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# Press Release



**German American Business Outlook**  
Annual Survey among German Firms in the U.S.

## **German firms in the U.S. confident despite political and economic uncertainties**

**Companies continue to innovate, grow, and hire  
67% plan to create new jobs in 2012, skills shortages an obstacle for 60%**

New York City, December 5, 2011 – German companies in the United States are optimistic despite political and economic uncertainties on both sides of the Atlantic. Sales volumes further improved for 72% of firms in 2011, with the result that 86% expect “moderate” to “strong” growth for their operations in 2012. As they continue to focus on growth-oriented measures like product innovation and entering new customer segments, 67% of companies plan to create new jobs. The majority of the surveyed subsidiaries state that neither EU nor U.S. debt crises discussions have impacted their business decisions in 2011 or plans for 2012 thus far. Rising commodity prices and skills shortages on the U.S. labor market, however, do create challenges for most firms.

These key findings come from the German American Business Outlook 2011, an annual survey monitoring the state of German-owned subsidiaries in the United States. 1,900 firms were approached and approximately 10% of senior management, mostly from the German Mittelstand (small to medium sized companies), responded. The German American Chambers of Commerce, the Representative of German Industry & Trade, and Roland Berger Strategy Consultants conducted this study for the third consecutive year this fall.

While respondents again project less growth for the overall economy than for their own businesses, their expectations are still positive: 96% of do not predict a renewed recession for the U.S. economy, including 48% that expect moderate to strong growth. Debt crises discussions in the EU and U.S. had a moderate impact on one third of the subsidiaries in 2011. In 2012, this number increases slightly, as firms are uncertain about the effects on the general economic climate. One respondent summarized: “We are more cautious than our own very positive business outlook would justify.”

Other challenges were more predictable – raw material costs rose as foreseen by 54% in last year’s survey. 60% of firms confirmed an increase not only in raw material, but also other non-labor costs for 2011.

Asked which long-term measures would most improve the economic competitiveness of the United States, respondents agree that addressing federal and state fiscal concerns should have first priority. Reforming and simplifying the tax system is considered equally important as



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measures to strengthen the educational system, both on the post-secondary and K-12 levels. More affordable access to university education received the third highest priority score.

Another key result shows why the educational system and overall economic competitiveness are seen as closely interlinked: For 62% of firms a skilled, specialized workforce is “very important” to their business success. However, 59%, almost the same number of companies, currently have difficulty filling their open positions with qualified candidates. These skills shortages, they say, mostly apply to positions requiring an engineering or technical background.

The majority of companies reporting hiring challenges have put customized solutions in place: 47% train new hires through established in-house programs, 8% work with local community colleges, and another 4% are currently looking to establish either model. 75% of firms think that dual track vocational training programs as used in Germany and other parts of Europe would also have benefits for the U.S. manufacturing sector.

The full results of the study are available at [www.ahk-usa.com/gabo](http://www.ahk-usa.com/gabo)

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The **Representative of German Industry and Trade** (RGIT) is the liaison office of the Federation of German Industries (BDI) and the Association of German Chambers of Industry and Commerce (DIHK) in Washington. RGIT represents the interests of the German business community vis-à-vis Congress, the U.S. administration and the international organizations based in Washington, D.C. [info@rgit-usa.com](mailto:info@rgit-usa.com), [www.rgit-usa.com](http://www.rgit-usa.com)

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