

■ **Europe extending its leadership position ...**

The EU 15 countries have extended their leadership position: 47 per cent of industrial firms are deciding to invest in this region. Following the rapid growth in the previous year (from 40 to 46 per cent), these countries are able to move further ahead once more and therefore remain the top destination for investments of industrial companies. A level higher than 47 per cent has never been achieved so far by any region. Having been at the top for a long time, China remains in second position after a rise by three to 45 per cent. North America has established itself in third place and has even moved somewhat closer to China with a significant increase of six percentage points.

are mainly entered into in order to develop the attractive markets there.

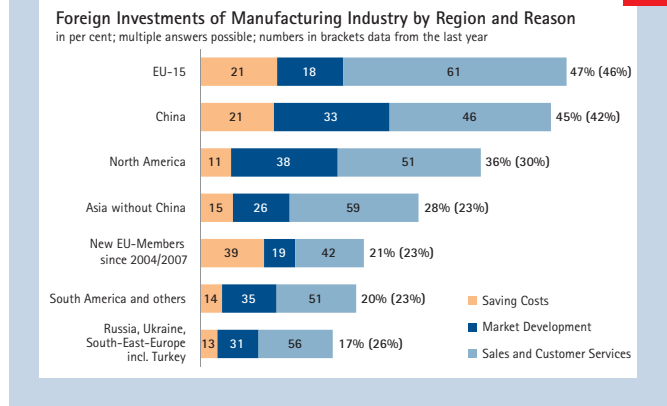
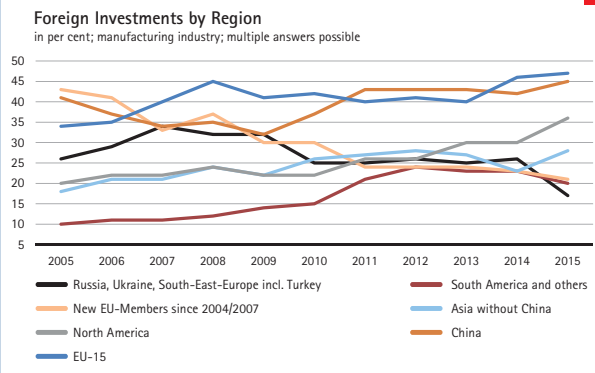
■ **North America catching up**

The number of industrial companies investing in North America has risen to 36 per cent – thereby exceeding the peak value from the last two years. Companies also state that they want to expand their business activities. The balance of rising and falling investment is 29 points. This is the highest value measured worldwide (including the region of South America). This means that there is not only interest on the part of domestic businesses in becoming involved on the other side of the pond. Companies are also saying that they intend to vigorously expand existing investments.

Europe scores highly – cost pressures more important again

■ **SPRING 2015**

Results of the GCCI survey among the Chambers of Commerce and Industry



■ **... also for reasons of cost**

It is noteworthy that over 40 per cent of all businesses which are investing for reasons of cost are now doing so in the EU 15 countries. Last year this figure was lower (36 per cent, multiple answers possible). Many European sites have tackled reforms and improved their competitiveness again. This is making the region more attractive as an investment location and increasingly attracting investment from Germany. The second most important region for investments for reasons of costs is still the new EU member countries (accession to the EU since 2004). With respect to investments in China, cost considerations are also playing a significant role, although here market development motives are more important. Commitments in North America

■ **International crises showing effects**

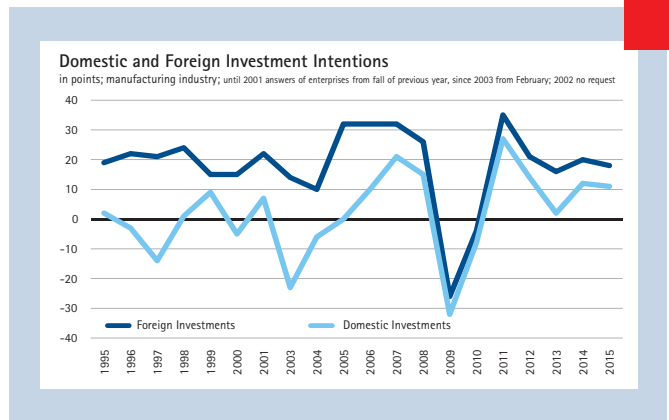
The geopolitical situation has left its marks on the foreign investments of German industrial companies. Only 17 per cent say that they still want to invest in the region of Russia, Ukraine, South-East Europe and Turkey. In the previous year this figure was 26 per cent. South America also noticed a decline: in this region the level of commitment has shrunk from 23 per cent to its current figure of 20 per cent. In particular, the economic difficulties in Brazil, the economic heavyweight in South America, are making themselves felt in this data.





■ Commitments increasing overall ...

An increasing number of German industrial companies are planning to invest abroad - 47 per cent of industrial companies want to spend their capital in this manner in 2015 - more than ever before. The budgets allocated for this remain expansionary - albeit with slightly less dynamism.



■ ... but not everywhere

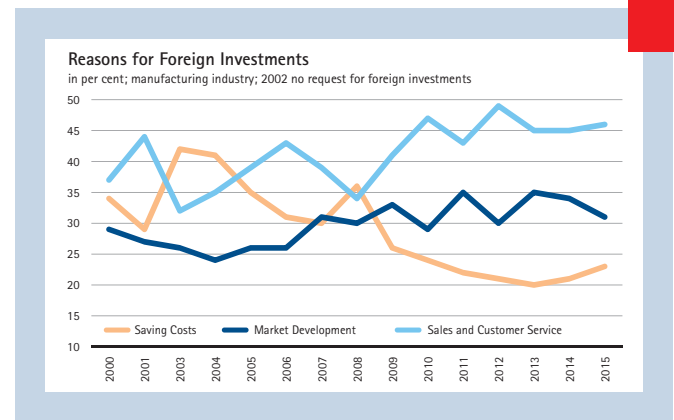
The balance of „higher“ and „lower“ budgets among the proposed foreign investments has fallen slightly from 20 to 18 points. The international political crises, in particular the Russian-Ukrainian conflict, as well as weaker economic developments in some emerging markets, are preventing even stronger commitments this year.

■ Cost motive increasing for the second time in succession

The cost motive continues to become increasingly important for foreign investments - with the trend still upwards. 23 per cent of companies which are active abroad are now planning their investments for this reason. Previously, this investment motive had been losing ground almost continuously for many years (2003: 42 per cent; 2013: 20 per cent), although it had increased again slightly in last year's survey (2014: 21 per cent). Although still manageable, the repeated increase is witness to the fact that the deterioration in the cost structures in Germany, especially due to the high energy prices and rising labour costs, is being reflected in the longer-term plans of companies.

■ Marketing and market development remain the most important motives

Once more in 2015, the most important functional focus of German foreign investments remains the development of marketing and customer service. 46 per cent of businesses (2014: 45 per cent) are planning their cross-border investments for this purpose. In the case of investments in new or existing production facilities, however, companies have in fact carried out reductions on balance (31 per cent compared with 34 per cent in 2014).



■ High electricity costs remain a problem

Although the prices for energy and raw materials have undergone favourable developments in the last few months, the high electricity costs in particular remain a dominant driver for cost-motivated foreign investments. 41 per cent of businesses which are investing abroad for reasons of cost consider this to be a risk to their business developments over the next few months. This is a significantly higher figure compared to the foreign investments carried out in order to build up marketing and service structures and develop other markets (28 and 33 points respectively). Special financial burdens such as the EEG re-allocation charge (for renewable energies) only affect the domestic economy and therefore represent an additional burden on companies in the international competition. It is anticipated that the manufacturing sector alone here in Germany will have to pay 7.5 billion euros this year - more than one per cent of total industrial value creation.

■ At home in all regions of the world

As before, the breadth of the commitments of German companies is remarkable. Foreign markets in all regions of the world are intensively cultivated, with proximity to the customer still being of paramount importance. Even though significant reductions have recently been made in investments in Eastern Europe, the interest in commercial activities in the various international markets remains unbroken overall.

