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ATREUS STUDY 2023

ECONOMIC LOCATION GERMANY 2023

Dear Readers,

We are pleased to present to you the current study assessing the economic location of Germany in 2023.

The study provides insights into how German business leaders currently perceive the location of Germany and how they intend to deal with prevailing uncertainties. It highlights the measures companies plan and demand from policymakers to maintain their competitiveness.

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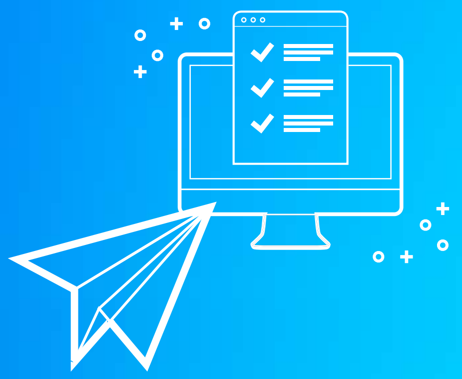

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Study Set-Up

+ **Period of Survey:** 08/04/2023 – 08/18/2023
+ **Method:** Online survey via questionnaire with closed questions
+ **1086 C-level participants (including 143 from the Automotive sector)**

A total of 1086 C-level participants completed the questionnaire, including top executives from the German economy such as CEOs, board members, supervisory board members, as well as interim managers from various industries, including 143 executives from the automotive industry.

Key messages

Doubts about political direction and concern about location costs

The current study by the Atreus Solution Group Automotive reflects assessments of the current situation and the strategies of decision-makers from various sectors to remain competitive in an increasingly challenging global environment.

Automotive Industry: Doubts about political direction and concern about location costs

It shows that a large majority of the study participants from the automotive sector doubt whether the government is setting the right course for the industry. The respondents see an urgent need for action, especially in securing acceptable location costs.

→ The survey illustrates that a majority of decision-makers in the automotive sector are skeptical about the political direction in Germany.

→ Over 84 percent of respondents expressed concerns about whether current policies are providing the necessary impetus for the industry.

→ Of particular note is the high need for action in securing acceptable location costs:
76 percent of respondents see an urgent need to act.

→ Furthermore, over half of the study participants from the automotive sector cite reducing dependencies in the supply chain (55 percent) and the availability of skilled workers (51 percent) as conditions to re-establish Germany in the top ranks of economic locations.

→ One in three respondents (35 percent) now sees a need for action in developing functional software.

→ The industry currently considers the establishment of battery development and assembly plants less important (14 percent).

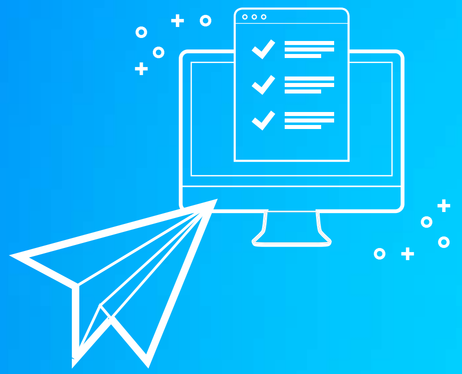
Key messages

All industries: Disinvestment domestically, investment abroad

The study reveals that a quarter of surveyed companies across industries plan to reduce investments and capacities in Germany over the next two years.

At the same time, more than 50 percent of companies plan to invest abroad during the same period.
The focus is primarily on investments within the EU (62 percent), followed by the USA (38 percent).

Only 18 percent plan investments in China.



"Our survey underlines the significant concerns, especially among top decision-makers, regarding the current issues facing the economic location of Germany. In particular, business leaders from the automotive sector have doubts about the current political direction and are driven by concerns about acceptable location costs. The fact that a quarter of respondents across all industries plan to reduce investments and capacities in Germany over the next two years, and at the same time, 65 percent cite administrative burdens as an obstacle to investment decisions in Germany, speaks to the existence of the de-industrialization wave that is often denied by policymakers."

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Partner & Director, Head of the Solution Group Automotive

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Which of the following best describes **your position in the company**?

26.34 %	286	CEO / GENERAL MANAGER / MANAGING DIRECTOR
21.55 %	234	INTERIM MANAGER
8.75 %	95	OWNER
8.10 %	88	CONSULTANT
7.55 %	82	DEPARTMENT MANAGER
5.80 %	63	CFO
2.85 %	31	PROJECT MANAGER
2.67 %	29	DEPARTMENT HEAD
2.21 %	24	ADVISOR
2.12 %	23	COO
1.93 %	21	OTHER POSITION (PLEASE SPECIFY)
1.57 %	17	VICE PRESIDENT
1.29 %	14	SUPERVISORY BOARD
1.29 %	14	CRO
1.20 %	13	ADVISORY BOARD
1.20 %	13	CIO
1.10 %	12	CSO
0.92 %	10	CHAIRMAN OF THE SUPERVISORY BOARD
0.92 %	10	CTO
0.37 %	4	TEAM LEADER
0.28 %	3	MANAGEMENT BOARD
0.00 %	0	CHAIRMAN OF THE MANAGEMENT BOARD

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Which of the following best describes the **industry your company operates in**?

16.42 %	178	CONSULTING
13.19 %	143	AUTOMOTIVE
10.33 %	112	SERVICES
9.32 %	101	MECHANICAL ENGINEERING
6.73 %	73	IT, TELECOMMUNICATIONS, INTERNET, AND MEDIA
5.63 %	61	COMMERCE AND CONSUMER GOODS
4.61 %	50	HEALTHCARE
4.61 %	50	MANUFACTURING INDUSTRY
3.78 %	41	ENERGY, SUPPLY, AND DISPOSAL
3.69 %	40	OTHER INDUSTRY (PLEASE SPECIFY)
3.32 %	36	ELECTRONICS AND ELECTRICAL ENGINEERING
2.58 %	28	FINANCE AND FINANCIAL SERVICES
2.58 %	28	CHEMISTRY
2.12 %	23	PLANT ENGINEERING
2.03 %	22	TRANSPORT, LOGISTICS, AND TRAFFIC
1.75 %	19	CONSTRUCTION
1.66 %	18	FOOD AND BEVERAGE
1.57 %	17	PHARMACEUTICAL INDUSTRY
1.20 %	13	AEROSPACE (INCLUDING DEFENSE)
0.65 %	7	REAL ESTATE
0.46 %	5	LEISURE AND ENTERTAINMENT
0.46 %	5	PRIVATE EQUITY
0.28 %	3	PUBLIC SERVICE
0.28 %	3	TOURISM
0.28 %	3	NONPROFIT ORGANIZATIONS
0.18 %	2	AGRICULTURE
0.18 %	2	EDUCATION
0.09 %	1	INSURANCE

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AUTOMOTIVE

Which category does **your company** belong to?

This question was only received by participants who selected "Automotive" as their answer in question 2 regarding the industry.

74.13 %
106
SUPPLIER

15.38 %
22
OTHER CATEGORY

10.49 %
15
MANUFACTURER

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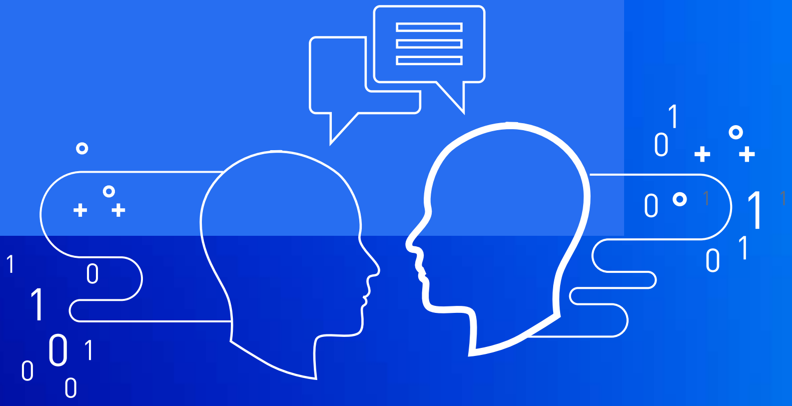
AUTOMOTIVE

Do you believe that the current **policies in Germany** are setting the **right course for the automotive industry?**

NO
84.62 %
121

JA
9.79 %
14

I DON'T KNOW
5.59 %
8



This question was only received by participants who selected "Automotive" as their answer in question 2 regarding the industry.

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AUTOMOTIVE

Where do you see the greatest **need for action** to secure a leading position for the **German automotive industry**?

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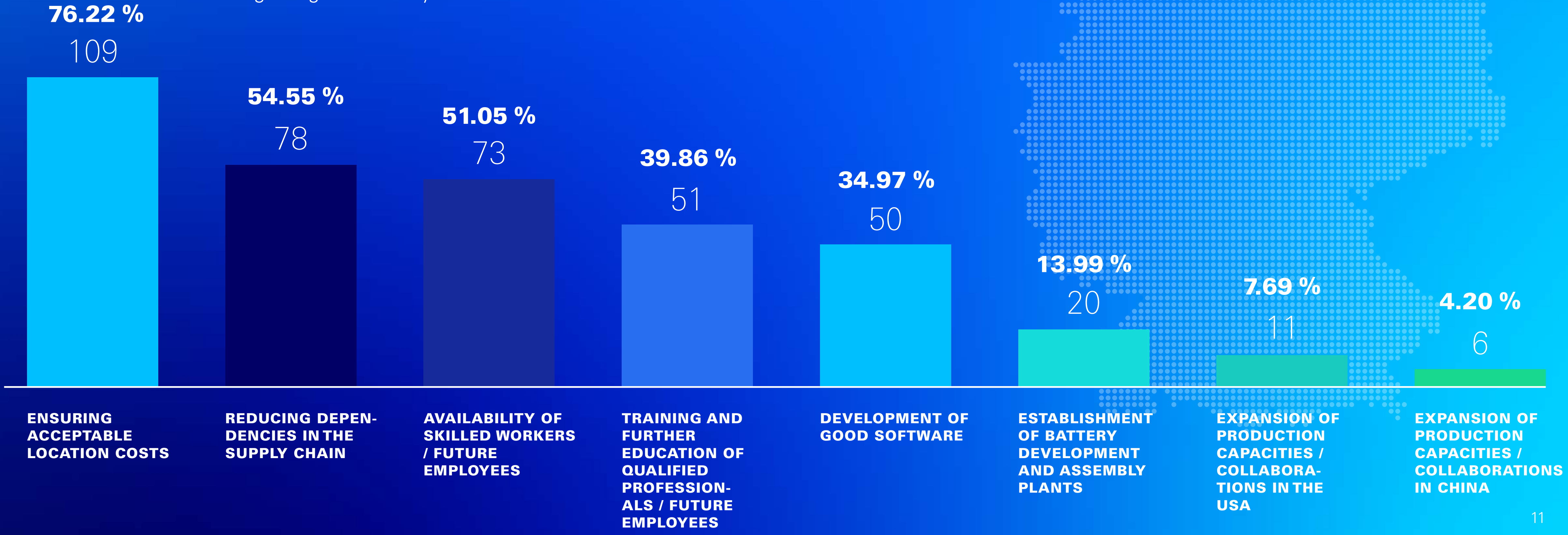

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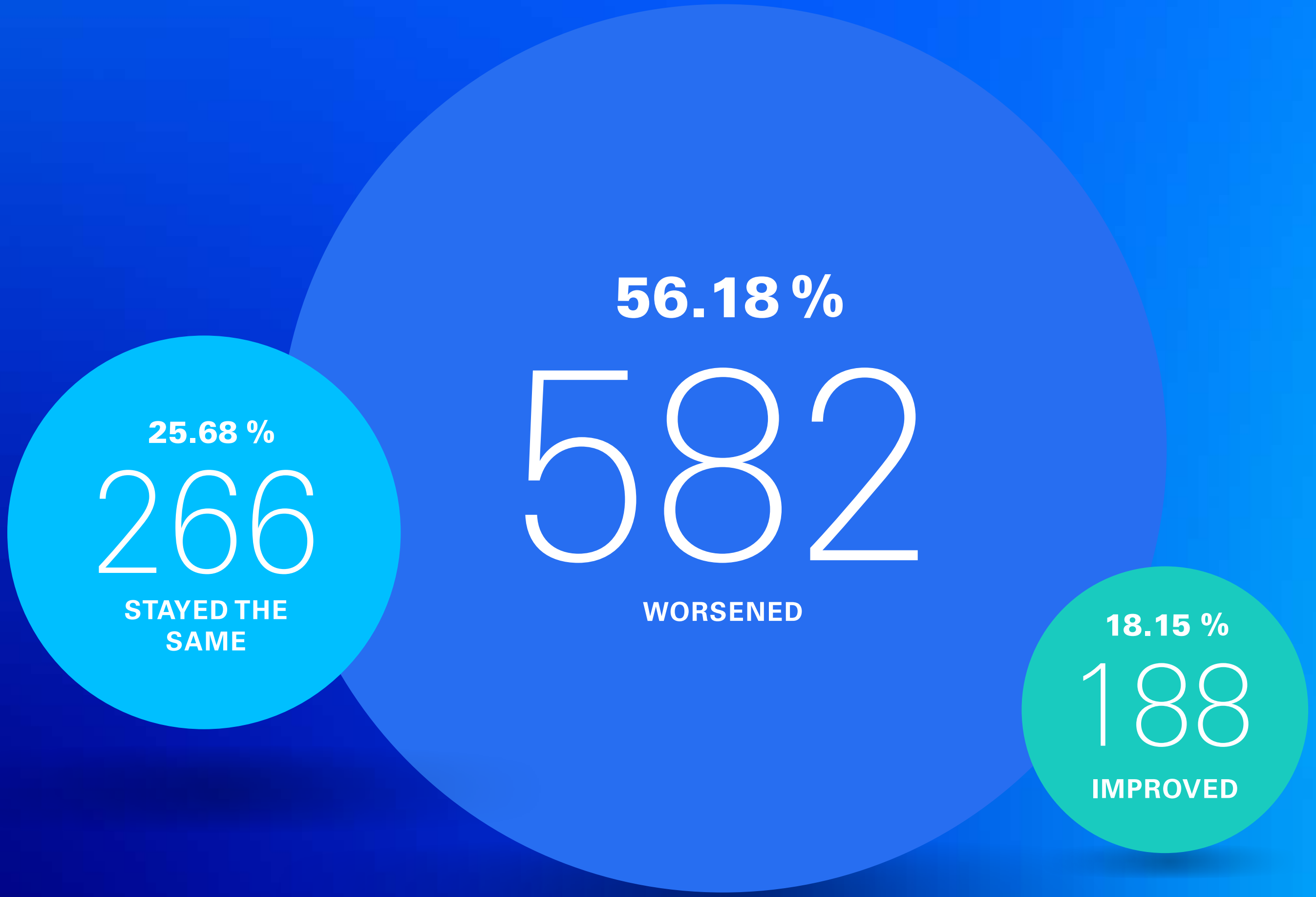
How have the **framework conditions** for **your company** in Germany changed compared to **the time before COVID-19**?



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Will **your company** invest in or reduce capacities **in Germany in the next 1–2 years**?

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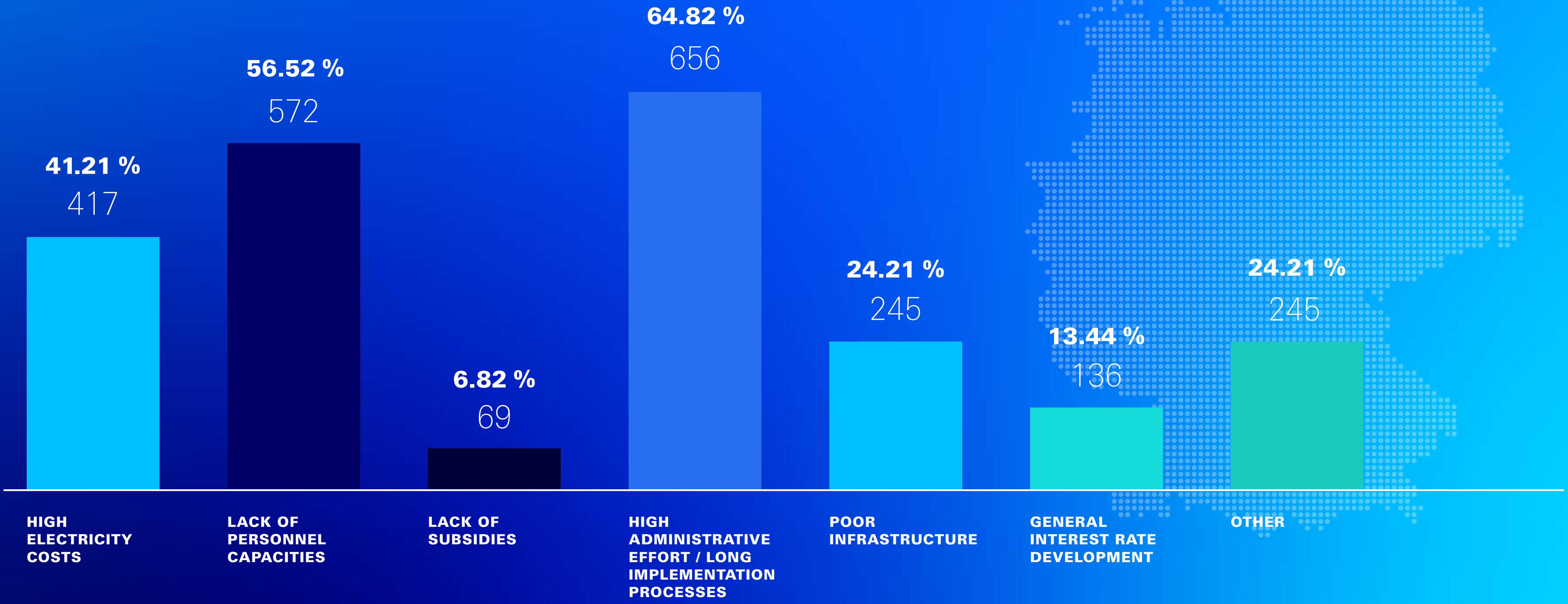
What is currently complicating your company‘s **decision to invest in Germany**?



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Will **your company invest or reduce capacities abroad** in the next 1–2 years?

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Where will **your company invest abroad** in the next 1–2 years?

This question was only received by participants who selected "We will invest abroad" as their answer to question 9 regarding foreign investments.

What makes the **decision to invest abroad** easier?

This question was only received by participants who selected "We will invest abroad" as their answer to question 9 regarding foreign investments.

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This survey was conducted by Atreus GmbH in August 2023.

Disclaimer

The contents and summary of this survey are summarized with the utmost care; however, Atreus cannot guarantee the accuracy of all information.

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