



Foreign Investments of Manufacturing Companies 2026

Report on foreign investment of the DIHK Economic
Survey from the Beginning of 2026



German Chamber of
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Foreign investment in the Manufacturing Industry

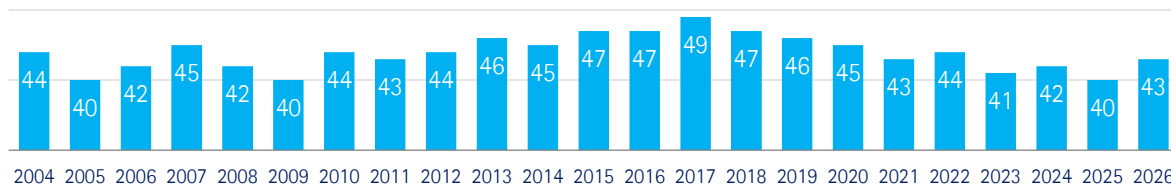
Analysis of 1,700 responses from industrial companies with overseas operations from the [DIHK Economic survey from the beginning of 2026](#)

The declining competitiveness of Germany as a business location, resulting from rising costs, as well as a weak economy and geopolitical conflicts, are shaping the foreign investment plans of German industrial companies. Furthermore, many companies are increasingly taking into account in their location decisions that many countries are attempting to protect their own markets through new tariff barriers and other trade restrictions. 43 per cent of industrial companies – three percentage points more than in the previous year (40 per cent) – intend to invest abroad in 2026. The extent to which Germany’s competitiveness as a business location is under pressure is evident in the reasons for investing abroad: whilst market expansion was the primary motive for many years, cost savings have been the dominant factor for the past three years. Currently, 41 per cent of companies (35 per cent last year) plan to invest outside Germany for this reason – the highest figure since 2003 (42 per cent).

Smaller industrial firms are currently finding it even harder to expand abroad than in the past. Just under a third (32 per cent, up from 30 per cent) of firms (with up to 200 employees) are planning to invest outside Germany. Even before the coronavirus pandemic, this figure stood between 35 and 39 per cent. Among large companies with 1,000 or more employees, the proportion has also risen slightly, from a high of 80 per cent to the current 81 per cent.

Proportion of German industrial companies with plans for foreign investment

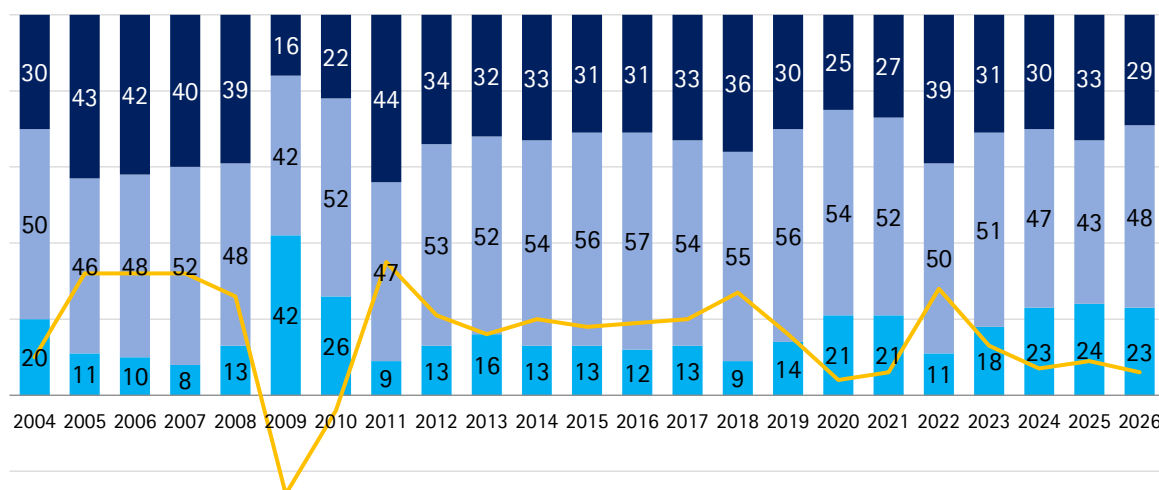
Percentage



Of the industrial companies wishing to invest abroad, ...

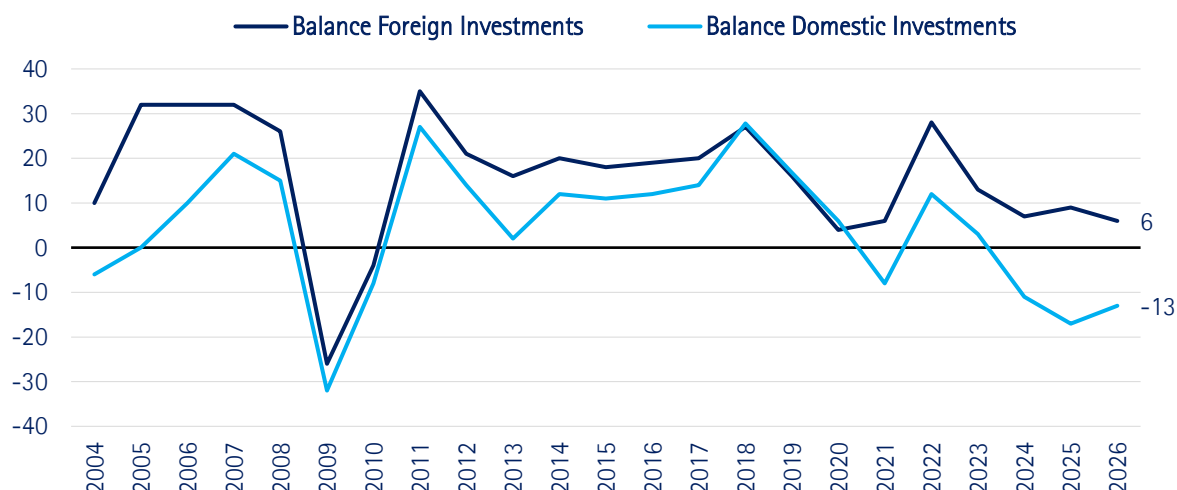
Percentages, balance in points

■ ... lower foreign investment ■ ... unchanged foreign investment
■ ... higher foreign investment — Balance (higher minus lower foreign investments)



Investment plans of industrial companies at home and abroad

(Balance of 'higher' minus 'lower' responses)



Persistently negative business and sales expectations in the Manufacturing Industry, continued high labour costs and energy prices, numerous bureaucratic burdens and geopolitical risks are weighing on the budgets of many companies. This is reflected in the scope for investment – both domestically and abroad.

Overall, three in ten firms (29 per cent, down from 33 per cent last year) that generally invest capital abroad intend to increase their foreign investment budgets. Conversely, almost one in four firms (23 per cent, down from 24 per cent last year) currently plan to make cuts. The balance of planned foreign investment has fallen from nine to six points compared with the previous year. This corresponds to the figure during the COVID-19 pandemic (2021: balance of six points). The long-term average stands at 16 points.

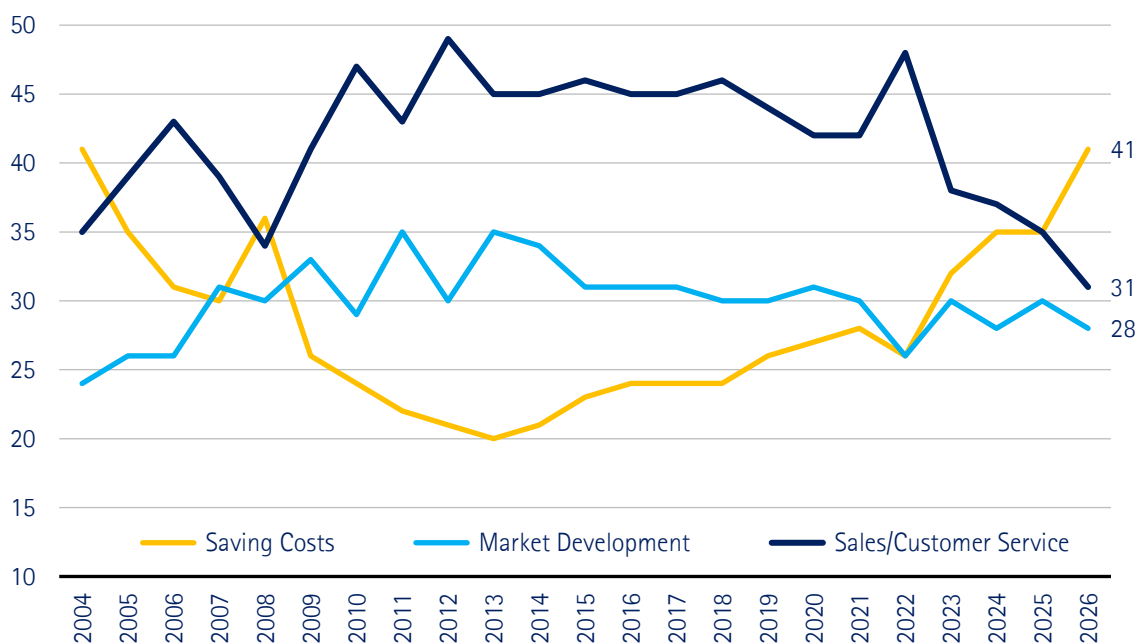
Despite being below average, the Manufacturing Industry's plans for foreign investment are once again significantly higher than its planned domestic investment. Currently, the net foreign investment balance exceeds the domestic balance by 19 points (Balance of the Manufacturing Industry in this country: minus 13 points). This is a clear sign that business conditions in this country are unattractive. Germany's competitiveness as a business location faces major challenges.

Across all company size categories, the balance of foreign investment is declining and lies below the long-term average. For large enterprises (more than 1,000 employees), the balance falls slightly by three points to plus 18 points – and is thus seven points below the long-term average (25 points). For small and medium-sized industrial firms with up to 200 employees, the balance of foreign investment has turned slightly negative at minus two points (compared with plus one in the previous year) and is twelve points below the long-term average.

	Manufacturing Industry (excluding construction)	Capital goods manufacturers	Intermediate goods producers	Consumption good producers	Energy-intensive Manufacturing Industry	Motor vehicle manufacturing	Mechanical engineering	Electrical engineering	Chemical manufac- turing industry
Companies operating abroad (percentage share)									
2026	43	50	41	39	44	67	49	53	59
2025	40	48	39	33	41	58	48	51	50
2024	42	50	39	39	41	65	52	52	48
2023	41	49	41	33	n/a	57	48	51	49
2022	44	52	41	38	n/a	67	54	53	52
Companies' planned foreign investment (Balance: 'higher' minus 'lower')									
Balance 2026	6	11	4	-1	-8	19	6	17	4
Balance 2025	9	15	2	14	-1	30	10	12	7
Balance 2024	7	16	0	3	-3	19	17	-1	9
Balance 2023	13	24	8	-4	n/a	34	22	24	-2
Balance 2022	28	32	30	10	n/a	43	31	35	24
Reasons why companies invest abroad (in per cent)									
Costs	41	42	45	29	42	56	36	44	36
Market development	28	27	30	22	32	40	26	25	37
Sales/Customer Service	31	31	25	49	26	4	38	31	27
Companies are investing in these regions (in per cent, multiple answers possible)									
Eurozone	64	63	59	81	58	72	55	62	21
Other EU countries, Swit- zerland, Norway, UK	26	29	20	31	21	43	27	28	39
Eastern/South-Eastern Europe (excluding the EU), Russia, Turkey	16	20	10	18	11	32	17	15	31
North America	44	53	40	29	46	56	57	42	0
South and Central Ame- rica	21	28	16	13	19	40	28	19	0
Africa, the Near and Mid- dle East	16	21	12	13	11	42	21	12	0
China	34	40	32	22	31	51	39	43	54
Asia/Pacific (excluding China)	26	31	22	21	27	25	31	32	0

Motives for foreign investment by German industrial companies

as a percentage; no survey on foreign investment plans in 2002



Cost savings by far the most important factor...

By far the most important motive for foreign investment by German industrial companies is cost reduction. Among all industrial companies with foreign investments, 41 per cent now cite cost savings as the main motive for their foreign operations (previous year: 35 per cent). This is the highest figure since 2003 (42 per cent). Among large enterprises, the proportion has even jumped from 33 to 46 per cent. In small and medium-sized industrial firms (up to 200 employees), cost reduction is once again the most important motive for the first time since 2003 (41 per cent, a record high).

When broken down by sector, manufacturers of intermediate goods most frequently cite cost savings as their motivation, accounting for 45 per cent (up from 40 per cent last year). Among manufacturers of capital goods, this figure has risen from 30 per cent to 42 per cent. In the automotive sector, as many as 56 per cent – well over half – of companies invest in foreign locations for cost reasons. Fundamentally, energy costs represent a major expense for industrial firms, both for those operating abroad and for those investing solely domestically. However, labour costs in particular are becoming a major cost driver for the Manufacturing Industry. 71 per cent of industrial firms that operate abroad for cost reasons currently view labour costs in this country as a business risk. This is even higher than in the Manufacturing Industry as a whole (63 per cent).¹

The establishment and expansion of sales and customer service operations abroad, which primarily serve to support these companies' commercial activities, will lose significance from the start of 2026. Only 31 per cent of companies now cite this as the main reason for their foreign investments. In the previous year, the figure was 35 per cent, and four years ago it was as high as 48 per cent. The sale of 'Made in Germany' products abroad, on-site customer advice and after-sales service are low-threshold opportunities to establish a presence in foreign markets and seize market opportunities. Consequently, this motive has historically been the most important for smaller industrial companies with fewer than 200 employees. For the first time, sales and customer service are cited by them as the second most important factor at 39 per cent (down from 43 per cent the previous year), after the cost factor (41 per cent). Among large firms with more than 1,000 employees, sales offices are the main reason for planned investments in just under a fifth (17 per cent, down from 20 per cent the previous year). A

¹ The effects of the rise in energy prices caused by the war in the Middle East are not yet reflected in the data, as the data was collected around the turn of the year 2025/2026.

look at the three main industrial groups shows that sales and customer service are less important for manufacturers of intermediate goods (25 per cent, down from 27 per cent in the previous year) than for manufacturers of capital goods (31 per cent, down from 41 per cent) or consumer goods (49 per cent, up from 41 per cent).

Domestic investment and employment plans of industrial companies investing abroad (Balance in points)													
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Domestic investment balance of industrial enterprises ...													
total (all industrial enterprises)	12	11	12	14	27	16	-1	-1	23	3	-11	-17	-13
of which companies with plans for foreign investment	18	17	16	21	35	17	-9	4	31	12	-11	-19	-17
... with foreign investment to cut costs	13	11	7	15	27	8	-12	-8	14	2	-24	-30	-28
... with foreign investment for the purpose of market development	21	17	14	18	35	15	-2	12	34	19	0	-16	-9
... with foreign investments for sales/customer service	18	20	21	25	38	23	8	7	38	15	-6	-9	-5
Domestic employment balance of industrial enterprises ...													
total (all industrial enterprises)	5	2	4	7	21	10	-10	-9	15	4	-13	-19	-18
of which companies with plans for foreign investment	12	6	8	16	31	15	0	-5	27	12	-11	-19	-22
... with foreign investment for the purpose of cost savings	-1	-7	-5	2	13	0	-24	-22	10	-2	-32	-39	-39
... with foreign investment for the purpose of market development	13	10	5	12	31	13	-15	0	23	13	0	-16	-21
... with foreign investments for sales/customer service	17	10	16	24	39	24	3	2	37	23	0	-7	-14

The proportion of companies intending to invest primarily to tap into foreign markets stands at 28 per cent (down from 30 per cent in 2025). This figure is slightly below the long-term average of 30 net points. For the first time since 2005, production for the purpose of accessing new markets is not the main reason for foreign investment among large companies (only 37 per cent, down from 47 per cent in the previous year). Among smaller industrial firms (fewer than 200 employees), as in the previous year, only 20 per cent intend to make foreign investments for the purpose of market development. In terms of sectors, market expansion is significantly more important for producers of intermediate goods (30 per cent, down from 33 per cent in the previous year) and manufacturers of capital goods (27 per cent, down from 29 per cent in the previous year) than for manufacturers of consumer goods (22 per cent, up from 20 per cent in the previous year).

... Threat of a loss of domestic value added

In the past, companies with foreign investments generally also reported more expansive staffing and investment plans at their domestic sites. The foreign sites had a positive knock-on effect on domestic production, e.g. through the expansion of customer bases and markets. Consequently, the balances for domestic employment and investment plans were usually higher than in the industry as a whole. This is no longer the case. The balances are now slightly more negative. The main reason is the high proportion of companies investing abroad primarily for cost reasons. These companies tend to relocate production because the business environment in Germany is no longer sufficiently competitive. Of the companies that intend to invest abroad primarily to save costs, 71 per cent see local labour costs and 70 per cent see Economic policy as a risk to business development; for 56 per cent, Energy and raw materials are a particular problem.

Consequently, the bottom line in this country is that staff numbers are being cut, less is being invested in domestic sites, and sites are being downsized or even closed down altogether. The domestic employment and investment balances for these companies, which are investing abroad to cut costs, are well into negative territory (employment plans balance: minus 39 points; investment plans balance: minus 28 points).

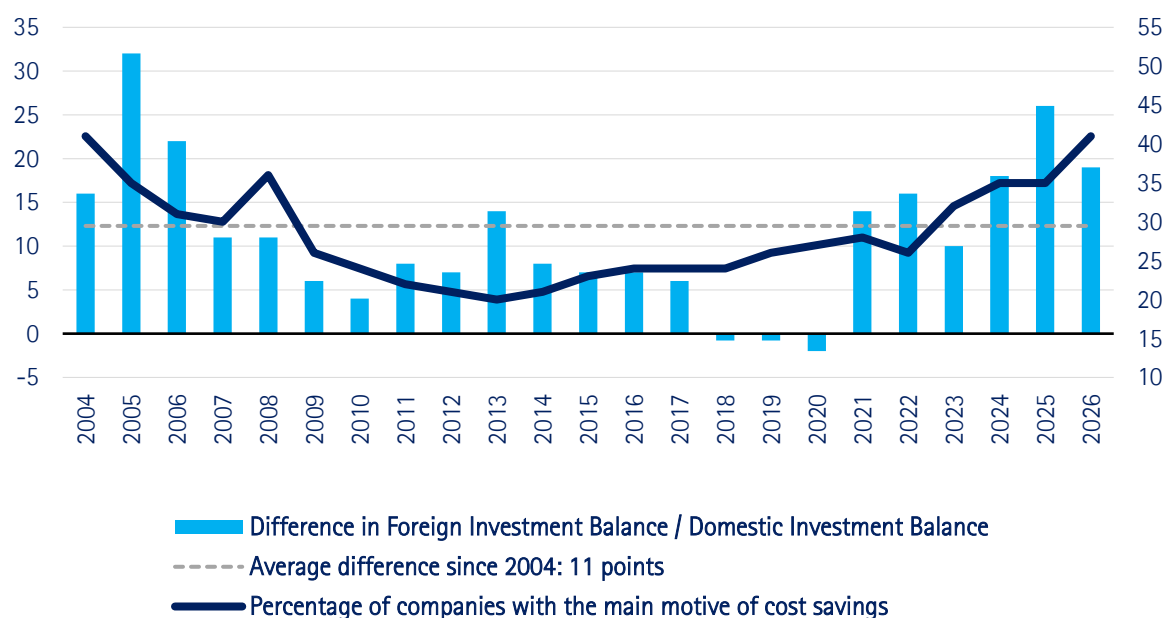
Companies that primarily wish to operate abroad to tap into new markets do indeed show above-average domestic Investment plans, with a balance of minus nine points; however, unlike in previous years, the balance of

employment plans for these firms is also worse than for the industry as a whole, standing at minus 21 points compared to minus 18 points. This may indicate that production at foreign sites is increasingly 'local for local', and that the positive knock-on effects on the domestic value chain are therefore weaker than in the past.

Only companies whose primary motive is sales/customer service have both a significantly higher domestic employment balance (minus 14 points) and a higher domestic investment balance (minus five points) than the Manufacturing Industry as a whole (minus 18 and minus 13 points respectively). Operations abroad clearly have a positive impact on the domestic labour market and business location. This is because these foreign operations often provide necessary support for the export activities of the companies concerned.

Investment plans of industrial companies at home and abroad

Difference between the foreign investment balances and the domestic investment balances of the Manufacturing Industry in points (left axis); share in per cent (right axis)



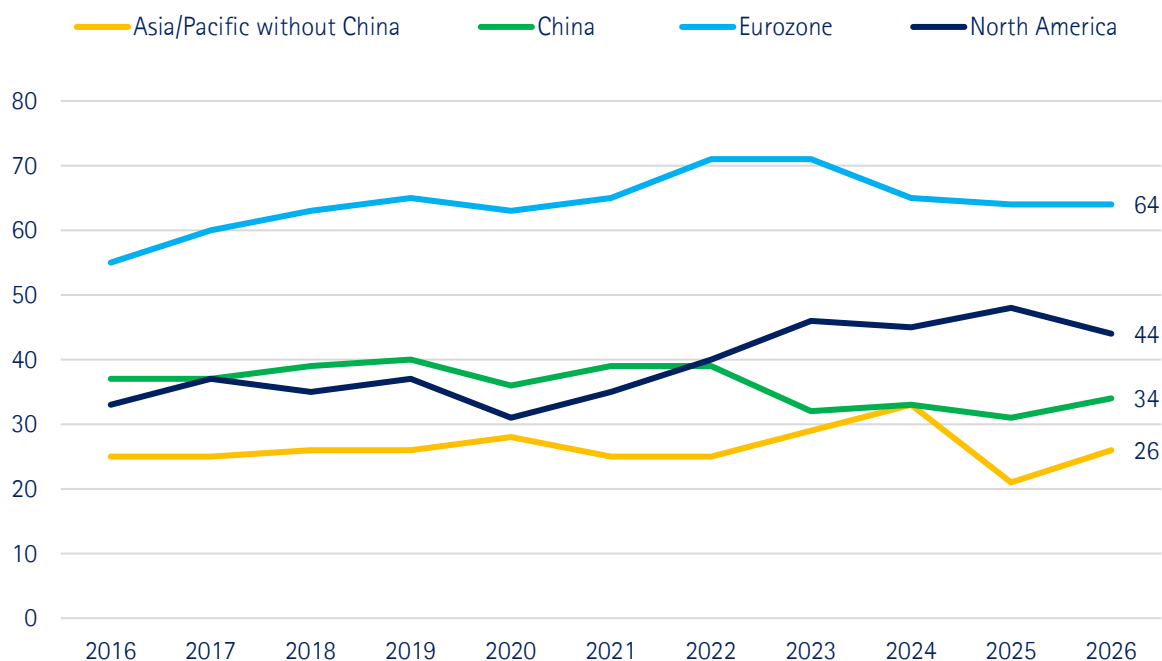
Fundamental structural challenges in this country – such as high energy costs, lengthy approval procedures, a heavy tax and levy burden, and infrastructure shortcomings – as well as an uncertain Economic policy currently make **Germany** appear less attractive for investment than many locations abroad. This is indicated overall by the comparison of the balances for manufacturing industry investments abroad (balance plus six points) and at home (balance minus 13 points): the gap stands at 19 points. Furthermore, this confirms the trend regarding the cost factor in foreign investment: it has recently risen again (41 per cent) and is almost at the historic high seen during the structural crisis in the early 2000s (2003: 42 per cent). This is all the more alarming given that industrial firms investing abroad for cost reasons have even lower investment plans (Balance: minus 27 points) and employment plans (Balance: minus 33 points) domestically than the average for industrial firms as a whole (Balance of domestic investment plans: minus 13; Balance of employment plans: minus 18 points).

North America is losing its appeal

Among the target regions for German industrial firms with foreign investments, North America is becoming less attractive. By contrast, German industrial firms' foreign engagement in Asia – both in the Asia-Pacific region (excluding China) and in China – is currently on the rise again. In the remaining target regions, the changes are only minor.

Target regions for foreign investment by German industrial companies

in per cent; multiple responses possible

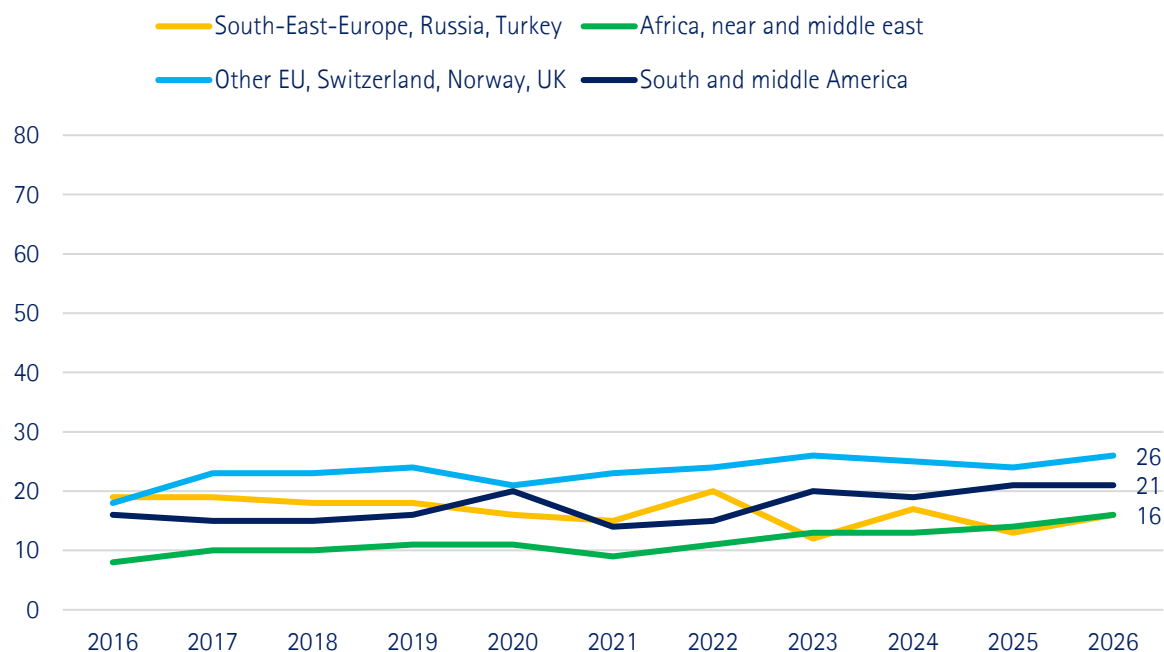


Despite declines, **North America** remains the second most important target region. Many German companies have a presence here, not only because of the size of the markets, but also due to attractive operating conditions, such as comparatively lower energy costs and a low tax burden. Furthermore, the US government, for example, is also seeking to attract more investment through local content regulations and higher import duties. However, the figures from this analysis point in a different direction: the proportion of industrial companies intending to invest in North America has fallen from 48 per cent to 44 per cent. The tariff dispute is fuelling uncertainty and causing companies to postpone decisions. According to the recently published special analysis of the DIHK's 'Going International' survey, a third of companies with US operations state that they intend to postpone investments due to US tariff policy. Among machinery and motor vehicle manufacturers, however, the proportion of firms with investment plans in North America remains high at 57 per cent and 56 per cent respectively, despite slight declines compared with the previous year (2025: 61 and 62 per cent respectively).

The **eurozone** remains by far the most important target region for foreign investment by German industrial firms. Almost two-thirds of industrial firms with operations abroad (unchanged at 64 per cent) plan to invest here in 2026. It is not only the single market and the single currency that facilitate investment, but also the high level of reliability and stability compared to other regions of the world. Among companies in the capital and consumer goods industries, an above-average 81 per cent choose the **Eurozone** as their investment destination. The proportion intending to invest in **the rest of the EU, including Switzerland, Norway and the UK**, is rising slightly (26 per cent, up from 24 per cent the previous year). Investment plans in the target regions of **Eastern/South-Eastern Europe (excluding the EU), Russia and Turkey** are still being influenced by the Russian war in Ukraine. Only 16 per cent (previously 13 per cent) plan to invest there.

Target regions for foreign investment by German industrial companies

in per cent; multiple responses possible



The Manufacturing Industry's involvement in the Asian region is currently on the rise again. In China, 34 per cent of all German manufacturing firms are investing, which is slightly more than in the previous year (31 per cent). The gradual withdrawal from the Chinese market, which had been observed since the onset of the coronavirus pandemic amid global supply chain disruptions, is therefore not continuing. Companies appear to be focusing more strongly once again on the Chinese market and on 'local for local' production. The Balance for planned foreign investment by companies with operations in China has also jumped from 14 to 32 points. The proportion of companies with plans for foreign investment in **Asia (excluding China)** has also risen from 21 per cent last year to 26 per cent. The EU-India Free Trade Agreement may also play a role here. As the world's most populous country, India is inherently of interest to key German sectors such as the automotive and mechanical engineering industries. Interest in Asian locations outside China is rising particularly among manufacturers of capital goods: the proportion of companies wishing to invest in the region has climbed from 22 per cent in 2025 to the current 31 per cent.

The proportion of companies operating abroad that are active in **South and Central America** remains unchanged at 21 per cent. However, the Balance of planned foreign investment by companies wishing to invest in this region has risen significantly by 13 points to 30. The local distribution of the company's own products is the main investment motive, playing the largest role at 40 per cent (previously 39 per cent). With hopes of an early conclusion to the Mercosur agreement, interest in deeper engagement in South and Central America is also rising.

The attractiveness of the **Africa, Near and Middle East** region has improved slightly compared with last year in terms of foreign investment. The proportion of industrial firms wishing to invest there has risen from 14 to 16 per cent. Companies in the automotive sector in particular (42 per cent, up from 37 per cent last year) are increasing their involvement. The balance of planned foreign investment by companies wishing to invest there has climbed from 15 to 31 points.

Questionnaire

How will your company's expenditure on foreign investment in 2026 compare to that in 2025?

- higher expenditure
- Unchanged expenditure
- lower expenditure
- No overseas investment in either year

Where does your company plan to make foreign investments in 2026? (Multiple answers possible)

- Eurozone
- Other EU countries, Switzerland, Norway, United Kingdom (UK)
- Eastern/South-Eastern Europe (excluding the EU), Russia, Turkey
- North America
- South and Central America
- Africa, the Middle East
- China
- Asia/Pacific (excluding China)

What will be the main focus of your company's foreign investments in 2026?

- Production for cost-saving purposes
- Production to tap into new markets
- Sales/customer service
- Other: (comment field)

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