Economic impact of COVID-19 on the German economy

2nd DIHK flash poll March 2020
Executive Summary

The effects of the corona virus affect the German economy in its entirety. More than 90 per cent of companies are already feeling a negative impact on their business. In some cases, protective measures are bringing business activities to a complete standstill, supply chains are coming to a halt and there is less demand for goods and services.

More than 80 percent of the companies expect a drop in sales, every fourth company even fears declines of more than 50 percent. An ever-growing number see their existence threatened by the crisis. 40 percent are struggling with liquidity bottlenecks. It is extremely worrying that 18 percent already see themselves menaced by insolvency.

The corona crisis also has a significant impact on companies’ employment plans. 38 per cent of firms are forced to cut back personnel. In the travel and hospitality industry the number amounts to two out of three companies.

These figures show clearly that state aid is urgently needed. The aid measures already adopted to safeguard employment and liquidity are highly relevant from the companies’ point of view. However, the companies still see a need for support in the medium term, especially regarding short-time work compensation and state subsidies. It is important that the aid reaches the companies quickly and unbureaucratically.

<table>
<thead>
<tr>
<th>Support measures of relevance</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency aid in the form of grants</td>
<td>69%</td>
</tr>
<tr>
<td>Short-time work compensation</td>
<td>68%</td>
</tr>
<tr>
<td>Tax deferral / reduction of advance payments</td>
<td>61%</td>
</tr>
</tbody>
</table>
Share of companies feeling a negative impact of Covid-19 on their business by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Share of Companies Feeling Negative Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitality industry</td>
<td>99.9%</td>
</tr>
<tr>
<td>Travel industry</td>
<td>99.5%</td>
</tr>
<tr>
<td>Person-related services</td>
<td>94.6%</td>
</tr>
<tr>
<td>Retail</td>
<td>94.4%</td>
</tr>
<tr>
<td>Transportation and storage</td>
<td>93.3%</td>
</tr>
<tr>
<td>Total</td>
<td>92.4%</td>
</tr>
<tr>
<td>Wholesale</td>
<td>91.5%</td>
</tr>
<tr>
<td>Business-related services</td>
<td>91.2%</td>
</tr>
<tr>
<td>Industry</td>
<td>88.9%</td>
</tr>
<tr>
<td>Healthcare industry</td>
<td>88.0%</td>
</tr>
<tr>
<td>Construction</td>
<td>86.8%</td>
</tr>
</tbody>
</table>

Change in employment plans due to the Covid-19 pandemic

- Decrease, 38.3%
- Increase, 2.0%
- Unchanged, 59.7%
Impact on turnover due to the Covid-19 pandemic in 2020

- Decrease of up to 10%: 26%
- Decrease between 10% and 25%: 26%
- Decrease between 25% and 50%: 23%
- Decrease of more than 50%: 6%
- Increase in turnover: 2%
- No estimate feasible at present: 14%
- Unchanged: 3%
- No effects: 1.9%
- No estimate possible at present: 5.2%
- We are planning or have reorganized our supply chains: 4.5%
- Losses due to missing employees: 25.4%
- Shortfall of production: 6.1%
- Investments are being cut back: 37.5%
- Logistical bottlenecks: 20.4%
- Loss of goods and services: 24.0%
- Risk of insolvency: 17.6%
- Standstill of business: 43.4%
- Cancellation of orders: 47.6%
- Less demand for my products and services: 52.9%
Support measures of particular relevance from a business perspective

- Emergency aid in the form of grants: 68.7%
- Short-time compensation: 67.6%
- Tax deferral / reduction of advance payments: 60.5%
- Loans (KfW or promotional banks of the federal states): 31.2%
- Bank loans: 15.6%
- Guarantees: 12.1%
- No state support necessary: 6.3%
- Other support measures: 5.2%
- Export credit insurance: 2.3%

Short- and medium-term needs of companies

- Emergency aid in the form of grants: 66.8%
- Corporate tax cuts: 49.7%
- Tax deferral / reduction of advance payments: 40.7%
- Short-time compensation: 37.3%
- A general stimulus package: 30.4%
- Bridging loan (KfW or development banks of the federal states): 29.2%
- Guarantees: 12.8%
- State participation in systemically important companies: 12.0%
- Bank loans: 11.2%
- Miscellaneous: 4.4%
- No state support necessary: 3.0%
- Export credit insurance: 2.1%
Methodology:

The survey took place from 24 to 26 March 2020. Around 15,000 companies participated in the survey.

The answers are distributed among industry (19%), construction (6%), retail trade (12%), wholesale trade (7%), transport and warehousing (4%), travel industry (4%), hotels and restaurants (9%), health industry (3%), other services (36%)

By enterprise size class the answers are distributed as follows: 1-19 employees (62%), 20-199 employees (29%), 200-499 employees (5%), 500-999 employees (2%), over 1,000 employees (2%).

Imprint

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