance in spring, the pessimists are now in the majority again. The balance is once again moving further away from the long-term average (which has been recorded since 2015), which stands at two points. Since spring 2022 with the start of the Russian war against Ukraine, companies worldwide have only been expecting weak economic development.

Only in a few regions of the world - North America, Asia/Pacific (excluding Greater China) and the Middle East and North Africa (MENA region) - do companies have predominantly positive economic expectations. In the rest of the world, negative assessments dominate. [1]

In Europe, expectations for economic development remain negative and have deteriorated significantly in some cases compared to the previous survey. In the Eurozone in particular, more companies now expect the economy to cool down further in the coming months (balance minus 29 after previously minus six points, long-term average minus one point). The outlook is clouded by energy prices that are still high by international and historical standards, the restrictive monetary policy of the European Central Bank (ECB) and at the same time still high inflation rates. In addition, Germany is closely intertwined economically with other European countries, meaning that the weakening economy in this country is also clouding expectations in Europe. Only in Greece (balance of twelve points) and Ireland (balance of ten points) do companies anticipate an economic upturn, while negative economic expectations clearly predominate in Italy (balance of minus 41 points) and Spain (balance of minus 48 points). In the group of other EU countries as well as Switzerland, Norway and the United Kingdom (UK), expectations remain pessimistic (balance unchanged at minus 27 points, long-term average minus nine points). In Eastern and South Eastern Europe (excluding the EU, incl. Türkiye, Russia), economic expectations have deteriorated compared to the previous survey and are again below the average for the region recorded since 2015 (balance minus 20 points after previously minus seven points, long-term average minus 17 points). Expectations have deteriorated significantly in Serbia in particular.

In terms of economic development, companies in their North American locations (USA, Canada, Mexico) are the most confident (balance 13 after previously twelve points, long-term average twelve points). Despite the Federal Reserve’s (Fed) interest rate hikes to combat the high inflation rates in the US, the US economy has so far proved robust. Companies' expectations for Canada's and Mexico's economies are significantly more cautious compared to the US.

Although companies' expectations for economic development in South and Central America have improved compared to the spring and in contrast to other regions (balance minus ten points after previously minus 23 points, long-term average four points), the pessimists still predominate due to the weakened global environment. One positive factor is that the region is gaining in importance as a supplier of renewable energy sources and raw materials. In addition, the tax reform initiated by President Lula da Silva, who was elected in 2022, is boosting the Brazilian economy.

In the Asia-Pacific region (excluding Greater China), companies' economic expectations have worsened compared to the previous survey (balance nine points after 19 points, long-term average ten points). In addition to the slowdown in the global economy, the Asian economies are closely linked to the Chinese economy, which is developing more weakly than expected following the end of the zero-covid policy. Nevertheless, expectations in the region are significantly more optimistic than the global average. Expectations in New Zealand have improved the most compared to the spring 2023 survey. By contrast, companies in Greater China are predominantly pessimistic about economic development. Weak private consumption and problems in the property sector are still weighing on the Chinese economy. The positive economic expectations from the spring could not be confirmed

[1] The survey was conducted from 25 September to 20 October 2023. The terrorist attack by Hamas on Israel on 7 October and the Middle East conflict that has flared up since then did not have a significant impact on companies' expectations during the survey period.

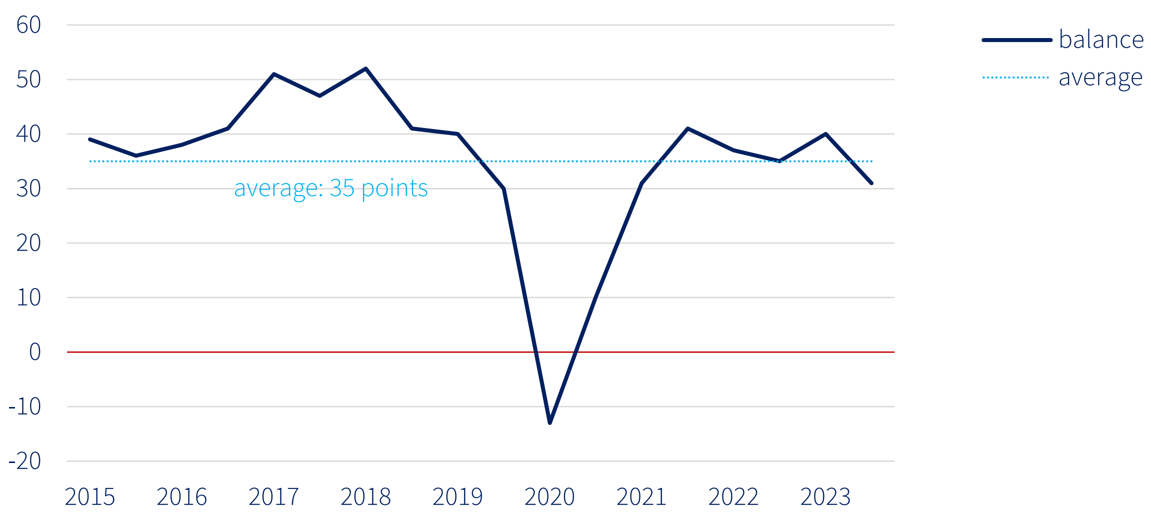
over the course of the year and collapsed by 37 balance points (balance minus 16 after previously 21 points, long-term average three points).

In addition to North America and Asia/Pacific (excluding Greater China), companies in the MENA region are still predominantly confident about local economic development in the coming twelve months despite a deterioration compared to the previous survey (balance of six points after previously 13 points, long-term average 15 points). By contrast, companies in Sub-Saharan Africa are the most pessimistic in a global comparison (balance of minus 38 points after previously minus three points, long-term average minus 13 points). Inflation remains high and debt levels in the region have risen considerably in some cases.

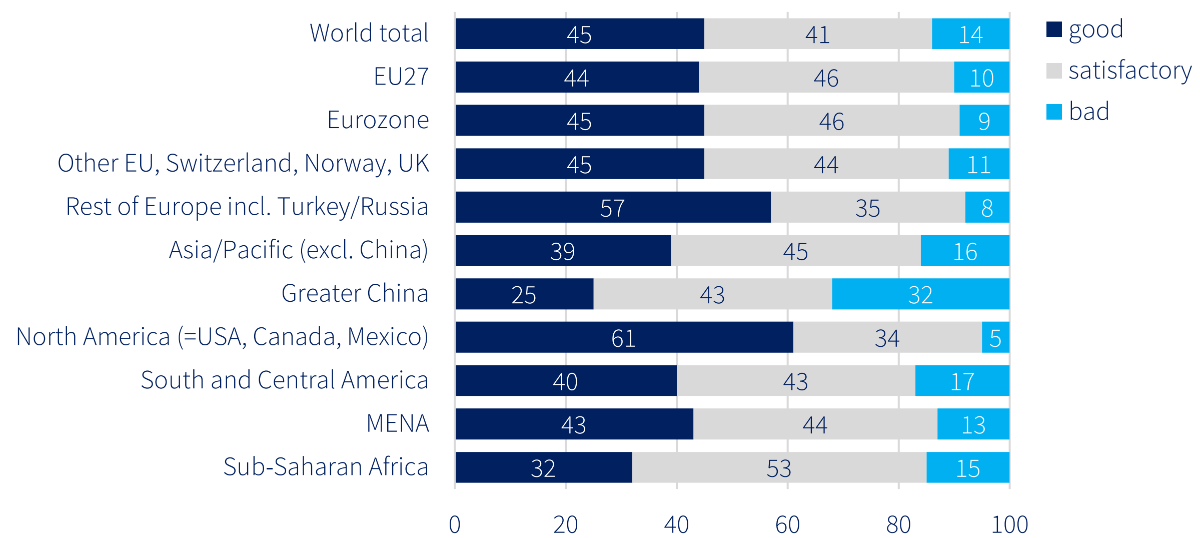
Business situation and business expectations

Against the backdrop of a global economy that has cooled over the course of the year, uncertainty due to geopolitical risks and less demand due to high inflation rates and higher interest rates, companies are currently reporting a weaker but stable **business situation**. 45 percent of companies – five percentage points less than in spring – report a good business situation. Two out of five companies (41 percent, spring: 40 percent) report a satisfactory business situation. 14 percent of companies are currently experiencing a poor business situation (spring: ten percent). The balance of good and poor assessments fell from 40 to 31 points. This means that the assessment of current business is below the average of the last few years of 35 points. In addition, the assessment of the business situation fell more sharply than the forward-looking economic sentiment indicators such as business expectations or investment and employment intentions. The last time the business situation was this low was in spring 2021, also at 31 balance points – at that time, however, large parts of the global economy were in a gradual upswing following the coronavirus lockdowns.

Business situation of companies worldwide (balance of "good" minus "bad" - answers in points)



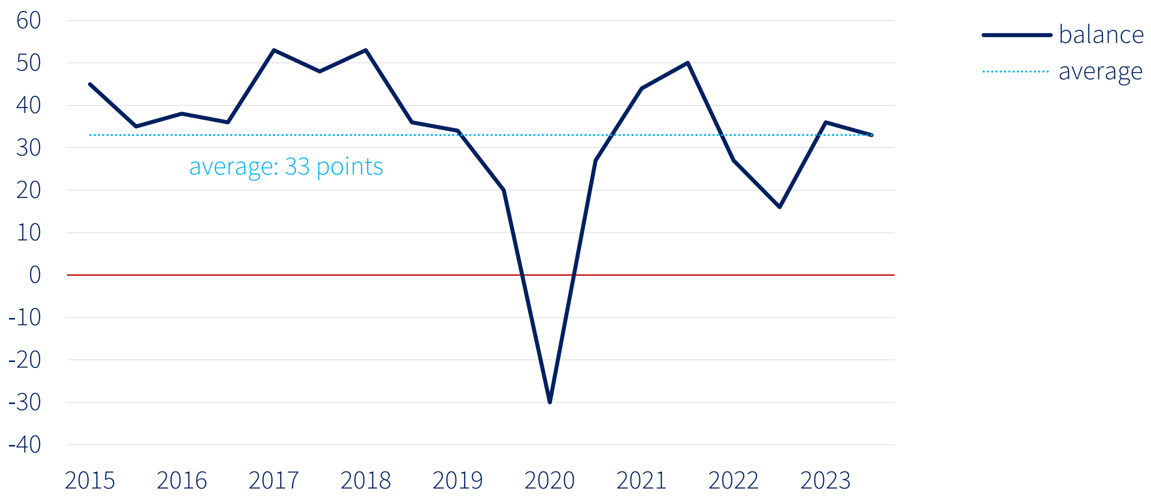
Business situation of companies worldwide (proportion of responses in percent)



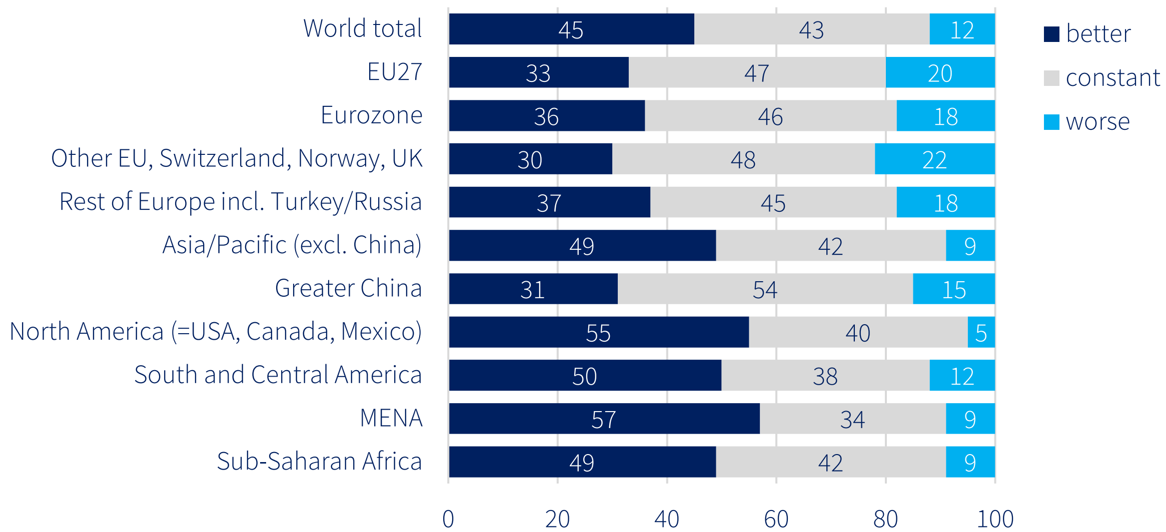
Service providers rate their business situation better than industrial, construction and retail companies. While 45 percent of service providers report a good business situation and only ten percent report a poor business situation (balance 35 points), the figures are lower for industrial and construction companies (41 percent good, 15 percent poor, balance 26 points) and retail companies (40 percent good, 15 percent poor, balance 25 points).

Companies' **business expectations** for the coming twelve months are somewhat more cautious than in spring. In particular, concerns about low demand are dampening expectations compared to the previous survey. 45 percent of companies expect business to improve (spring: 47 percent). 43 percent expect business to remain stable (spring: 42 percent). One in eight companies (twelve percent) expect business to deteriorate (spring: eleven percent). The balance of better and worse assessments therefore fell slightly by three points to 33 points (spring: balance of 36 points) - and is exactly in line with the long-term average of 33 points. This means that companies are slightly more optimistic about future business than they are about the present – the balance of business expectations is slightly higher than the current business situation. They are also more confident about their own business than about the development of the economy as a whole - the balance of business expectations is 39 points higher than the balance of economic expectations.

Business expectations of companies worldwide (balance of "better" minus "worse" - answers in points)



Business expectations of companies worldwide (proportion of mentions in percent)



Service companies are also more optimistic in their assessment of future business (balance of 40 points) than industrial and construction companies (balance of 24 points) and retail companies (balance of 26 points).

In Europe, companies assess their current business situation as slightly better than the global average.
In the Eurozone, companies are still benefiting from more stable supply chains, which are allowing them to work off the backlog of orders. Nevertheless, the business situation here is also assessed worse than in spring (balance 36 points after previously 47 points, long-term average 38 points). Business expectations, on the other hand, are significantly more pessimistic than in the global average and the previous survey (balance 18 points after 30 points previously, long-term average 29 points). Accordingly, companies do not expect their business to perform as well in the future as it currently does. The slowdown in the global economy and declining demand are clouding the outlook. The picture is similar for companies in the EU countries outside the Eurozone, as well as Switzerland, Norway and the United Kingdom. While the current business situation is above the global average at 34 balance points, it has fallen in comparison to the previous survey (spring 41 points, long-term average 40 points). In addition, business expectations are significantly more pessimistic (balance eight points after previously 15 points, long-term average 26 points). As in the previous survey, companies here are even the most negative in a global comparison when it comes to the development of their future business. In Hungary in particular (balance minus 17 points), companies predominantly expect business to deteriorate, while the current business situation in the country (balance 32 points) is still rated as very good.

Companies in Eastern and South Eastern Europe rate their current business situation very favourably; it is barely worse than in spring and is above the average for the region (balance 49 points after previously 50 points, long-term average 36 points). Business expectations are also only slightly worse compared to the previous survey (balance 19 points after 21 points previously, long-term average 19 points).

As in spring, companies in North America report the best business situation worldwide in fall. Business is assessed as only slightly worse than six months ago (balance 56 points after previously 59 points, long-term average 49 points). Business expectations also remain at a high level, even improving in comparison to the previous survey (balance 50 points compared to 46 points previously, long-term average 44 points). This means that companies at their North American locations are the most optimistic in a global comparison.

Companies operating in South and Central America report a slightly worse business situation than the global average (balance 23 points after 31 points previously, long-term average 25 points). Nevertheless, companies are more optimistic with regard to their future business (balance 38 points after previously 36 points, long-term average 41 points).

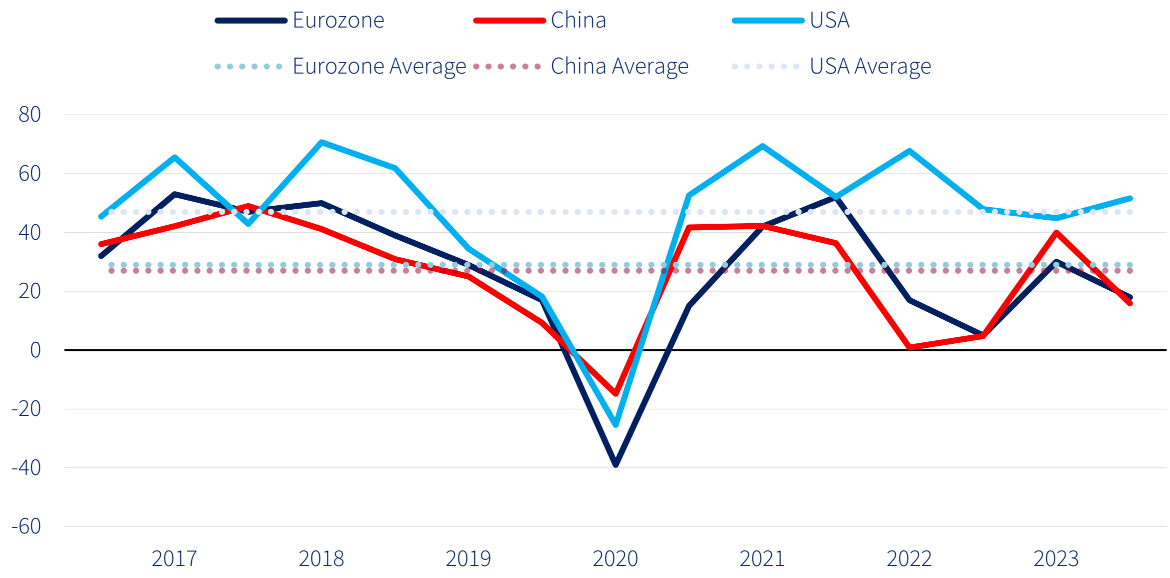
Similar to South and Central America, companies in Asia-Pacific (excluding Greater China) are slightly below the global average in their assessment of the business situation (balance 23 points after previously 38 points, long-term average 32 points). Although this did not confirm the positive expectations from the previous survey (spring balance 50 points), companies still expect their business to improve over the next twelve months compared to the current situation (balance 40 points, long-term average 42 points).

Companies in Greater China are reporting predominantly poor business performance. Weak consumption, structural problems in China and the slowdown in the global economy are depressing the current mood. The balance has turned negative (balance minus seven points after previously seven points, long-term average 26 points). The last time the situation was assessed even worse was in spring 2020 at the start of the coronavirus pandemic, with a balance of minus 37 points. As in spring, companies therefore rate their business in the Far East worse than in any other region at present. Even though business expectations are significantly higher than the current business situation at 16 balance points, they are still very subdued compared to the previous survey (spring balance 38 points, long-term average 27 points) and the global average (balance 33 points).

In the Middle East and North Africa (MENA), current business for companies is as good as the global average and slightly worse than in spring (balance 30 points after previously 37 points, long-term average 33 points). Companies are much more optimistic with regard to future business - after North America, companies in the MENA

region have the highest expectations (balance 48 points compared to 45 points previously, long-term average 46 points).[2]
Companies in **Sub-Saharan Africa** are more pessimistic in their current situation assessment (balance 17 points after previously 35 points, long-term average 19 points). Nevertheless, the majority of companies expect their business to improve (balance 40 points after previously 50 points, long-term average 42 points).

Business expectations of companies in the eurozone, China and the USA (balance in points)



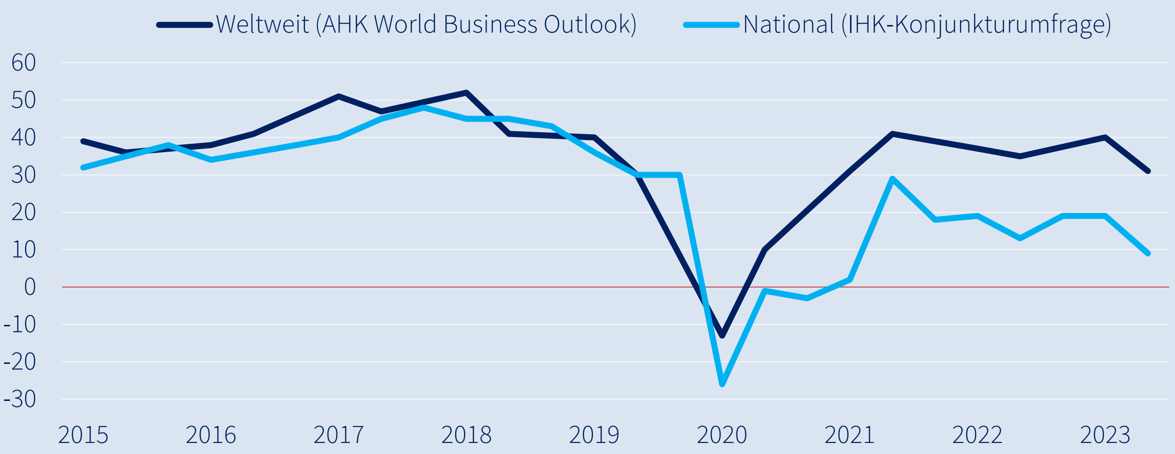
[2] The survey was conducted from 25 September to 20 October 2023. The terrorist attack by Hamas on Israel on 7 October and the Middle East conflict that has flared up since then did not have a significant impact on companies' expectations during the survey period. At the time of publication, the economic impact on the MENA region was not yet fully foreseeable.

Despite the slowdown - companies at their international locations are more optimistic than in Germany

A comparison with the national DIHK economic survey shows that companies at their international locations are still reporting significantly better business than in Germany, despite the poorer business situation and slightly less favourable business expectations than in spring.[3]

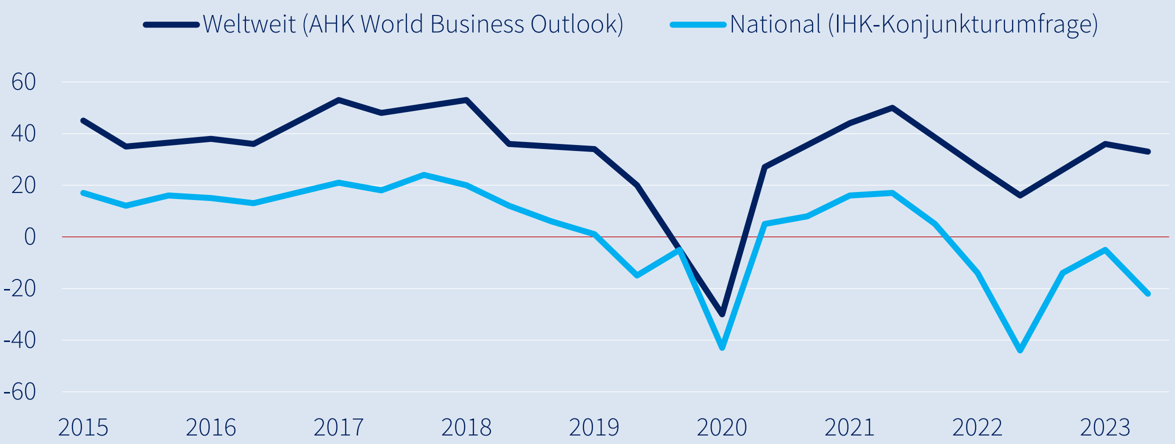
While 45 percent of AHK member companies report good business, the figure in Germany is only at 30 percent. This contrasts with 14 percent abroad with poor business and 21 percent in Germany. The balance of good and bad ratings abroad is 31 points (previous survey 40 points), far higher than in Germany at nine points (previous survey 19 points, long-term average 21 points).

Business situation of companies (balance in points)



A similar picture emerges for business expectations. Here, the difference between companies abroad and those in Germany is even greater. While 45 percent of companies at their international locations expect business to improve over the next twelve months, this figure is only 13 percent in Germany. Twelve percent expect business to deteriorate abroad, compared to 35 percent in Germany. Accordingly, the balance of better and worse assessments abroad, at 33 points (previous survey 36 points), is significantly higher than the balance in Germany at minus 22 points (previous survey minus 5 points, long-term average: four points).

Business expectations of companies (balance in points)



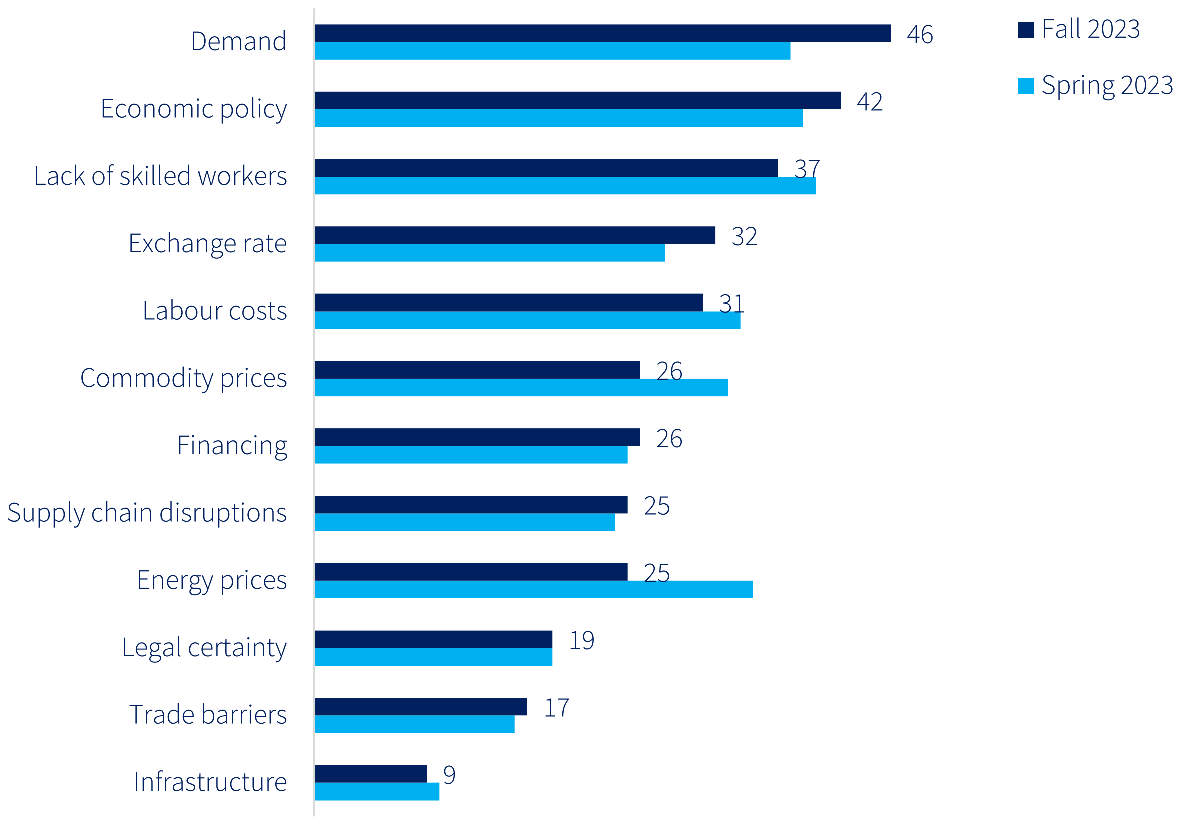
[3] DIHK economic survey fall 2023.

Risks for German companies abroad

Consumers' loss of purchasing power due to high inflation rates and the rise in interest rates are currently having a particularly negative impact on the demand side of companies. Other risk factors associated with monetary policy, such as fluctuating exchange rates and financing challenges, have also increased slightly. Meanwhile, supply-side bottlenecks have eased due to the stabilisation of global supply chains and the lower level of raw material and energy prices. In the more than 1,300 free text responses, companies also cited bureaucracy, political instability and geopolitical conflicts. In addition to the ongoing war in Ukraine, the Middle East conflict is also cited as a potential risk.

Against the backdrop of the cooled economic environment and the loss of purchasing power associated with inflation, low **demand** for products and services is currently rated as the greatest business risk worldwide at 46 percent. Compared to the previous survey, this figure has risen by eight percentage points (spring: 38 percent, long-term average: 47 percent) and thus more than any other risk. Most recently, the risk was mentioned even more frequently during the coronavirus pandemic. At 78 percent, the risk is mentioned with above-average frequency in China. Companies at their European locations are also more concerned about low demand (Eurozone: 57 percent, other EU: 59 percent).

Business risks for companies in the next twelve months (in percent, multiple answers possible)



The risk of uncertain **economic policy conditions** has risen slightly compared to the previous survey to 42 percent (spring: 39 percent, long-term average: 46 percent) and was last mentioned more frequently in fall 2020 during the coronavirus pandemic. Companies in Sub-Saharan Africa (63 percent) and South and Central America (60 percent) are particularly unsettled by the general conditions. In Latin America, companies mentioned corruption, crime and security problems in the free text field.

The impact of the restrictive monetary policy of central banks is reflected in a slightly higher mention of financing risk (26 percent, spring: 25 percent, long-term average: 24 percent), particularly in Eastern Europe (36 percent), Sub-Saharan Africa (35 percent) and the MENA region (33 percent). The higher interest rates in individual currency areas can also be reflected in fluctuating exchange rates – a third of companies (32 percent, spring: 28 percent, long-term average: 30 percent) see this as a business risk. Companies in Sub-Saharan Africa (58 percent) and the MENA region (43 percent) cite this above average.

In addition to economic risks, the structural challenge of skills shortages remains a key risk for companies with 37 percent of responses (spring: 40 percent, long-term average: 31 percent). Companies in North America (52 percent) and Europe (Eurozone: 48 percent, other EU countries 46 percent, Eastern Europe: 44 percent) in particular are having difficulties filling vacancies.

Cost-related pressure is easing somewhat compared to the previous surveys. However, 31 percent of companies still see rising labour costs as a business risk (spring: 34 percent, long-term average: 25 percent). High energy prices are a stumbling block for a quarter of companies (25 percent, spring: 35 percent), particularly in Europe. Compared to the previous survey, the mention of this risk has fallen the most.
High or fluctuating commodity prices are also a risk factor for a quarter of companies (26 percent, spring: 33 percent), particularly in the MENA region (36 percent). Companies also address the risk of fluctuating commodity prices in the free text field.

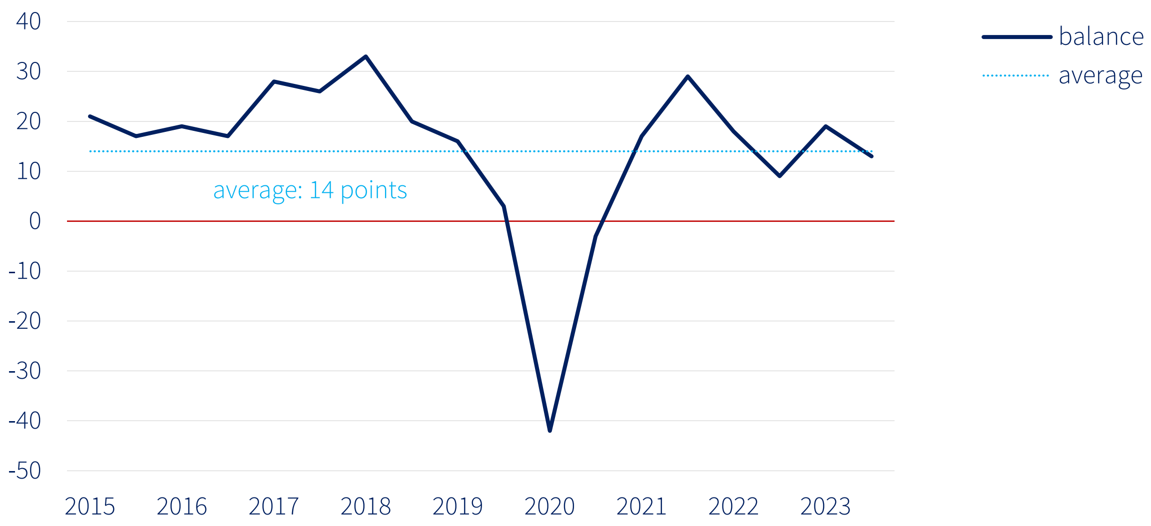
Top 3 business risks per region

	TOP 1 Risiko	TOP 2 Risiko	TOP 3 Risiko
Worldwide	46% Demand	42% Economic Policy	37% Lack of skilled workers
EU	57% Demand	44% Labour costs	39% Lack of skilled workers
Eastern/Southeastern Europe	55% Economic Policy	44% Lack of skilled workers	43% Exchange rate
Asia/Pacific	47% Demand	42% Lack of skilled workers	41% Exchange rate
Greater China	74% Demand	34% Economic Policy	26% Trade barriers
North America	52% Lack of skilled workers	48% Demand	40% Economic Policy
South and Central America	60% Economic Policy	39% Demand	38% Exchange rate
MENA	43% Exchange rate	40% Economic Policy	36% Commodity prices
Sub-Saharan Africa	63% Economic Policy	58% Exchange rate	42% Energy prices

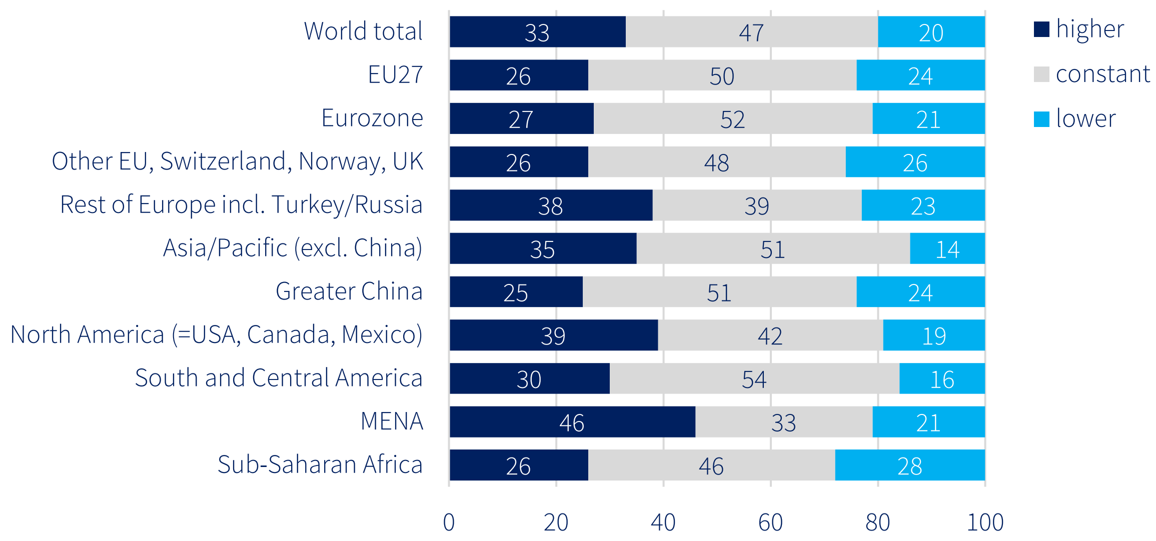
Investment plans of the companies

The global economic slowdown and high interest rates are reflected in companies' somewhat lower **investment intentions**: a third of companies (33 percent) are planning to invest more in the coming twelve months (spring: 36 percent). A fifth of companies (20 percent) plan to invest less (spring: 17 percent). The resulting balance of higher and lower investment plans fell to 13 points (spring: 19 points) and is therefore slightly below the long-term average of 14 points.

Companies' investment intentions (balance of "higher" minus "lower" responses in points)



Investment intentions of companies (proportion of mentions in percent)



In the European Union (EU) in particular, companies' investment plans have decreased noticeably, with the balance of higher and lower intentions now only in the single-digit range (Eurozone: balance six points after previously 18 points, average 14 points; other EU countries: balance zero points after previously twelve points, long-term average twelve points). In comparison, the plans in Eastern Europe are more expansionary (balance 15 points after previously 21 points, long-term average three points).

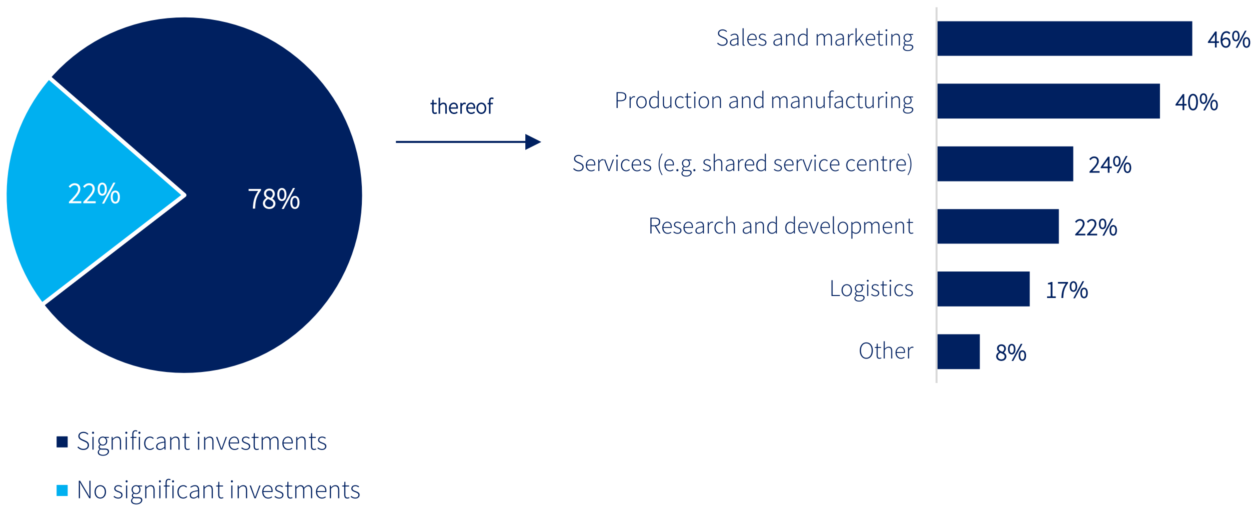
As in the previous survey, companies' investment plans at their North American locations are much more expansionary: Nevertheless, investment plans have also decreased here (balance 20 points after 30 points previously, long-term average 22 points).

The investment intentions of companies in Asia-Pacific (excluding Greater China) are above the global average and the long-term average of the region (balance 21 points after previously 26 points, long-term average 18 points). In Greater China, however, companies with expansionary and those with defensive investment plans are evenly balanced in view of the economic slowdown (balance one point after previously two points, long-term average 11 points).

Companies in the MENA region currently have the most expansionary investment plans worldwide (balance 25 points after 28 points previously, long-term average 25 points). In Sub-Saharan Africa, on the other hand, companies planning fewer investments in the coming twelve months predominate (balance minus two points after previously 22 points, long-term average 13 points).

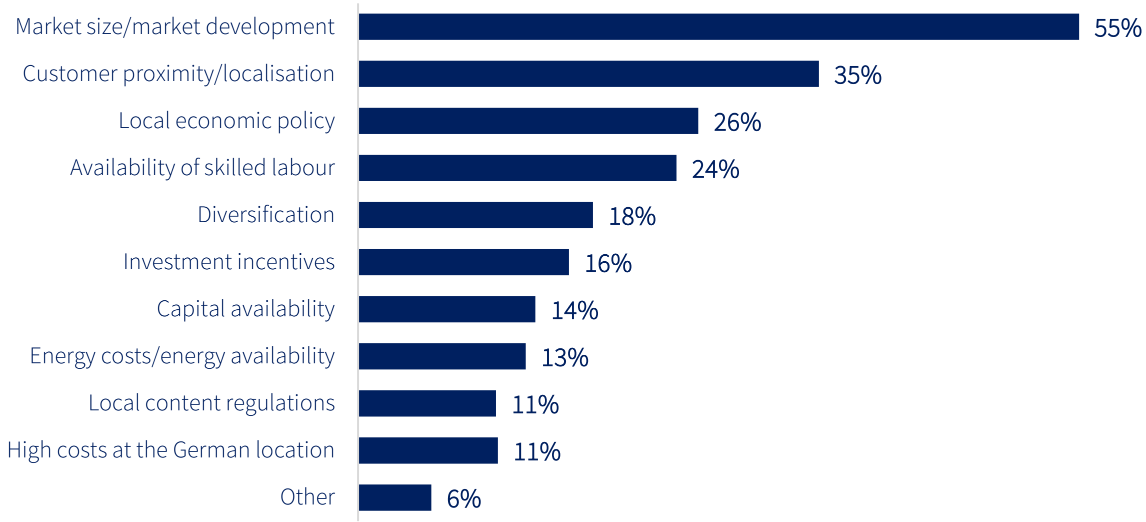
In view of the investments required for the green and digital transformation of the economy and against the backdrop of the crisis-related reluctance to invest in recent years, it is important in which areas companies make significant investments at their international locations and which factors play a role in this.

Areas in which companies invest (in percent, multiple answers possible)



Of the 78 percent of companies that are making significant investments at their international locations, 46 percent are planning to invest in sales and marketing. Four out of five companies want to invest in their production and manufacturing, a quarter (24 percent) in services. 22 percent plan to invest in research and development and 17 percent in logistics. Among the eight percent who are investing in other areas, investments in digitalisation and the IT sector, energy supply, infrastructure and employee training are mentioned in particular.

Reasons that play a dominant role in local investments (in percent, multiple answers possible)



Before a company invests in a location, it takes numerous local conditions and factors into consideration. Over half of companies (55 percent) cite **market size** or **market development** as the dominant factors for investing locally. Particularly in Asian countries such as China (75 percent), India (78 percent) and Japan (84 percent), companies invest for these reasons. **Customer proximity** or increased **localisation** play a decisive role for 35 percent, particularly in China (69 percent) and Türkiye (55 percent).

As a result of the increasing geopolitical risks, companies are working on **diversifying** their supply chains by investing in new locations or expanding their involvement in certain locations in addition to expanding their supplier network. Diversification is a key reason for investment for 18 percent of companies worldwide. In South and Central America (28 percent) as well as individual countries in Asia (Philippines: 29 percent, Sri Lanka: 34 percent) and in the MENA region (Morocco: 25 percent), diversification plays an even more prominent role.

Investment incentives, such as subsidies or tax breaks, can support companies in their investments – for 16 percent of companies, this plays a dominant role in their decisions. Incentive programmes such as the Inflation Reduction Act (IRA) in the USA or the Net Zero Industry Act in the EU are intended to encourage the establishment of certain sectors or the local production of key technologies, such as semiconductors, in these economic regions. In both the USA and the EU27, 18 percent of companies cite investment incentives as an important factor. Companies in Türkiye, for example, cite this reason even more frequently (21 percent). At the same time, economic policy requirements such as **local content regulations,** which force companies to produce locally, for example, if they want to sell in the country or benefit from certain concessions, can result in investments. This is a decisive factor for eleven percent of companies. The IRA in the USA also includes local content regulations, with 14 percent of companies citing this as a reason for investment. The proportion is even higher in Saudi Arabia (29 percent).

In addition, there are other factors that are generally central to investment decisions in favour of or against a location. These include the local **economic policy framework** (e.g. comparatively low taxes or little bureaucracy), which a quarter of companies (26 percent) cite. A quarter (24 percent) also cite the **availability of skilled workers** – even though the shortage of skilled workers is currently seen as a high business risk, particularly in European and North American locations. **Energy costs** or the **availability of energy** (13 percent) are also decisive factors. The **availability of local capital** (14 percent) is also an important factor for financing investments. Companies in South and Central America in particular cite this.

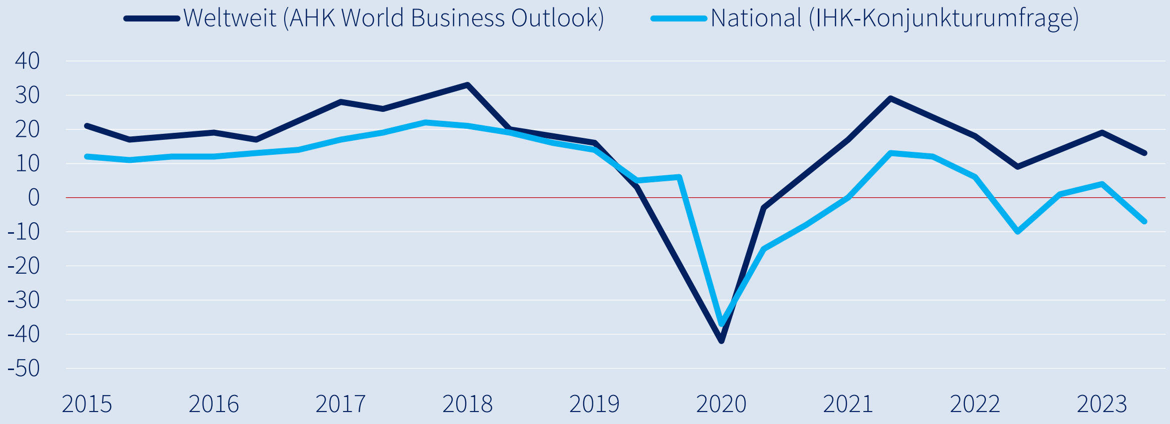
It is not only the conditions at the location itself that can influence companies' investment decisions. Conditions at other branches and subsidiaries of the company can also motivate to invest more or less. For eleven percent of companies, **high costs at the German location** are a reason to expand their investments at international locations. Subsidiaries or branches of a German company (14 percent) and local companies that have branches in

Germany (16 percent) cite this reason more frequently than companies without branches in Germany (five percent). The high costs at the German location are also cited more frequently in the Czech Republic (19 percent) and Hungary (16 percent).

In addition to the answer options, the companies were able to name other factors in a free text field that play a dominant role for them when investing locally. In some cases, the companies mentioned that the current location and market are central to their business, for example due to an existing good network or access to raw materials. Others mention favourable local cost conditions - regardless of costs at other locations or the German site.

The investment intentions of companies at their international locations are generally more expansionary than in Germany, as a comparison between the investment intentions in the AHK World Business Outlook and the DIHK economic survey shows.

Investment intentions of companies (balance in points)

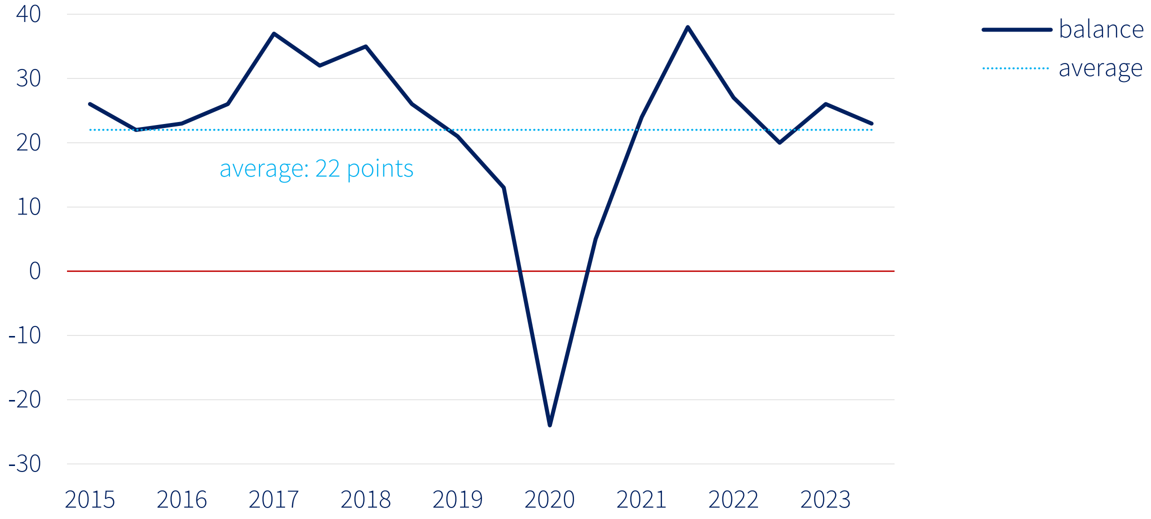


Since the coronavirus pandemic, the investment intentions of companies abroad have exceeded those of companies in Germany. In fall 2023, 33 percent of companies intend to make higher investments at their international locations over the next twelve months. In Germany, the figure is only at 24 percent. In contrast, 20 percent abroad and 31 percent in Germany have lower investment plans for the next twelve months. The balance of higher and lower investment intentions is 13 points abroad (previous survey: 19 points, long-term average: 15 points) and minus seven points in Germany (previous survey and long-term average: four points).

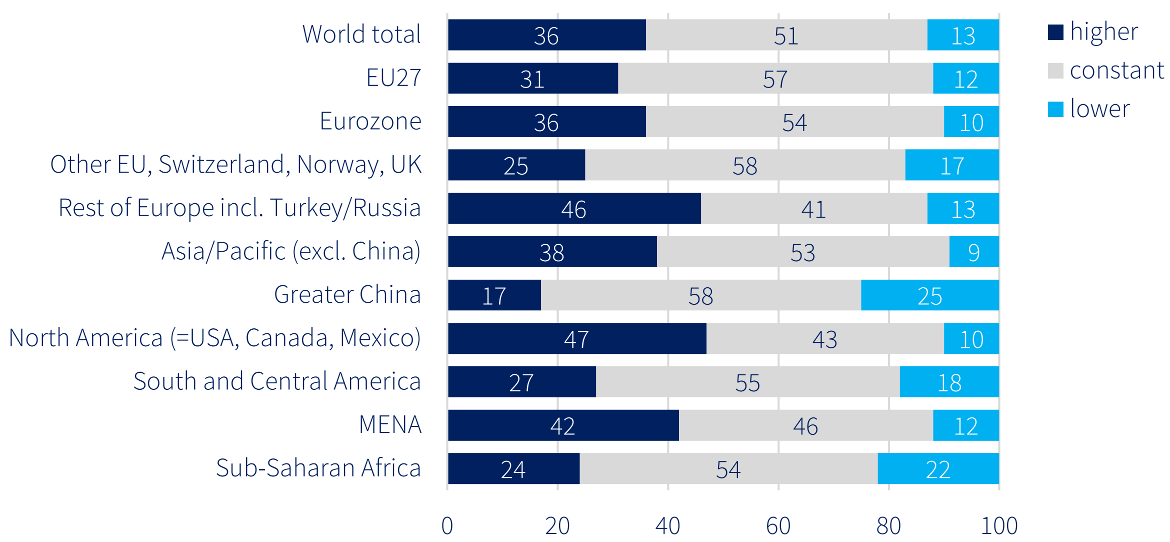
Employment intentions

The slowdown in economic and business expectations among globally active companies has led to a slight decline in companies' employment intentions. While 36 percent of companies are planning to increase their headcount over the next twelve months (spring: 38 percent), 13 percent (spring: twelve percent) are planning to reduce their headcount. The balance of higher and lower employment intentions fell to 23 points after 26 points in the previous survey, which is still above the long-term average of 22 points. However, the shortage of skilled labour means that companies are not always able to fill their vacancies. Companies planning with a higher headcount cite the business risk of a shortage of skilled workers more frequently (51 percent) than companies planning with a lower headcount (29 percent).

Employment intentions of companies (balance of "higher" minus "lower" reports in points)



Employment intentions of companies (proportion of responses in percent)



In line with their optimistic business expectations, companies at their North American locations have the most expansionary employment intentions (balance 37 points after previously 38 points, long-term average 33 points). The balance in South and Central America is now only in single figures (balance nine points after previously 15 points, long-term average twelve points).

In Europe, the picture is mixed when it comes to companies' employment intentions. In the Eurozone, the balance of plans is above the global average (balance 26 points after previously 33 points, long-term average 21 points). In the rest of the EU, however, plans are significantly more cautious than in the previous survey (balance of eight points compared to 22 points previously, long-term average 24 points). In Eastern and South-Eastern Europe, intentions have risen for the second time in a row (balance 33 points after previously 25 points, long-term average 15 points), with companies in Türkiye in particular looking to increase their headcount over the next twelve months.

In Asia/Pacific (excluding Greater China), companies with higher employment intentions clearly predominate (balance 29 points after previously 36 points, long-term average 26 points). By contrast, staffing plans are pessimistic in Greater China, where the balance has turned negative (balance minus eight points compared to four points previously, long-term average 22 points). Only in spring 2020 at the start of the coronavirus pandemic were employment intentions even worse, at minus 13 balance points.

While companies' employment plans in the MENA region are more expansionary than in spring (balance 30 points after previously 25 points, long-term average 27 points), intentions in Sub-Saharan Africa have cooled significantly (balance two points after previously 27 points, long-term average 16 points).

Statistical appendix

Analysis of the results by country

In each case, balance of good/better answers minus bad/lower answers

	Current business situation	Business expectations	Local economic expectations	Investment intentions	Employment intentions
Worldwide	**31**	**33**	**-6**	**13**	**23**
EU27	**34**	**13**	**-31**	**2**	**19**
Eurozone	**36**	**18**	**-29**	**6**	**26**
Finland	4	30	-30	19	9
France	27	21	-23	7	33
Greece	54	51	12	18	46
Ireland	41	34	10	24	21
Italy	30	8	-41	11	30
Netherlands	47	47	-8	0	28
Slovakia	47	2	-33	-6	12
Slovenia	33	5	-56	-27	9
Spain	45	6	-48	13	31
Other EU, Switzerland, Norway, UK	**34**	**8**	**-27**	**0**	**8**
Bulgaria	43	21	-36	22	39
Poland	29	8	-21	-5	8
Romania	29	14	-28	-6	11
Sweden	30	16	-32	-6	2
Switzerland	54	0	-27	-33	0
Czech Republic	37	3	-36	0	11
Hungary	32	-17	-40	-12	-3
Great Britain and Northern Ireland (UK)	31	25	-12	29	22
Eastern/Southeastern Europe (excl. EU), RU, TR	**49**	**19**	**-20**	**15**	**33**
North Macedonia	15	26	-36	-12	-16
Russian Federation	29	-17	-26	28	20
Serbia	52	43	-26	10	23
Türkiye	65	35	-18	12	45
Belarus	7	-11	-33	-3	0
Asia/Pacific (excl. Greater China)	**23**	**40**	**9**	**21**	**29**
India	52	66	59	40	45
Indonesia	42	42	31	15	18
Japan	5	25	-11	15	24
Kazakhstan	49	41	12	36	44
Korea (South)	0	24	-21	23	30
Malaysia	22	63	17	33	41
New Zealand	49	47	-18	0	16
Philippines	44	63	22	24	48
Singapore	26	7	-2	-3	14
Sri Lanka	2	59	17	18	12

	Current business situation	Business expectations	Local economic expectations	Investment intentions	Employment intentions
Worldwide	**31**	**33**	**-6**	**13**	**23**
Thailand	28	43	24	16	17
Uzbekistan	41	59	34	22	55
Vietnam	12	37	27	26	29
Greater China	**-7**	**16**	**-16**	**1**	**-8**
China, PR	-10	16	-17	0	-9
Hong Kong	6	28	-3	-8	0
Taiwan	4	10	-18	7	-2
North America	**56**	**50**	**13**	**20**	**37**
Canada	44	33	0	8	19
Mexico	47	40	2	22	40
USA	58	52	16	20	38
South and Central America	**23**	**38**	**-10**	**14**	**9**
Argentina	10	-6	-29	-17	-3
Bolivia	-12	10	-59	-22	-19
Brazil	47	44	26	26	18
Chile	6	23	-43	5	7
Costa Rica	27	57	11	38	30
Ecuador	16	59	-14	16	3
Colombia	40	24	-52	0	20
Peru	-4	35	-13	11	5
Uruguay	52	61	30	25	26
Africa, Near and Middle	**28**	**47**	**-2**	**20**	**25**
MENA	**30**	**48**	**6**	**25**	**30**
Sub-Saharan Africa	**17**	**40**	**-38**	**-2**	**2**
Egypt	37	52	-2	32	25
Algeria	-12	49	10	35	39
Iran	6	32	-42	-6	13
Kenya	29	71	-29	15	29
Morocco	25	64	32	34	45
Saudi Arabia	65	70	67	56	51
South Africa	22	33	-58	-10	-9
Tunisia	23	24	-9	9	30
United Arab Emirates	52	50	39	38	39

Business risks for German companies abroad

in percent, multiple answers possible

	Demand	Financing	Labour costs	Shortage of skilled labour	Exchange rate	Energy prices	Commodity prices	Legal certainty	Economic policy	Infrastructure	Trade barriers	Disruptions in the supply chain
Worldwide	***46***	***26***	***31***	***37***	***32***	***25***	***26***	***19***	***42***	***9***	***17***	***25***
EU27	**57**	**20**	**44**	**49**	**14**	**36**	**27**	**16**	**37**	**7**	**7**	**19**
Eurozone	**55**	**20**	**41**	**48**	**3**	**32**	**26**	**11**	**38**	**7**	**6**	**18**
Finland	86	23	18	23	9	9	14	9	23	5	9	14
France	77	15	35	50	0	35	27	4	40	4	0	23
Greece	39	37	39	61	5	37	37	10	24	5	5	20
Ireland	41	17	41	41	3	24	38	7	24	17	17	34
Italy	61	16	28	41	5	34	28	0	41	10	2	18
Netherlands	18	20	48	60	0	30	16	6	20	8	8	12
Slovakia	58	12	60	58	2	33	18	28	53	9	2	5
Slovenia	53	26	63	46	4	37	19	16	47	7	4	19
Spain	66	13	26	49	1	31	30	18	50	4	4	21
Other EU, Switzerland, Norway, UK	**59**	**19**	**44**	**46**	**26**	**38**	**28**	**21**	**38**	**7**	**10**	**20**
Bulgaria	50	14	57	68	14	54	32	21	29	14	7	25
Poland	54	21	29	33	13	38	21	25	50	4	0	8
Romania	63	26	59	61	11	33	29	29	43	12	9	25
Sweden	57	25	20	27	39	11	30	0	16	7	5	16
Switzerland	48	12	28	68	28	36	28	4	40	0	12	12
Czech Republic	61	13	45	56	20	52	29	9	23	8	4	20
Hungary	61	19	51	47	37	44	28	30	43	5	11	20
Great Britain and Northern Ireland (UK)	50	14	32	16	18	23	20	18	50	14	36	23
Eastern/Southeastern Europe (excl. EU) RU, TR	**38**	**36**	**36**	**44**	**43**	**24**	**22**	**27**	**55**	**4**	**18**	**30**
North Macedonia	46	44	41	49	0	26	21	31	46	10	13	15
Russian Federation	46	26	29	43	43	3	6	34	60	0	31	34
Serbia	57	26	35	52	9	43	30	9	39	0	9	35
Türkiye	23	48	48	43	71	27	31	23	55	5	14	24
Belarus	53	20	16	29	47	7	4	36	78	0	27	64
Asia/Pacific (excl. Greater China)	**47**	**24**	**25**	**42**	**41**	**27**	**26**	**11**	**31**	**11**	**22**	**30**
India	37	19	25	47	33	19	35	9	21	11	32	35
Indonesia	36	42	20	22	27	18	13	24	42	20	27	22
Japan	50	4	20	37	83	32	39	2	9	3	12	23
Kazakhstan	29	24	27	46	51	12	10	20	37	22	29	51
Korea (South)	66	18	41	48	27	29	27	11	29	4	20	41
Malaysia	51	22	34	46	46	15	27	5	27	17	20	27
New Zealand	58	29	24	33	47	18	36	2	29	9	9	29

	Demand	Financing	Labour costs	Shortage of skilled labour	Exchange rate	Energy prices	Commodity prices	Legal certainty	Economic policy	Infrastructure	Trade barriers	Disruptions in the supply chain
Worldwide	***46***	***26***	***31***	***37***	***32***	***25***	***26***	***19***	***42***	***9***	***17***	***25***
Philippines	37	30	26	37	32	38	27	22	32	16	23	24
Singapore	65	19	40	40	14	23	16	5	37	9	28	19
Sri Lanka	40	40	17	55	69	40	26	9	53	7	36	33
Thailand	65	11	20	46	22	37	30	4	43	4	20	26
Uzbekistan	10	41	24	62	45	17	3	21	38	21	21	38
Vietnam	49	22	12	41	12	24	20	12	24	12	20	37
Greater China	**74**	**17**	**19**	**24**	**21**	**9**	**21**	**12**	**34**	**2**	**26**	**16**
China, PR	78	18	24	15	16	5	16	17	41	0	34	13
Hong Kong	72	19	22	44	6	22	19	13	31	6	19	9
Taiwan	68	14	8	28	38	8	30	4	22	4	18	24
North America	**48**	**22**	**33**	**52**	**25**	**15**	**21**	**13**	**40**	**7**	**12**	**30**
Canada	70	33	33	48	30	30	22	4	26	11	19	44
Mexico	29	11	22	35	51	18	20	36	62	11	7	33
USA	51	24	39	61	13	10	22	5	34	4	13	26
South and Central America	**39**	**31**	**24**	**17**	**38**	**13**	**20**	**36**	**60**	**11**	**13**	**22**
Argentina	16	13	10	19	84	3	6	35	81	3	52	48
Bolivia	40	34	29	12	57	12	17	43	59	7	10	12
Brazil	30	18	21	33	36	9	33	58	45	6	6	24
Chile	62	15	21	6	45	13	13	36	83	9	9	13
Costa Rica	34	27	29	21	54	21	23	14	36	25	7	18
Ecuador	31	47	26	14	9	11	26	45	66	5	6	21
Colombia	36	24	24	12	52	12	12	40	76	20	24	8
Peru	65	22	4	4	43	9	17	17	70	17	9	35
Uruguay	52	13	48	17	48	4	13	0	13	13	13	22
Africa, Near and Middle	**31**	**34**	**21**	**27**	**46**	**26**	**34**	**17**	**46**	**11**	**26**	**28**
MENA	**32**	**33**	**21**	**26**	**43**	**21**	**36**	**16**	**40**	**7**	**26**	**27**
Sub-Saharan Africa	**28**	**35**	**18**	**30**	**58**	**42**	**27**	**20**	**63**	**23**	**25**	**30**
Egypt	24	39	24	12	70	30	52	10	42	2	21	25
Algeria	21	31	12	21	26	7	43	29	62	12	45	57
Iran	19	58	18	29	58	14	33	15	45	11	27	19
Kenya	33	25	17	17	75	33	29	13	75	8	29	21
Morocco	42	21	9	26	16	30	35	16	14	5	16	14
Saudi Arabia	30	32	37	51	4	11	23	19	25	5	30	28
South Africa	27	15	18	44	53	47	20	24	67	44	29	35
Tunisia	48	16	14	27	39	30	27	20	57	13	26	28
United Arab Emirates	42	23	37	26	35	12	28	9	19	2	28	35

Areas in which companies are currently investing

in percent, multiple answers possible

	Production and manufac-turing	Research and development	Sales and marketing	Logistics	services	Other
World	**40%**	**22%**	**46%**	**17%**	**24%**	**8%**
EU27	**41%**	**23%**	**41%**	**15%**	**20%**	**11%**
Eurozone	**36%**	**25%**	**43%**	**15%**	**22%**	**7%**
Finland	14%	36%	43%	7%	21%	14%
France	29%	25%	43%	11%	25%	21%
Greece	35%	16%	61%	16%	29%	0%
Ireland	29%	41%	47%	12%	29%	12%
Italy	31%	31%	60%	21%	12%	5%
Netherlands	22%	22%	42%	19%	25%	6%
Slovakia	44%	17%	41%	20%	20%	12%
Slovenia	43%	27%	32%	14%	27%	5%
Spain	51%	21%	28%	12%	21%	4%
Other EU, Switzerland, Norway, UK	**44%**	**21%**	**40%**	**15%**	**20%**	**14%**
Bulgaria	30%	20%	55%	25%	20%	5%
Romania	53%	25%	40%	7%	15%	7%
Sweden	38%	13%	67%	13%	13%	4%
Switzerland	40%	33%	40%	7%	33%	7%
Czech Republic	45%	19%	40%	9%	19%	13%
Hungary	51%	21%	31%	19%	19%	23%
Great Britain and Northern Ireland (UK)	29%	15%	51%	15%	32%	12%
Eastern/Southeastern Eu-rope (excl. EU), RU, TR	**39%**	**16%**	**52%**	**21%**	**24%**	**7%**
North Macedonia	39%	4%	48%	13%	30%	4%
Russian Federation	39%	11%	44%	11%	28%	6%
Türkiye	41%	19%	56%	20%	25%	8%
Belarus	42%	32%	63%	47%	0%	16%
Asia/Pacific (excl. Greater China)	**34%**	**24%**	**53%**	**17%**	**30%**	**5%**
India	60%	35%	40%	10%	27%	2%
Indonesia	11%	11%	52%	11%	48%	7%
Japan	31%	18%	53%	13%	18%	4%
Kazakhstan	18%	5%	64%	14%	32%	0%
Korea (South)	34%	20%	63%	10%	20%	5%
Malaysia	53%	28%	50%	9%	47%	3%
New Zealand	13%	33%	57%	23%	17%	3%
Philippines	27%	30%	50%	19%	44%	6%
Singapore	43%	32%	46%	18%	11%	11%
Sri Lanka	43%	28%	70%	23%	23%	5%
Thailand	44%	11%	50%	17%	19%	6%
Uzbekistan	22%	22%	61%	44%	50%	11%
Vietnam	42%	23%	38%	31%	35%	0%

	Production and manufac-turing	Research and development	Sales and marketing	Logistics	services	Other
World	**40%**	**22%**	**46%**	**17%**	**24%**	**8%**
Greater China	**45%**	**34%**	**48%**	**2%**	**19%**	**5%**
China, PR	58%	42%	29%	2%	15%	6%
Hong Kong	36%	27%	64%	9%	36%	0%
Taiwan	26%	22%	74%	0%	19%	4%
North America	**47%**	**19%**	**42%**	**14%**	**22%**	**6%**
Canada	30%	35%	45%	20%	20%	15%
Mexico	50%	14%	42%	22%	11%	6%
USA	50%	18%	42%	10%	27%	4%
South and Central America	**36%**	**21%**	**37%**	**24%**	**26%**	**10%**
Argentina	33%	13%	33%	20%	27%	7%
Bolivia	36%	28%	23%	23%	28%	10%
Brazil	37%	19%	41%	22%	19%	0%
Chile	29%	29%	29%	33%	0%	19%
Costa Rica	37%	11%	49%	6%	49%	23%
Ecuador	37%	25%	35%	22%	26%	8%
Colombia	21%	21%	50%	21%	29%	7%
Africa, Near and Middle	**45%**	**20%**	**49%**	**15%**	**25%**	**6%**
MENA	**47%**	**20%**	**49%**	**15%**	**21%**	**6%**
Sub-Saharan Africa	**34%**	**17%**	**48%**	**16%**	**37%**	**7%**
Egypt	57%	28%	61%	15%	19%	2%
Algeria	39%	16%	42%	16%	26%	10%
Iran	54%	28%	54%	13%	16%	3%
Morocco	39%	16%	42%	13%	32%	3%
Saudi Arabia	37%	16%	47%	14%	26%	14%
South Africa	39%	11%	54%	25%	32%	4%
Tunisia	52%	18%	26%	21%	18%	5%
United Arab Emirates	32%	5%	66%	11%	24%	11%

Dominant factors for local investments

in percent, multiple answers possible

	Market size/market development	Customer proximity/localisation	Diversification	Investment incentives	Economic policy	Local content	Energy costs/energy availability	High costs at the German site	Availability of skilled labour	Capital availability	Other
Worldwide	**55**	**35**	**18**	**16**	**26**	**11**	**13**	**11**	**24**	**14**	**6**
EU27	**42**	**34**	**14**	**18**	**22**	**6**	**15**	**11**	**29**	**12**	**8**
Eurozone	**46**	**38**	**14**	**15**	**20**	**6**	**13**	**8**	**30**	**9**	**5**
France	60	50	20	13	5	3	8	5	20	3	8
Greece	53	36	14	25	22	0	22	6	28	17	3
Ireland	54	42	17	13	33	17	8	8	29	17	8
Italy	57	45	4	19	19	6	15	2	19	2	4
Netherlands	56	26	9	9	7	12	14	7	30	16	0
Slovakia	24	36	20	13	29	0	9	16	31	11	2
Slovenia	23	23	25	18	23	9	16	5	39	9	11
Spain	58	49	14	14	18	6	10	15	35	7	1
Other EU, Switzerland, Norway	**42**	**32**	**15**	**19**	**24**	**7**	**16**	**13**	**29**	**14**	**10**
Bulgaria	44	36	16	24	24	12	24	12	28	8	8
Great Britain and Northern Ireland (UK)	74	28	20	9	20	11	11	9	26	7	9
Romania	47	36	21	21	21	17	11	15	32	17	3
Sweden	56	24	6	12	6	3	9	6	15	12	6
Switzerland	48	48	10	10	33	5	14	10	43	10	0
Czech Republic	35	31	16	3	18	2	18	19	19	3	16
Hungary	32	28	12	27	30	6	21	16	33	21	13
Eastern/Southeastern Europe (excl. EU), RU, TR	**58**	**48**	**14**	**14**	**19**	**6**	**10**	**15**	**26**	**10**	**7**
North Macedonia	50	30	20	23	30	10	10	13	33	13	17
Russian Federation	43	76	24	5	14	0	5	5	10	10	10
Türkiye	70	55	13	21	20	8	10	21	31	12	3
Belarus	42	55	3	0	0	0	0	9	12	12	12
Asia/Pacific (excl. Greater China)	**67**	**37**	**19**	**17**	**25**	**11**	**12**	**11**	**26**	**11**	**4**
India	78	41	22	18	22	25	6	25	24	10	4
Indonesia	72	36	10	15	28	18	10	5	23	13	5
Japan	84	49	9	8	8	9	5	5	21	1	3
Kazakhstan	77	33	7	17	37	10	3	3	40	7	7
Korea (South)	81	45	13	17	25	13	6	6	17	6	4
Malaysia	47	39	17	22	19	11	17	25	42	11	3
New Zealand	69	36	25	11	25	8	14	11	22	17	6

	Market size/market development	Customer proximity/localisation	Diversification	Investment incentives	Economic policy	Local content	Energy costs/energy availability	High costs at the German site	Availability of skilled labour	Capital availability	Other
Worldwide	**55**	**35**	**18**	**16**	**26**	**11**	**13**	**11**	**24**	**14**	**6**
Philippines	56	22	29	15	33	4	20	19	24	16	3
Singapore	51	49	23	17	23	11	9	9	31	14	6
Sri Lanka	62	9	34	19	30	13	19	4	23	11	13
Thailand	58	53	23	30	19	14	9	12	28	2	2
Uzbekistan	78	33	15	26	44	11	15	11	33	19	0
Vietnam	50	43	13	20	20	3	13	7	37	23	0
Greater China	**72**	**59**	**13**	**7**	**13**	**11**	**8**	**13**	**10**	**5**	**1**
China, PR	75	69	13	5	11	11	7	23	3	5	0
Hong Kong	78	48	13	17	30	9	9	0	22	9	0
Taiwan	64	50	12	5	7	12	10	5	14	2	2
North America	**65**	**50**	**17**	**14**	**24**	**13**	**13**	**10**	**26**	**13**	**4**
Canada	83	42	25	25	17	8	29	8	38	4	0
Mexico	53	45	13	0	28	13	13	11	23	9	4
USA	66	54	16	18	24	14	9	11	25	17	5
South and Central America	**47**	**22**	**28**	**16**	**38**	**14**	**10**	**7**	**14**	**25**	**7**
Argentina	65	20	20	10	40	30	10	5	15	20	10
Bolivia	49	27	27	14	33	14	4	2	6	31	4
Brazil	70	40	37	3	20	10	3	3	7	13	0
Chile	41	32	30	5	43	5	5	3	11	22	3
Costa Rica	40	18	24	20	42	7	7	4	20	22	7
Ecuador	41	18	32	19	40	16	14	8	16	33	7
Colombia	50	18	23	14	41	18	5	9	5	14	18
Africa, Near and Middle	**58**	**29**	**18**	**17**	**32**	**15**	**15**	**11**	**24**	**15**	**4**
MENA	**57**	**27**	**17**	**19**	**33**	**15**	**15**	**11**	**23**	**16**	**3**
Sub-Saharan Africa	**61**	**34**	**22**	**13**	**29**	**16**	**18**	**9**	**26**	**12**	**8**
Egypt	63	32	17	20	40	17	21	8	19	17	3
Algeria	44	21	18	21	44	18	12	12	24	24	6
Iran	55	19	15	23	32	20	12	13	16	24	1
Morocco	55	35	25	5	10	5	13	15	30	10	0
Saudi Arabia	65	42	13	13	13	29	6	4	15	12	2
South Africa	63	37	24	8	18	18	24	16	16	13	5
Tunisia	44	13	18	20	41	2	18	16	35	14	5
United Arab Emirates	78	39	22	22	34	17	12	12	24	5	5

Questionnaire

How do you assess the current business situation of your company?
- good
- Satisfactory
- bad

What business development do you expect for your local company over the next twelve months?
- better
- constant
- worse

How do you see the local economy developing over the next twelve months?
- better
- constant
- worse

How do you expect your company's spending on local investments to develop over the next twelve months?
- higher
- constant
- lower
- No investments

How do you expect your company's local workforce to develop over the next twelve months?
- higher
- constant
- lower

Where do you see the greatest risks to the economic development of your company in the next twelve months? (multiple answers possible)
- Demand
- Financing
- Labour costs
- Shortage of skilled labour
- Exchange rate
- Energy prices
- Commodity prices
- Legal certainty
- Economic policy framework
- Infrastructure
- Trade barriers/favouring domestic companies
- Disruption s in the supply chain (e.g. logistics, lack of preliminary products)

Do you see any other risks for the economic development of your company?

Companies' investment decisions are characterised by cost factors, bureaucracy and geopolitical risks, among other things. The investment climate in Germany is clouded. In many cases, there is even talk of production relocations.

With this in mind, we would like to find out how you assess the general conditions at your current location. In which areas do you invest and which factors play a dominant role?

7. In which areas do you currently have or are you planning significant investments at your location? (multiple answers possible)
- Production and manufacturing
- Research and development
- Sales and marketing
- Logistics
- Services (e.g. shared service centre)
- No significant investments
- Other

8. Which factors play a dominant role in your decision to invest locally? (multiple answers possible)
- Market size/market development
- Customer proximity/localisation
- Diversification
- Investment incentives (e.g. subsidies, tax relief)
- Local economic policy conditions (e.g. comparatively low bureaucracy, taxes)
- Local content regulations (local production)
- Energy costs/energy availability
- High costs at the German site
- Availability of skilled labour
- Capital availability
- Other