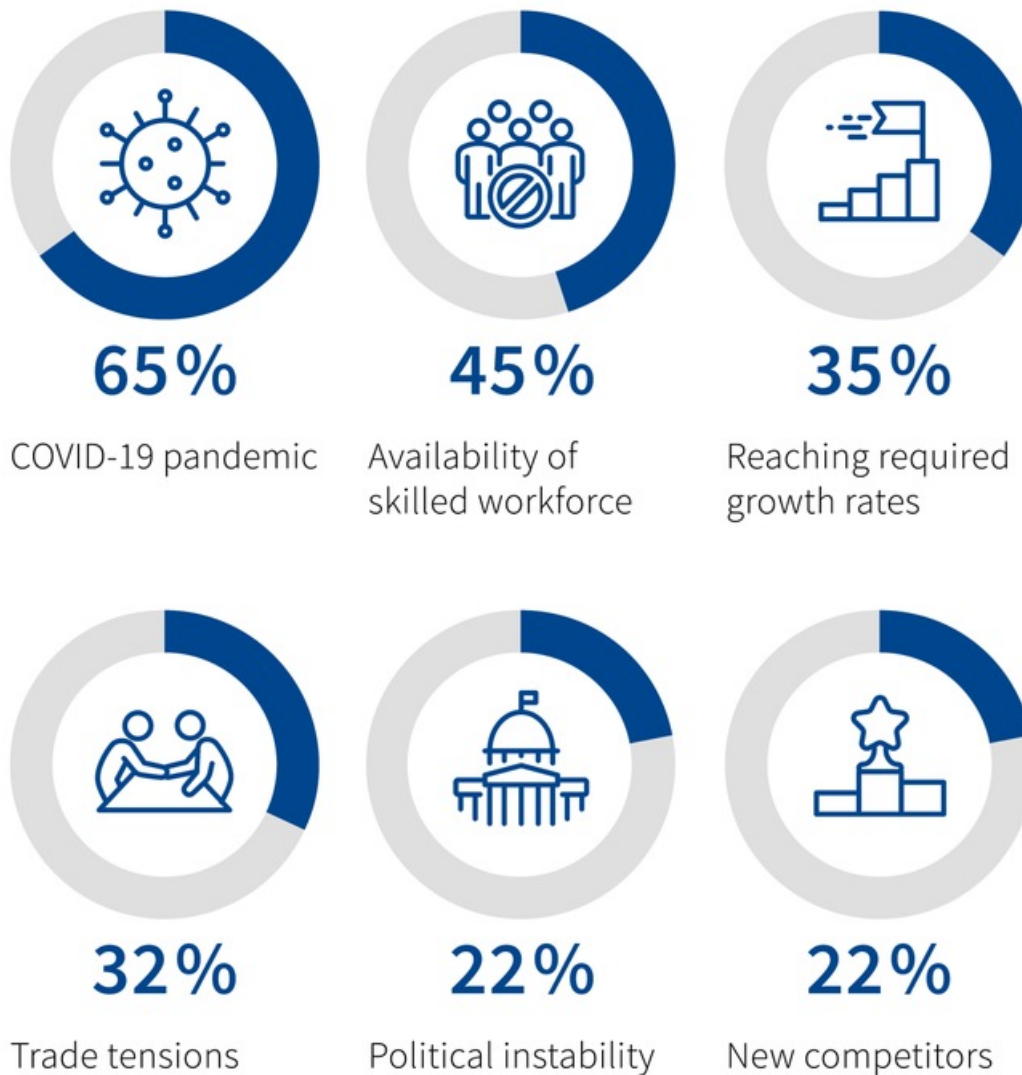


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82 percent of German companies in the US plan investments in 2021 / Survey of KPMG in Germany and the German American Chambers of Commerce

Top economic challenges for German companies in the US in 2021



Source: German American Business Outlook 2021, KPMG AG Wirtschaftsprüfungsgesellschaft & German American Chamber of Commerce

Berlin/New York (ots) -

- The US remains a profitable and important market for German companies: 90 percent record profits in 2020; US subsidiaries contribute high sales and profit shares to German groups
- As many as 82 percent (prior year: 85 percent) of companies plan investments in the US. These growth perspectives can also be seen in their vigorous workforce expansion plans – However, skills shortage remains the biggest obstacle for German companies.
- 64 percent of those surveyed see open markets and ratified trade agreements as key to German companies' further growth in the US; 47 percent see work visa availability as a main factor.

German companies in the US recorded another profitable year in 2020 despite the impacts of the coronavirus pandemic, which has hit the US especially hard. Nine out of ten German companies in the US (prior year: 93 percent) report that they generated a profit in the last twelve months, while 23 percent (prior year: 25 percent) collected profits of even more than ten percent of net revenues. This is a key finding of the German American Business Outlook 2021 - the annual survey of business expectations of German companies in the US conducted by KPMG in Germany and the German American Chambers of Commerce (GACCs).

US remains key market for German companies – even during the pandemic

Similar to last year, over a third of companies surveyed stated that their US activities encompass more than 20 percent of the group's revenue. "These positive figures show that the US remains one of the key global markets for German companies, although the profit share of their US business fell slightly in 2020. The US market has in no way lost importance, even during the pandemic. Although the coronavirus crisis has caused an economic slowdown, it has not been able to curb the general optimism of German companies in the US," notes **Andreas Glunz, Managing Partner International Business at KPMG in Germany**. Fifteen percent of respondents (21 percent in the prior year) said that their US business constitutes even more than half of group revenue.

Moreover, almost all German companies in the US (92 percent) predict growth for their US business in 2021. This figure is almost in line with last year's (96 percent). "The growth expectations of German companies in the US remain constant, despite the coronavirus pandemic having slowed things down somewhat. The slightly lower optimism this year is because of the uncertainty surrounding when the coronavirus pandemic will end," explains **Peter Riehle, Chairman of the German American Chambers of Commerce (GACCs)**.

The pandemic as a catalyst and accelerator

Almost two thirds of companies surveyed (65 percent) state that the pandemic poses the biggest economic challenge for their business. "The coronavirus crisis has affected companies, but they have also dealt well with the crisis. Working from home and the associated digitization of all internal business processes and the sales channel present the biggest challenges for the companies surveyed. Many groups had to restructure significantly and make additional investments, not least to protect against cyber risks," says **Andreas Glunz**.

Skills shortages – a brake on plans to vigorously expand workforce

In addition to the challenges posed by the coronavirus crisis, German companies in the US still grapple with skills shortages. Forty-five percent (compared to 56 percent in the prior year) count the search for suitable skilled employees among their top three challenges. Despite continued workforce development efforts, only 14 percent of the companies surveyed say that they have no difficulties finding qualified employees for vacant positions. In addition, 64 percent of German companies in the US report difficulties to some or to a large degree finding people with the right qualifications. "Skills shortages must be tackled. The numbers highlight the importance of investing in trainee programs. That may cost money, but it is a necessary investment to ensure the companies' successful growth in the US," says **Peter Riehle, Chairman of the GACCs**.

The issue is exacerbated in that 43 percent of the companies surveyed want to increase their headcount in 2021 while just 5 percent want to reduce staff numbers. By 2026, eight out of ten companies (79 percent) expect headcount to increase, with 30 percent expecting a rise of even more than a quarter.

"The digitization and automation of processes and sales will require completely different qualification profiles to the current ones. Combined with ambitious workforce expansion plans, the skills shortage issue has taken on new momentum," explains **Andreas Glunz**.

Open markets indispensable

For 64 percent of German companies in the US, access to open markets and the conclusion of trade agreements is one of three key action areas for the further business growth. Peter Riehle also notes: "The access to work visas is another big challenge for companies looking to recruit skilled staff from abroad." Almost half of the companies surveyed (47 percent) consider work visa access for qualified foreign employees as important for their growth, followed by investments in infrastructure (38 percent).

About the German American Business Outlook 2021 The German American Chambers of Commerce and KPMG in Germany conducted the "German American Business Outlook 2021" by surveying 166 German subsidiaries in the USA after the presidential elections between November 4 and 30, 2020. The survey focused on the economic perspectives of German companies in the USA, the challenges they face and the growth opportunities for their business.

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