

BDI - The Voice of German Industry

Bundesverband der Deutschen Industrie e.V.



INDUSTRIELAND
IN DEUTSCHLAND INVESTIEREN
STÄRKEN

Matthias Krämer

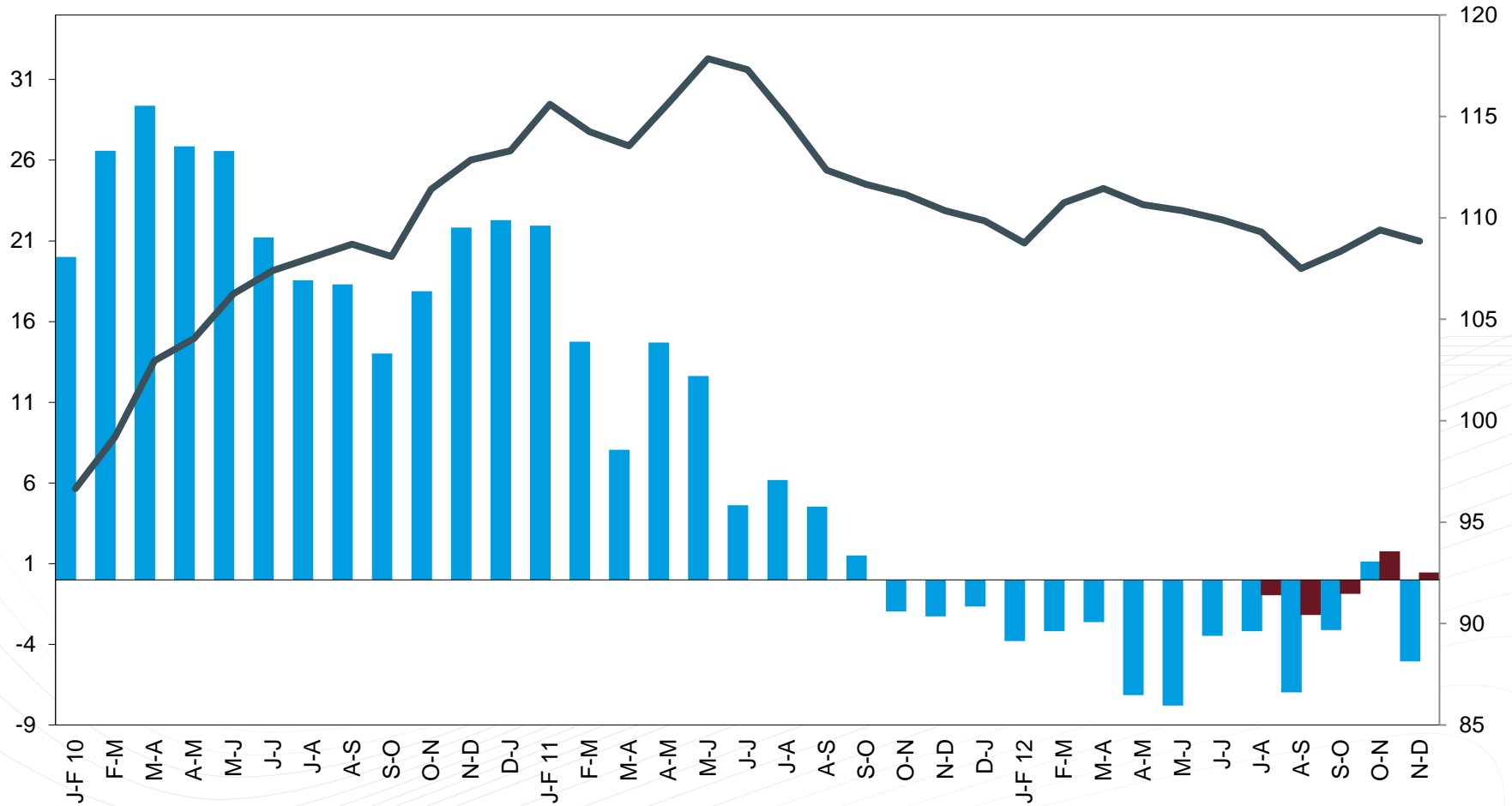


Agenda

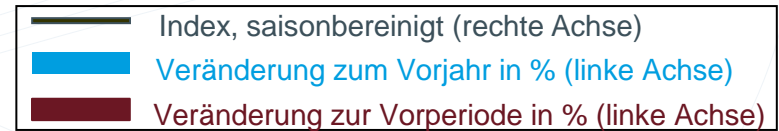
- Perspectives for the German economy
- „German Mittelstand“
- Europe between consolidation and crisis management
- Long term perspectives and challenges

Incoming orders soon to reach bottom

Incoming orders*

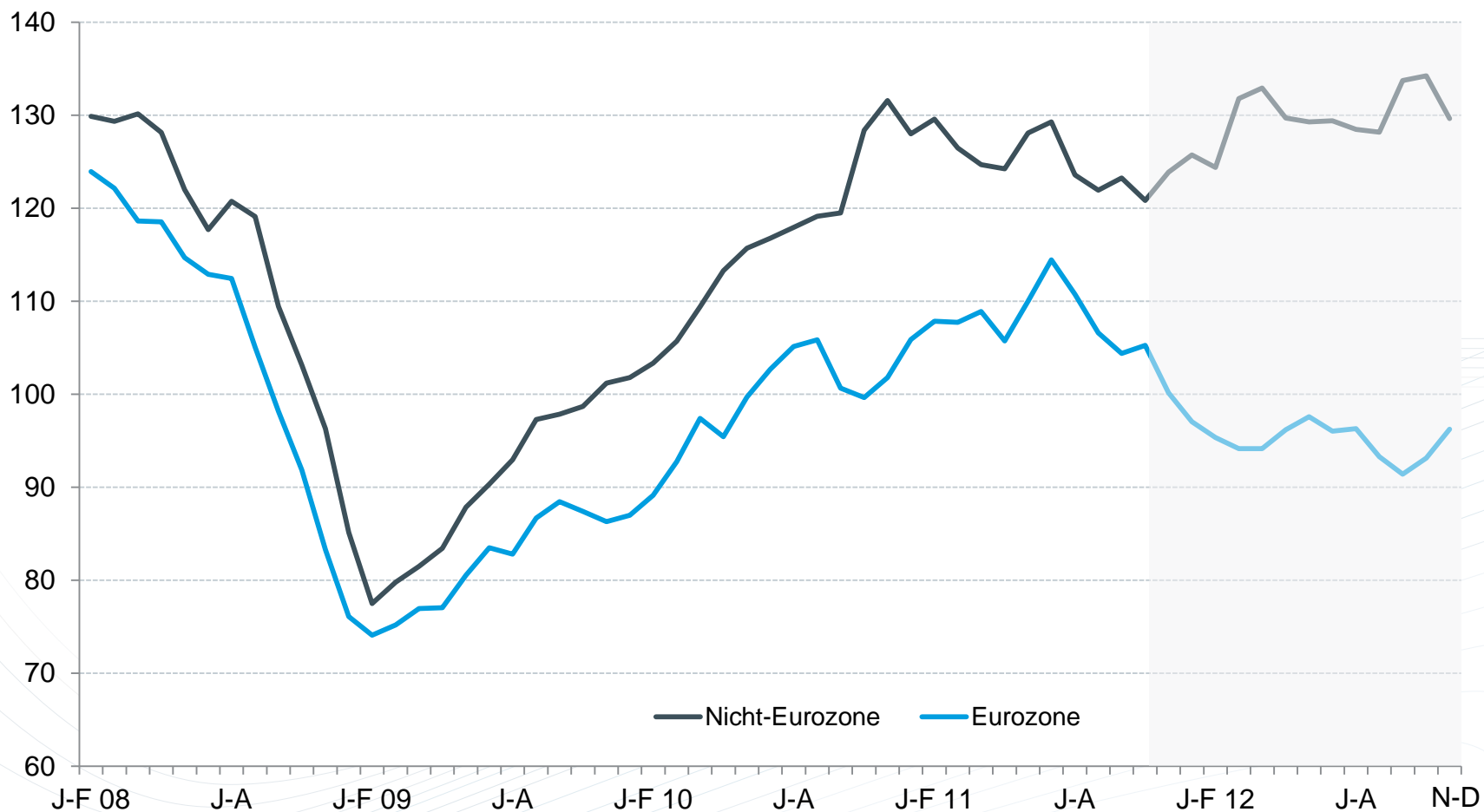


*Verarbeitendes Gewerbe, saisonbereinigt, Volumenindex
 2005=100, 2-Monats-Durchschnitt
 Quelle: Statistisches Bundesamt



Decline in demand from the euro area

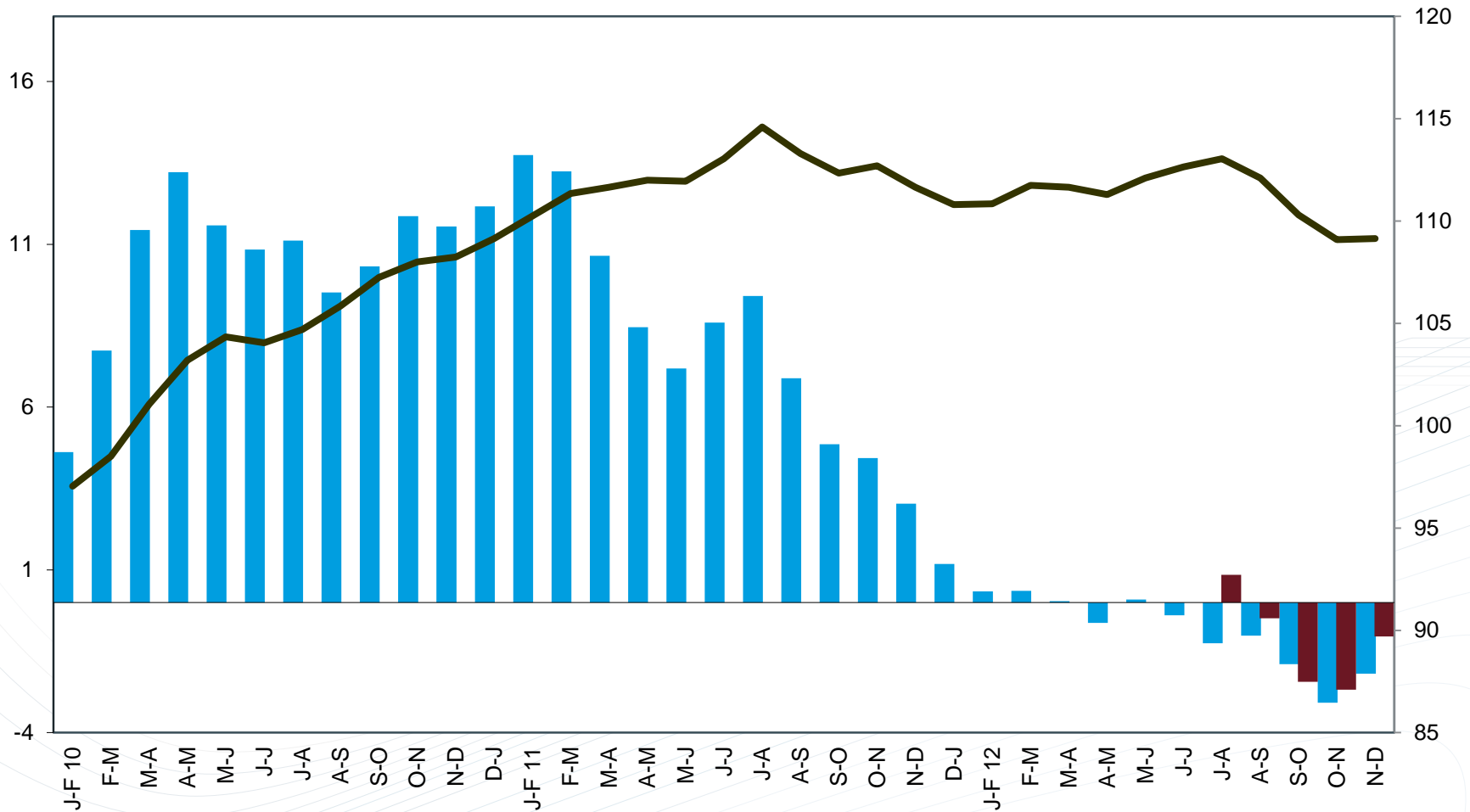
Incoming orders*



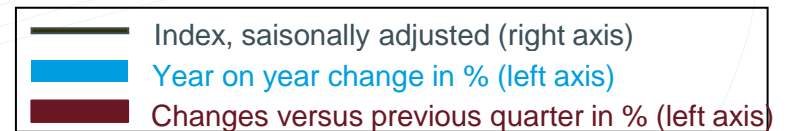
*Volumenindex 2005=100, arbeitstäglich- und saisonbereinigt, 2-Monats-Durchschnitt
Quelle: Statistisches Bundesamt

Industrial production

Production index*

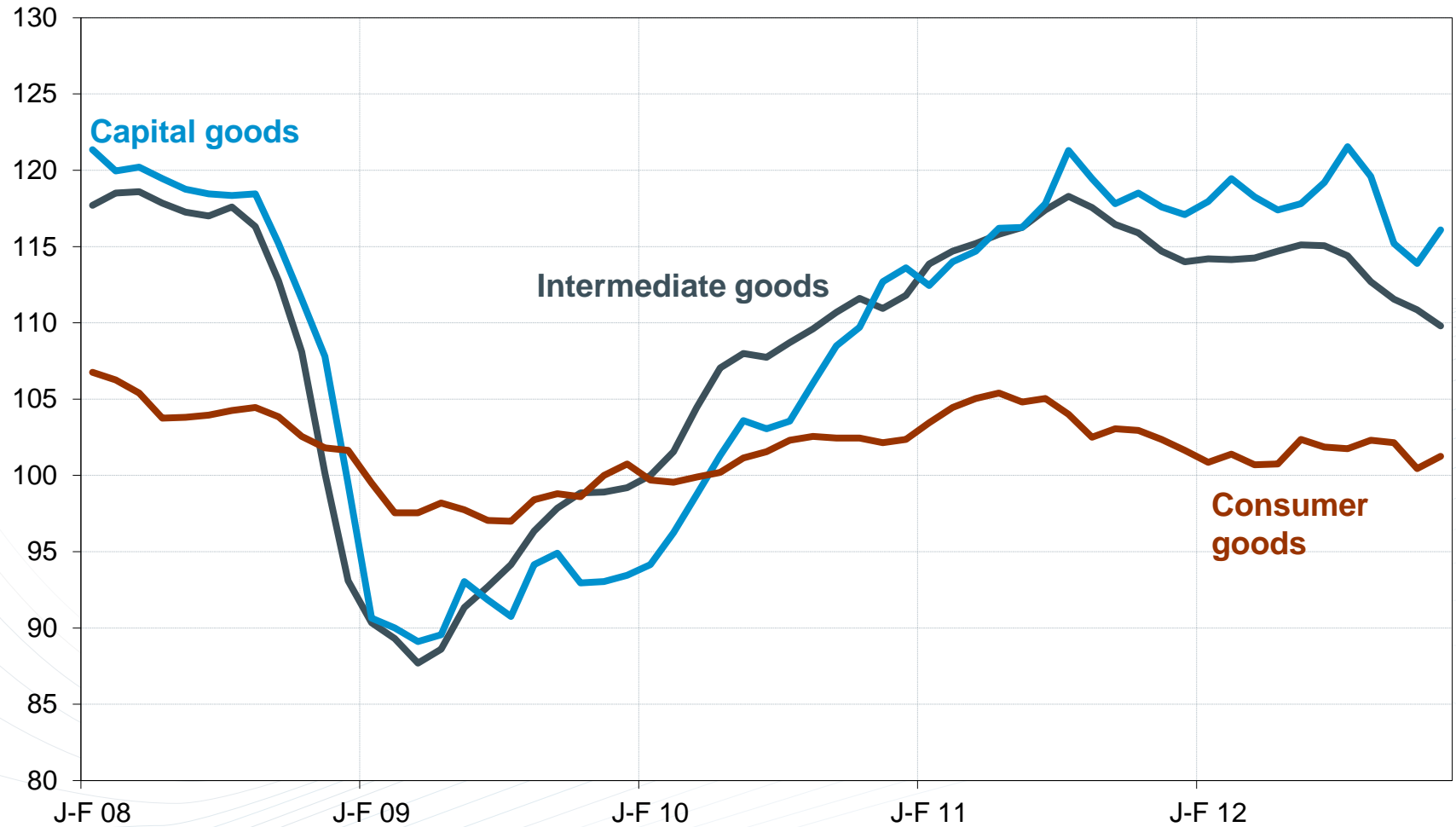


*Produzierendes Gewerbe, saisonbereinigt, Volumenindex
2005=100, 2-Monats-Durchschnitt
Quelle: Statistisches Bundesamt



Capital goods defy the downturn

Production*

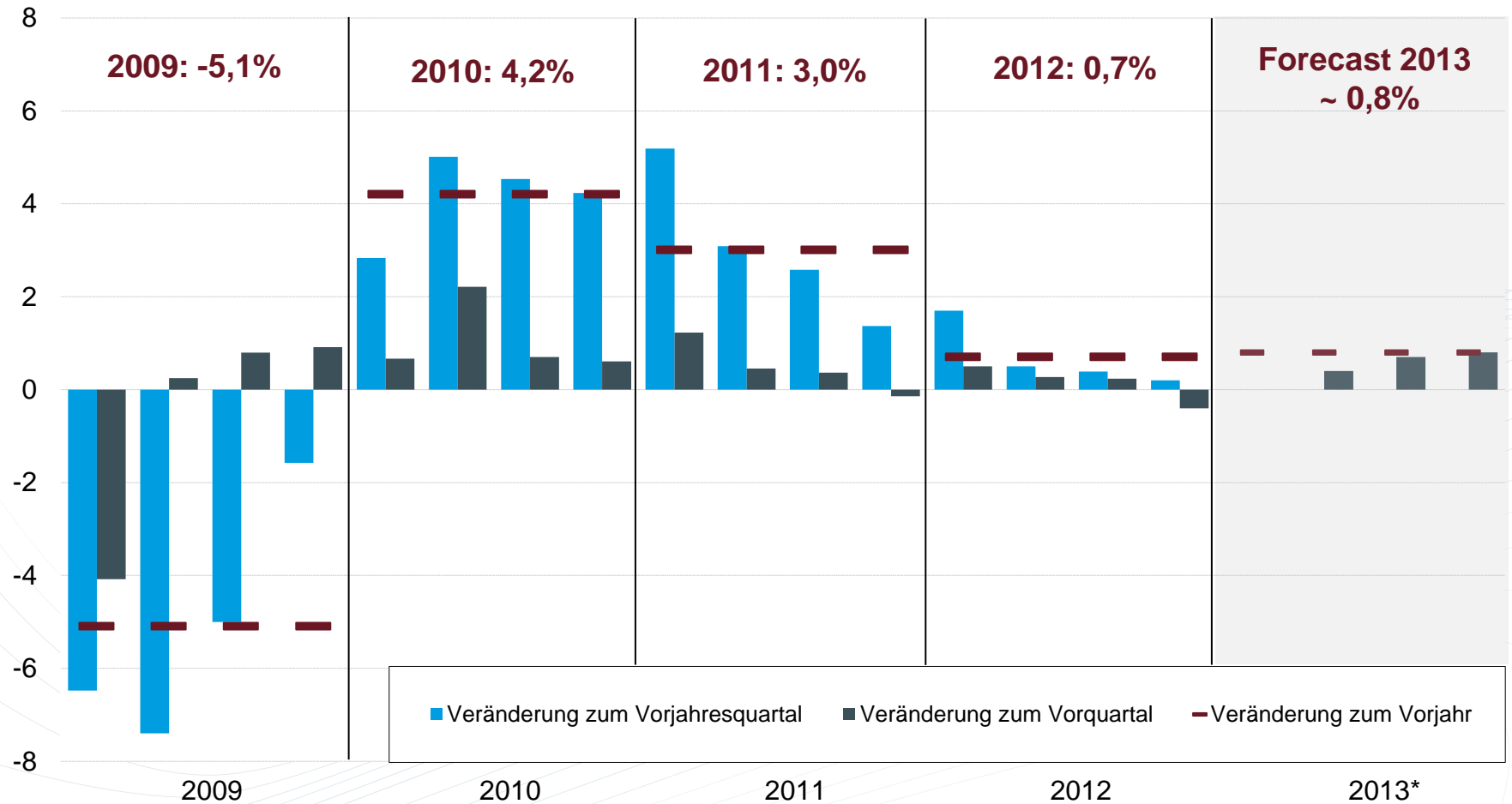


*Index (2005=100), 2-Monats-Durchschnitt, saisonbereinigt
Quelle: Statistisches Bundesamt

Possibility of recovery this year

Real GDP

Chain Index (2005=100), in percent

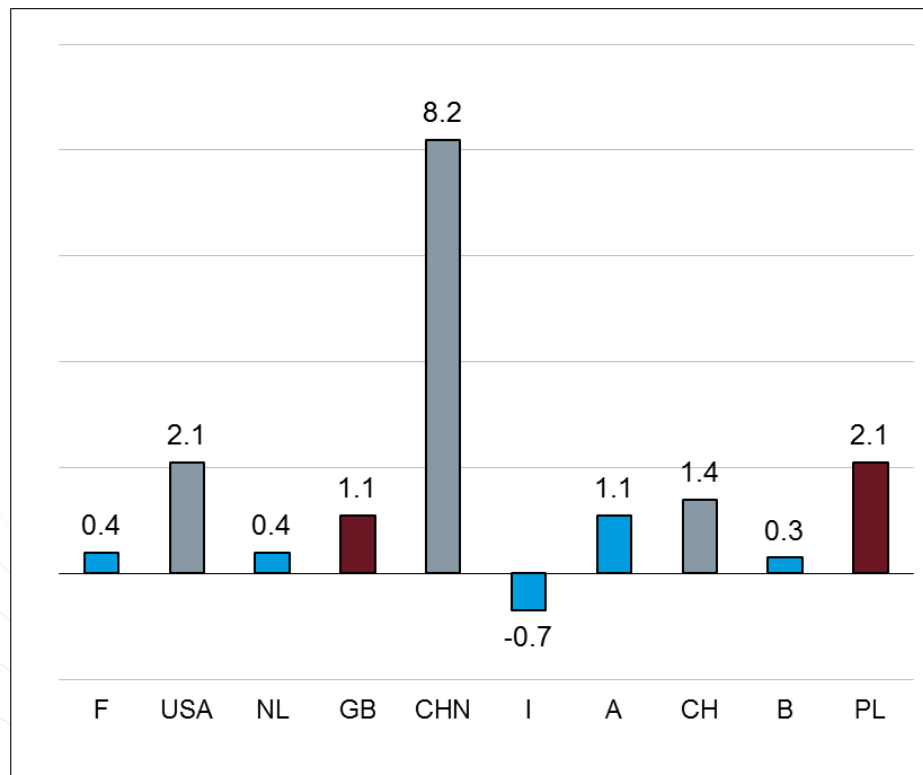


Quellen: Statistisches Bundesamt, *Prognose

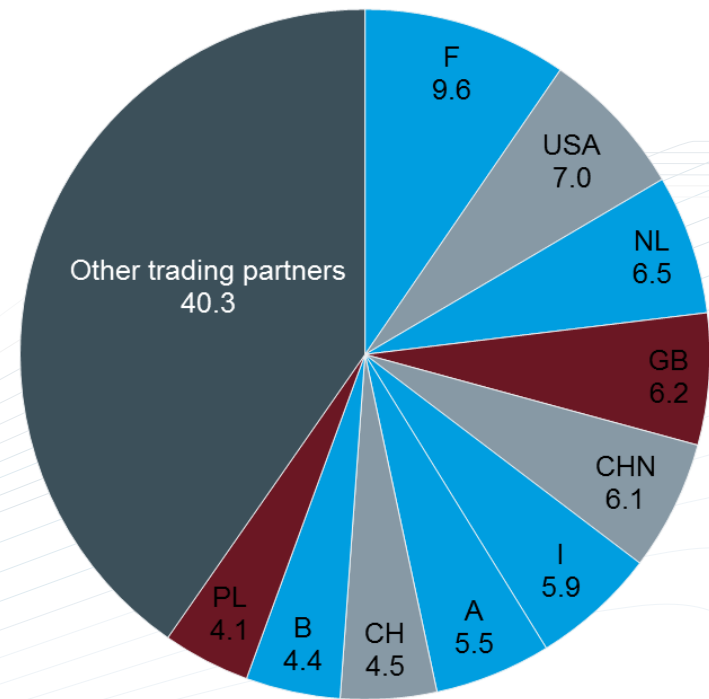
Positive export prospects 2013

Forecast GDP / Share of German Exports

Forecast GDP 2013
Year-on-year change in percent



Share of total exports 2011 in percent



Source: Federal Statistical Office, IMF World Economic Outlook

“German Mittelstand” at a glance

More than 99% of all German firms belong to the “German Mittelstand”.

The “German Mittelstand” contributes almost **52% of total economic output**.

The “German Mittelstand” accounts for around **39% of the overall turnover** of German companies; in 2010, that was approx. €1.91tr.

The “German Mittelstand” employs roughly **14 million people**. That equates to approx. 61% of all employees subject to social security contributions.

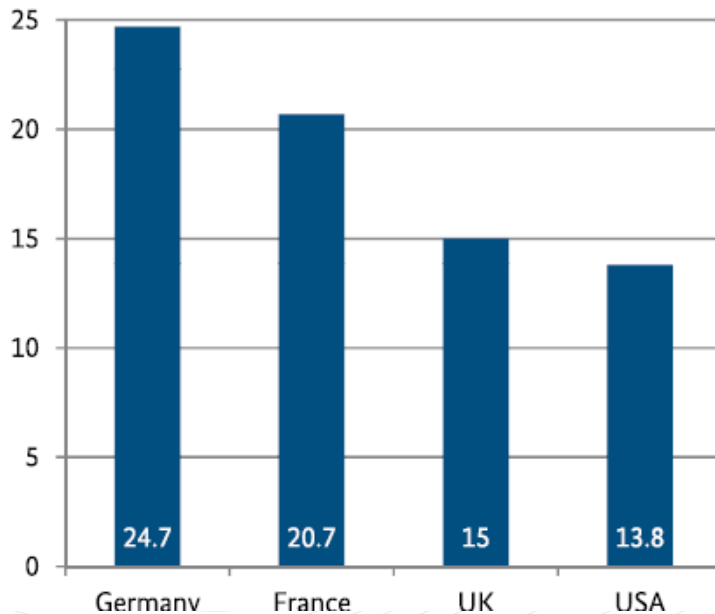
The training provided by the “German Mittelstand” makes a major contribution towards the comparatively **low level of youth unemployment (7.9%)**.

The **international turnover** of the “German Mittelstand” has been growing for years, and stood at **€186.1bn** in 2010.

“German Mittelstand” especially strong in the industrial sector

Employees of Mittelstand in industrial sector

Figures in percent, 2012 figures*



- Compared with similar companies elsewhere in the world, the “German Mittelstand” is highly active in the industrial sector: almost a quarter of all employees work in this field – far more than in the other major industrial nations.
- The “German Mittelstand” is a strong supplier of capital goods on new markets all round the world.

What makes the “German Mittelstand” so successful?

Almost all of Germany’s SMEs are **family-owned**, and many are managed by their owner. Their **business policies** tend to be especially **long-term**.

The “German Mittelstand” companies are some of the most innovative in Europe: **54% of them launched an innovation onto the market** in the 2008 - 2010 period.

The “German Mittelstand” relies on **sound financing models** – chiefly equity and bank loans.

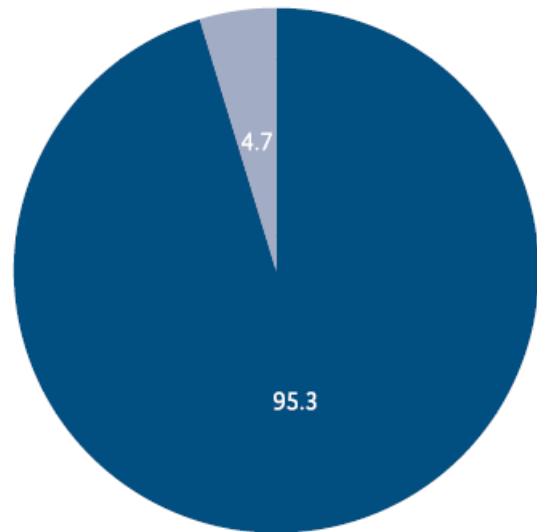
The high equity ratio and a cautious approach to expansion enable the companies to undertake **medium-term and long-term investments, even in times of crisis**.

The “German Mittelstand” **employs 83.2% of trainees** – the much sought-after skilled workers of tomorrow.

Government supports the “German Mittelstand” on key issues like investment in R&D, the skills shortage, foreign trade and investment, financing needs, company start-ups and company hand-overs.

The “German Mittelstand” mainly consists of family-owned firms

Proportion of family-owned firms in Germany
Percentage, 2010 figures

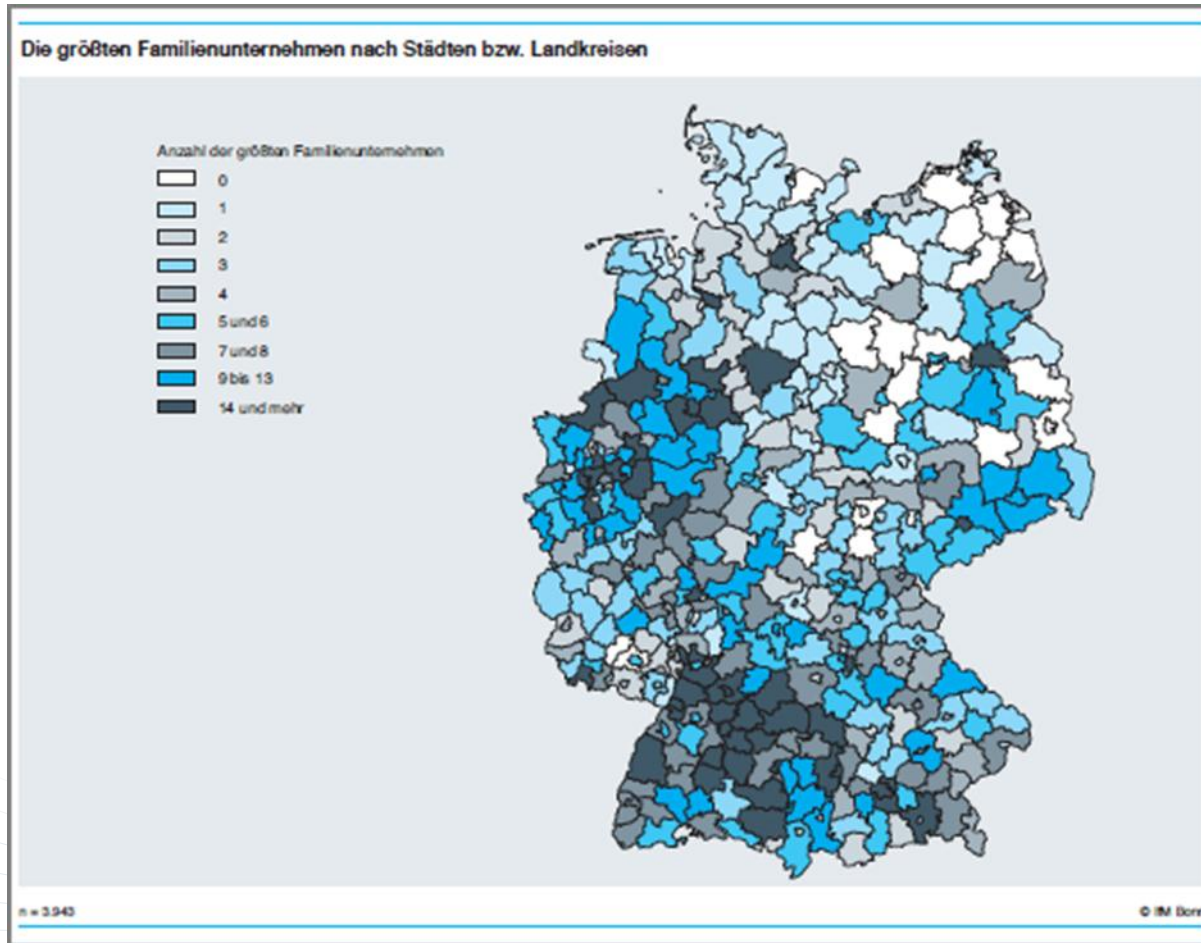


■ Family-owned companies ■ Other companies

- There were roughly 3.7 million companies in Germany in 2010, more than 99% of them classed as belonging to the “German Mittelstand”.
- Roughly 95% of all German firms are family-owned. Of these, approx. 85% are managed by their owner.
- “German Mittelstand” companies tend to take a particularly long-term approach to business, based on stable client relations, a continuous human resources policy, and strong ties to the region.

„German Mittelstand“

Regional Provenance



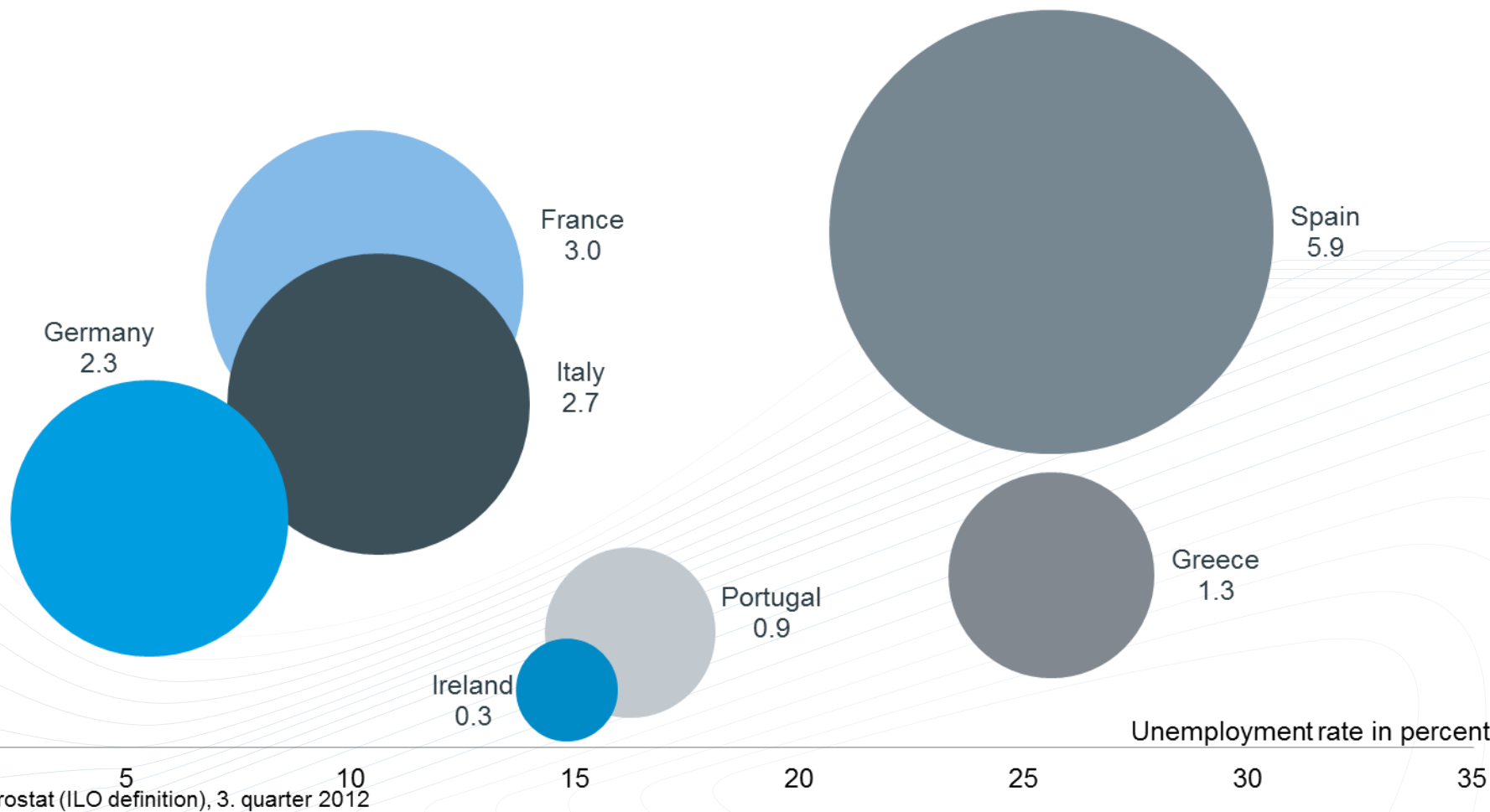
„Germany as a role model?“

Blueprint for succes?



Unemployment - obstacle to Europe's growth

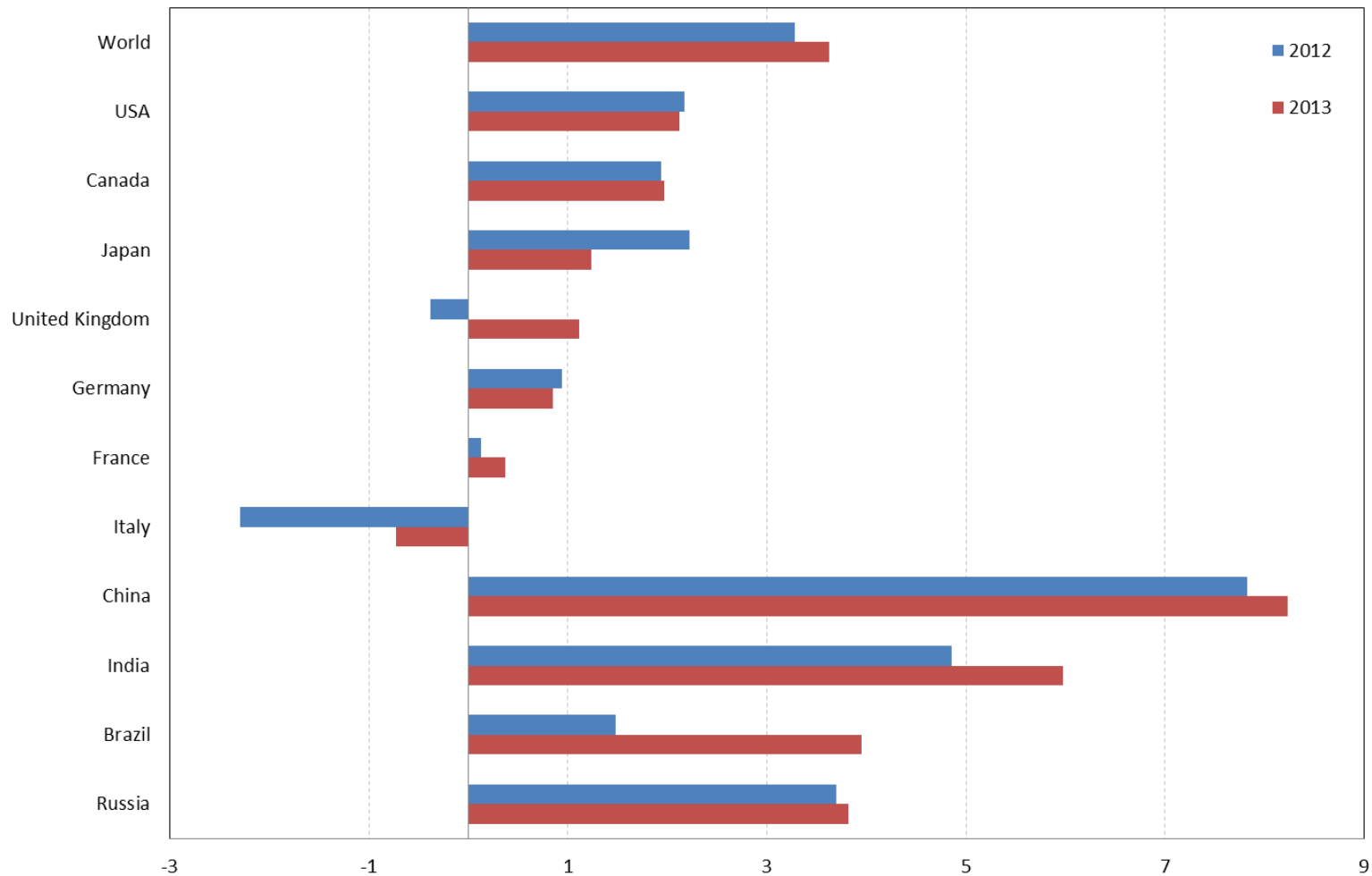
Unemployed in million persons



0 5 10 15 20 25 30 35
Source: Eurostat (ILO definition), 3. quarter 2012

GDP growth 2012/2013

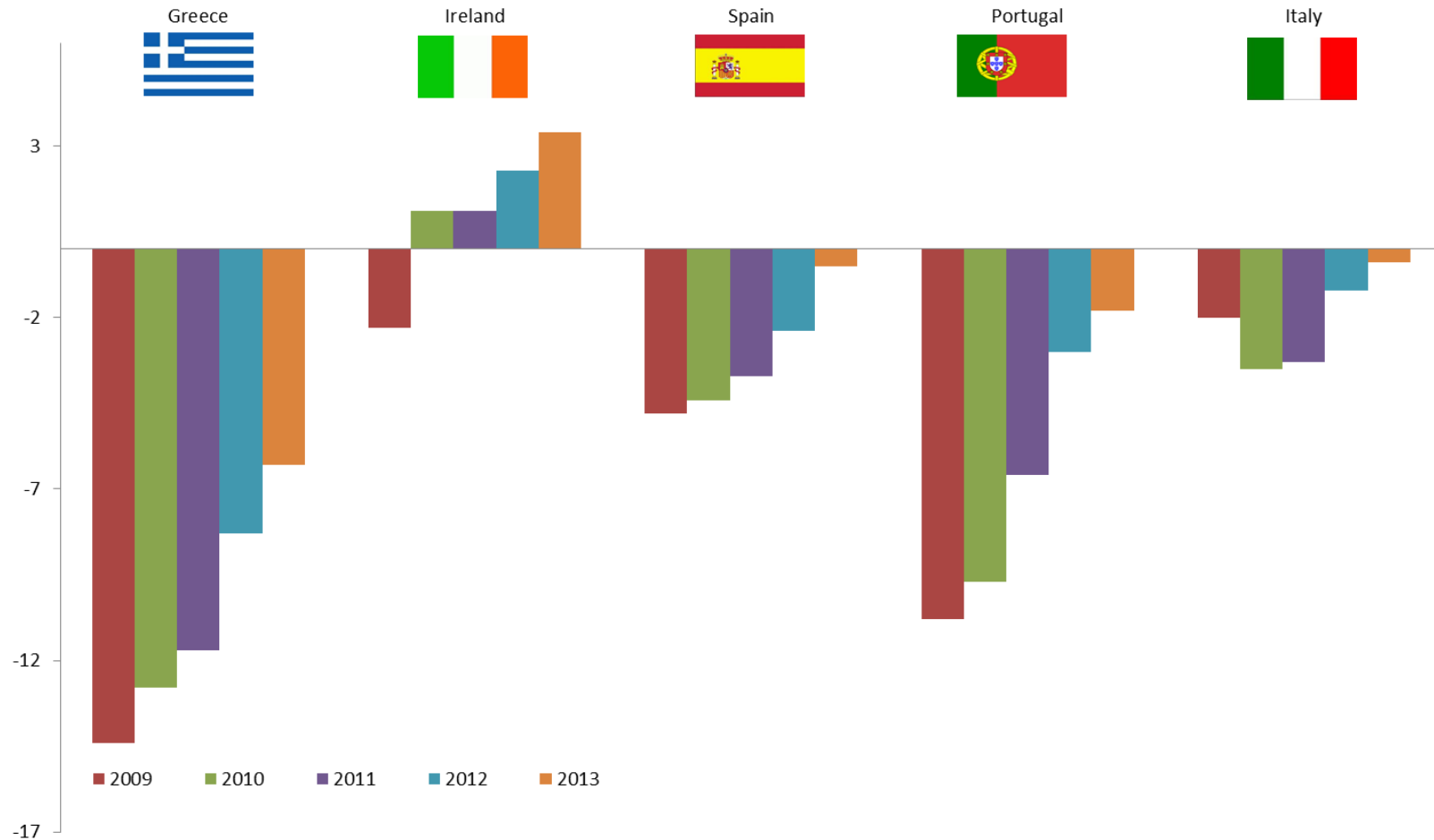
Latest IMF forecast (January 2013): Increasing growth in world production and world trade



Quelle: IWF, World Economic Outlook

Reform policy – First impacts

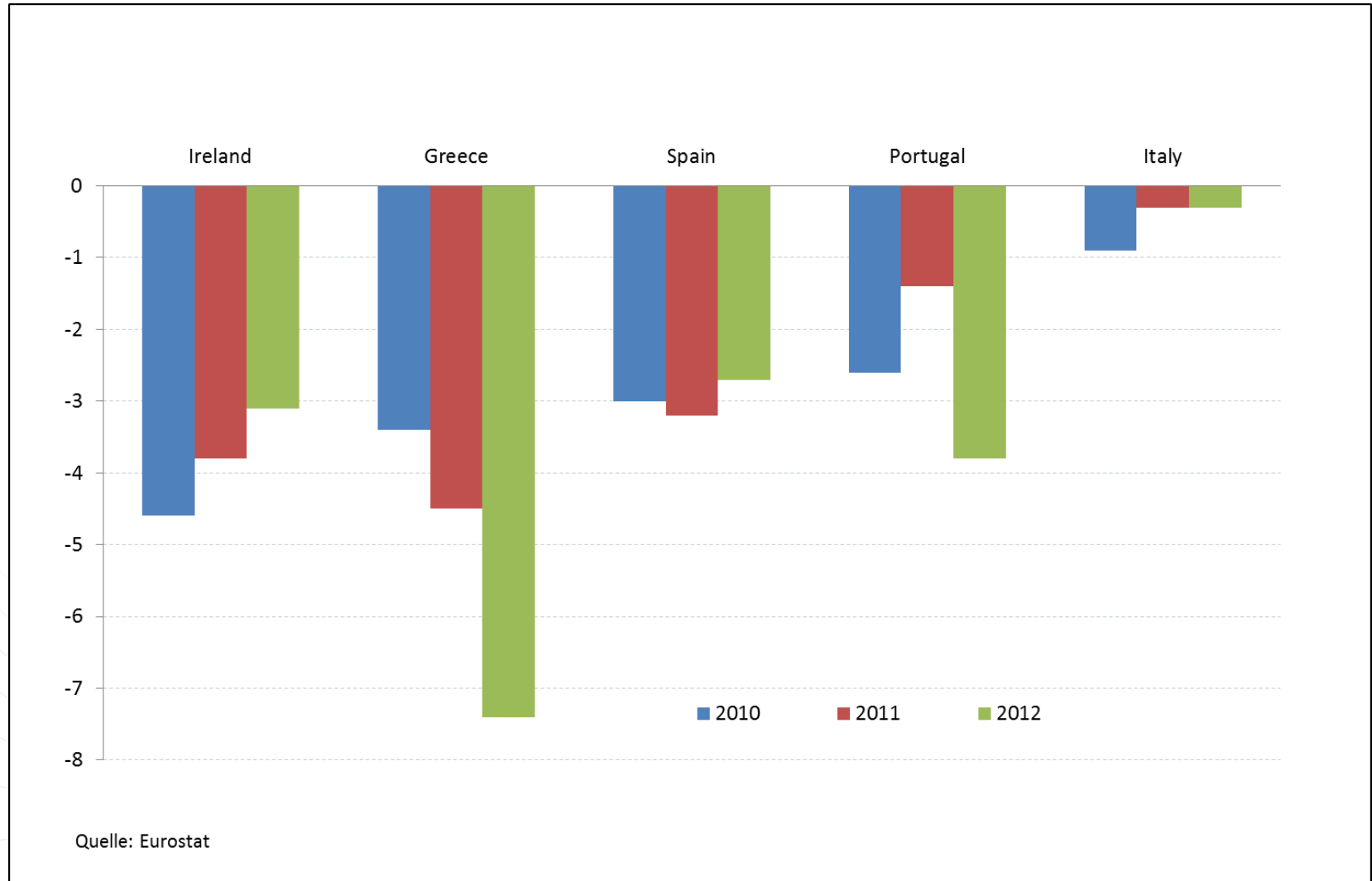
Balance on current account (percentage of GDP)



Quelle: European Economic Forecast Autumn 2012

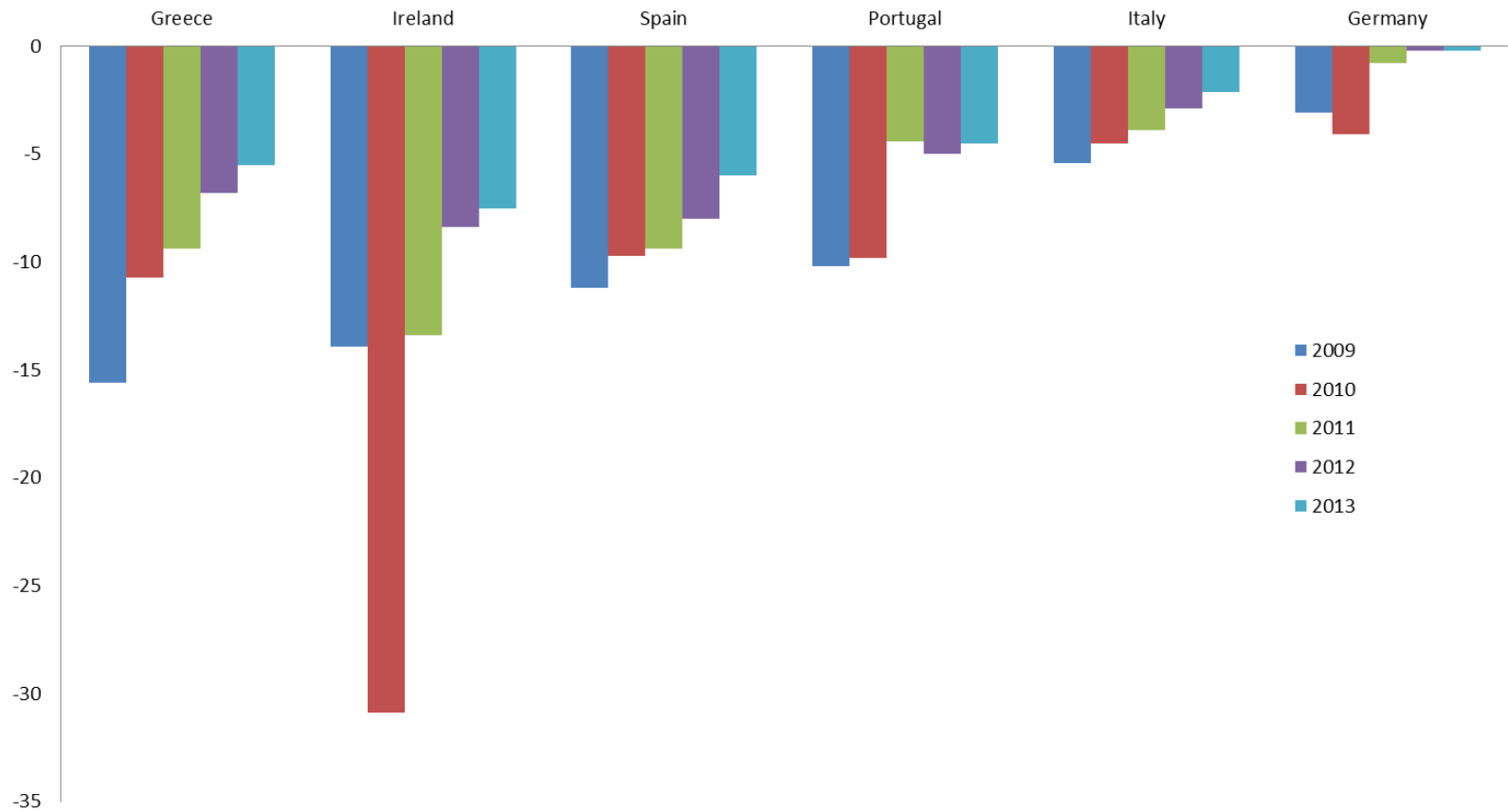
Reform policy – First impacts

Unit labour costs: improved competitiveness



Reform policy – First impacts

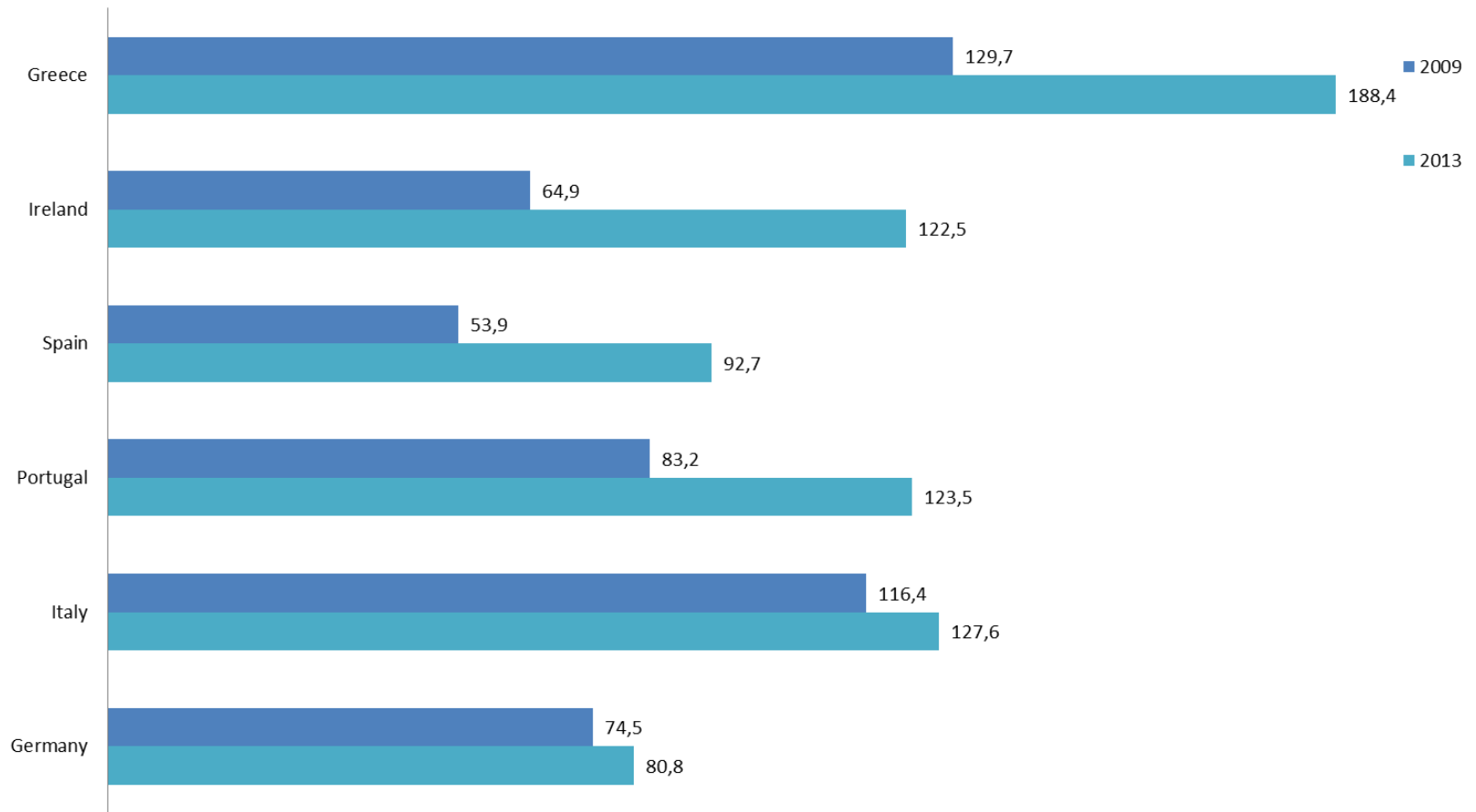
Budget deficits declining (percentage of GDP)



Quelle: European Economic Forecast Autumn 2012

Reform policy – First impacts

Debt level excessive (percentage of GDP)

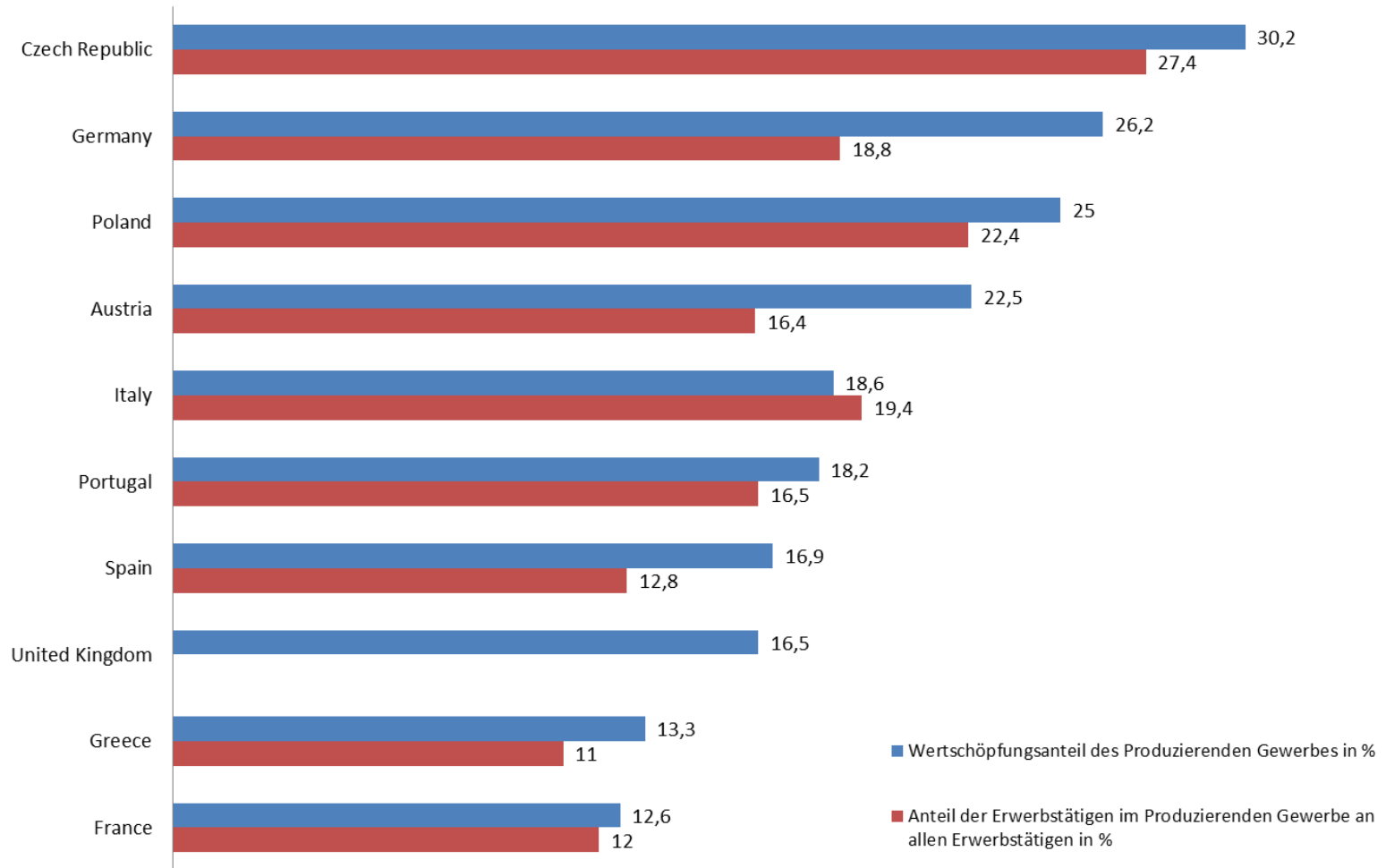


Quelle: European Economic Forecast Autumn 2012

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Weak industrial base in parts of Europe

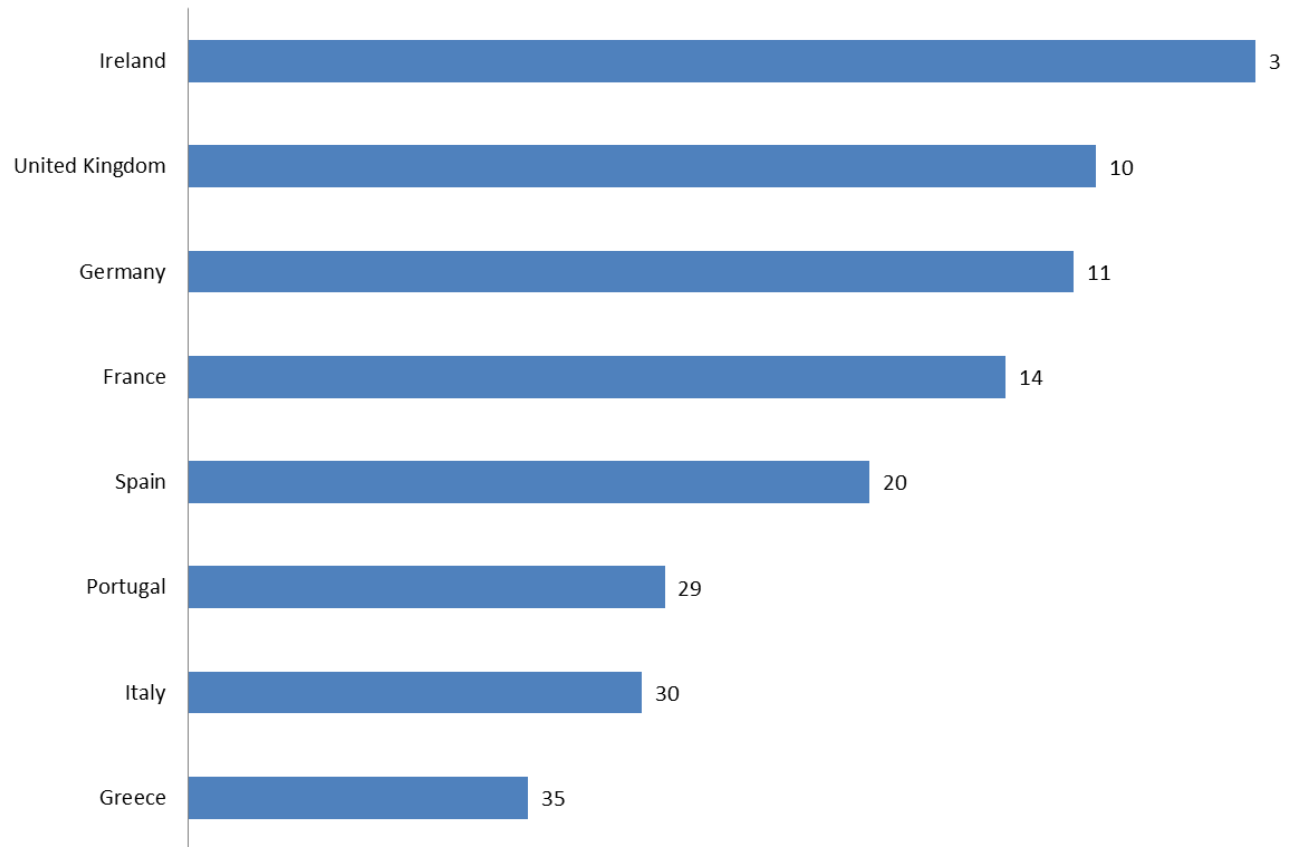
Value added and employment share of industry 2011



Quelle: Eurostat

Participation in global markets

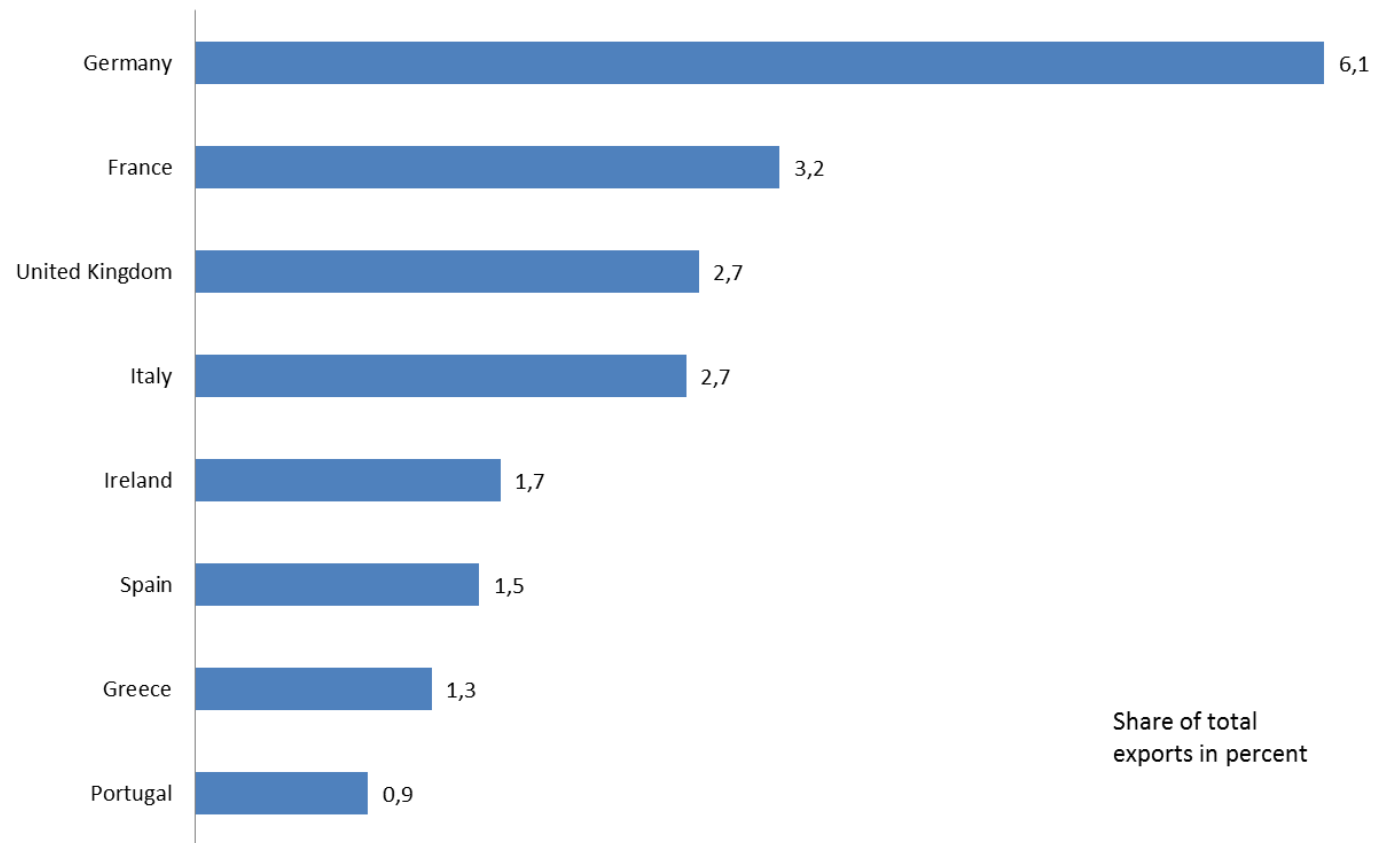
Index of globalization (2011)



Quelle: Ernst&Young

Participation in global markets

Exports to China (2011)



Quelle: Eurostat

Long-term prospects and challenges

Strong risk scenarion

Global imbalances

Energy / Raw materials

Corporate financing

Wages and salary

Distrust on growth

Deutsche
Industrie

Inflation

Financial Markets

Public debt

Exchange rate

Protectionism

Langfristige Perspektiven und Herausforderungen

Megatrends im globalen Strukturwandel



Vielen Dank für Ihre Aufmerksamkeit!



INDUSTRIELAND
IN DEUTSCHLAND INVESTIEREN
STÄRKEN

Dr. Hans-Joachim Haß

Leiter Wirtschafts- und Industriepolitik

