



# AHK World Business Outlook Fall 2019

Results of the Survey by the Network of  
German Chambers of Commerce Abroad (AHKs)

AHK

DIHK

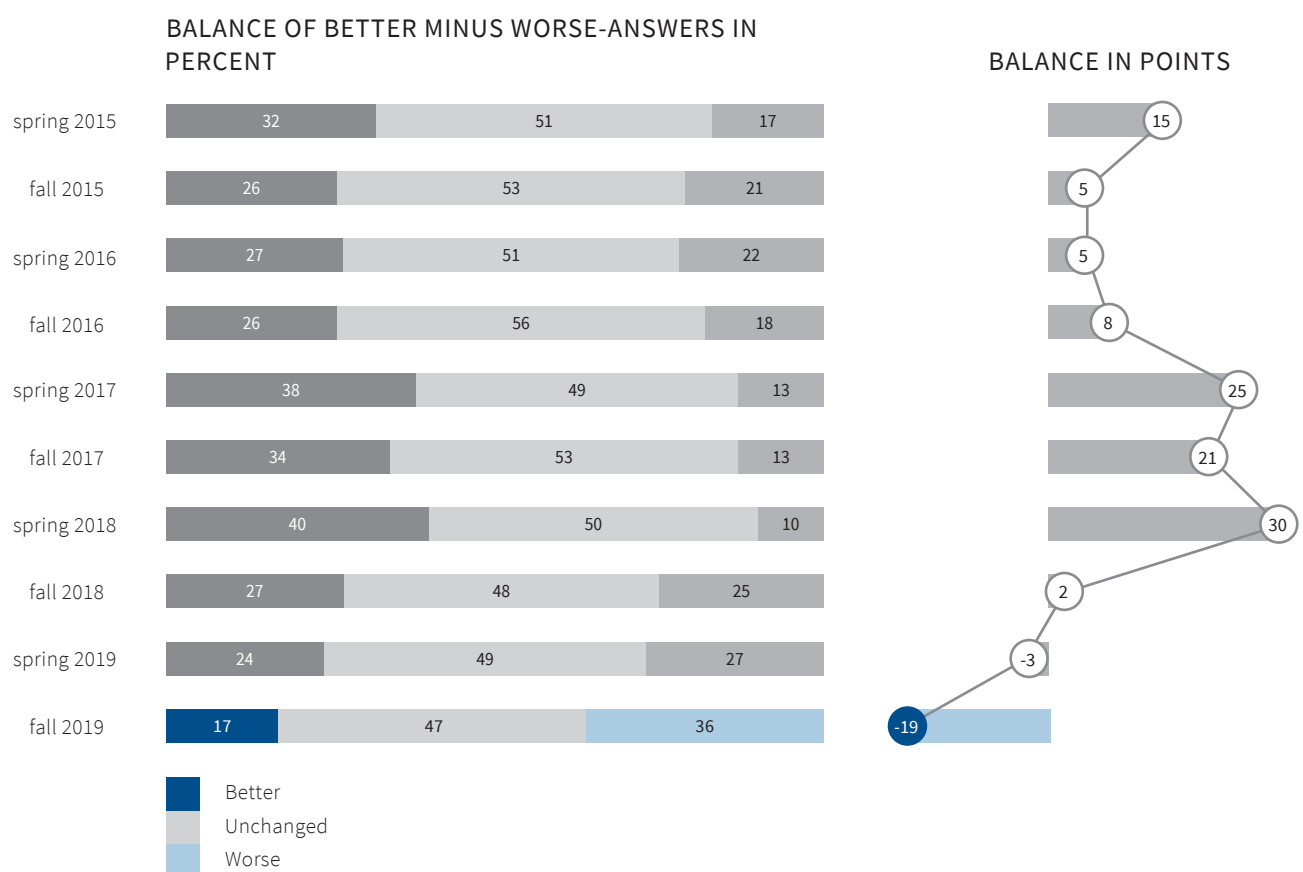
 GemeinsamWeltweit

# Summary

## German economic expectations of the Companies abroad

The downward trend in the global economy is continuing. Numerous trade conflicts are slowing global trade in goods and thus the global economy. Increasing protectionism, customs duties and sanctions with far-reaching effects on the supply chains are creating uncertainty and are thus leading to a reluctance of companies to invest. Only 17 percent of the 3,700 companies surveyed worldwide by the AHKs expect the local economy to improve. At 36 percent, more than a third of the companies expect the country's economy to deteriorate. The resulting balance of good and bad ratings decreases from minus three to minus 19 points compared to the previous survey in spring 2019. As a result, the majority of companies cite demand in their respective markets as a risk for their own business.

An economic slowdown can be observed globally. In Europe, many countries continue to grow only slowly. Somewhat better growth rates are being recorded in Central and Eastern Europe and many Asian countries, but the momentum is also decreasing there. In China, the USA and many industrial countries, there are increasing signs of a slower pace. As a result, companies are more reluctant to invest and demand goods and services. Many developing and emerging countries are also feeling the effects of the restraint in the industrialized countries.



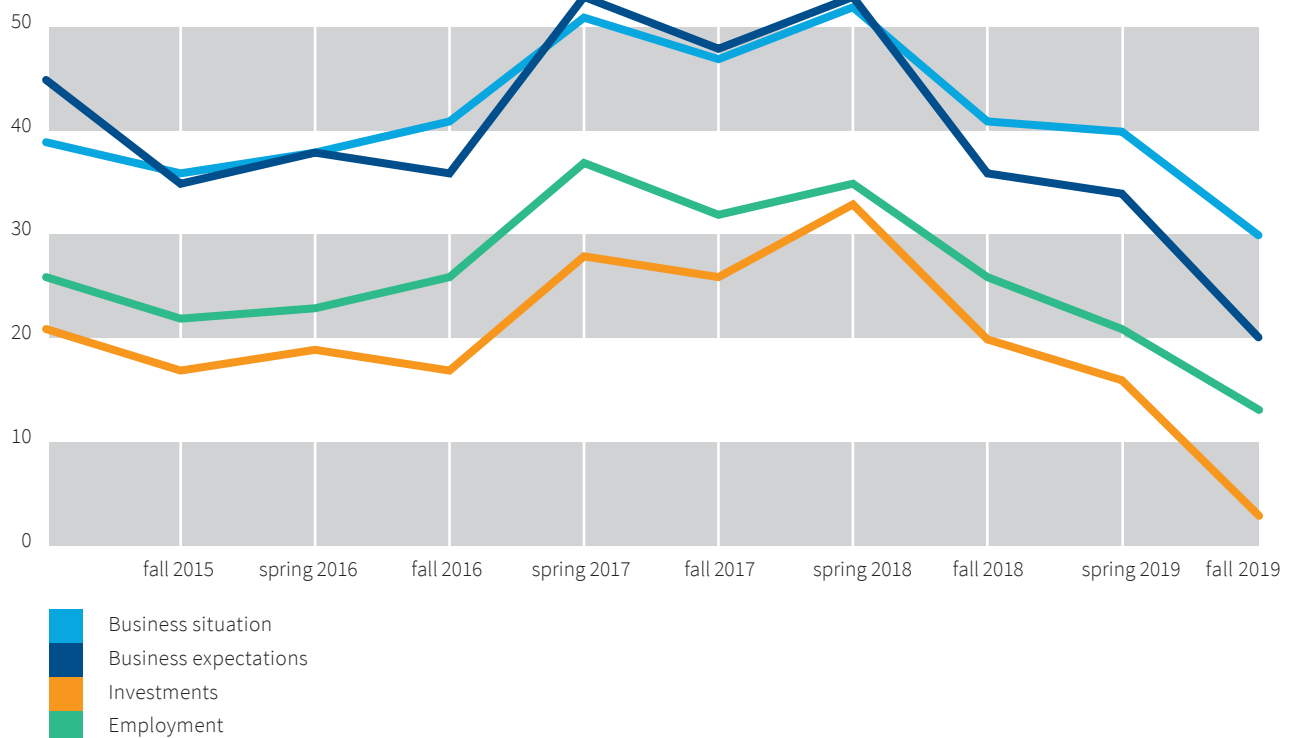


# Business situation and expectations

With the weakness of the global economy, the business expectations of German companies abroad are falling sharply. 37 percent expect better business, 17 percent worse. The balance drops by 14 points to a historically low value of 20 points in the survey. The particularly good business situation of the companies over a period of more than three years will also receive a significant dent in autumn 2019. 43 percent of the companies surveyed by the AHKs described their own situation as good, 13 percent rated it as bad. The balance drops from 40 to 30 points.

The uncertainties resulting from a weakening global economy and numerous trade conflicts are also reflected in the investment and employment plans of internationally operating companies. Only 30 percent want to hire more staff, 17 percent plan to cut jobs. The balance is falling significantly from 21 to 13 points. Companies are also increasingly reluctant to invest. The developments on individual markets and the future of existing supply chains due to increasing trade barriers are too unclear. Only 29 percent plan to invest more, 26 percent want to reduce their investments. The resulting balance of three points is by far the weakest in the long series of investment plans. German companies are currently reluctant to invest significantly more capital.

**GERMAN COMPANIES ABROAD**  
BALANCE OF BETTER MINUS BAD NEWS IN POINTS

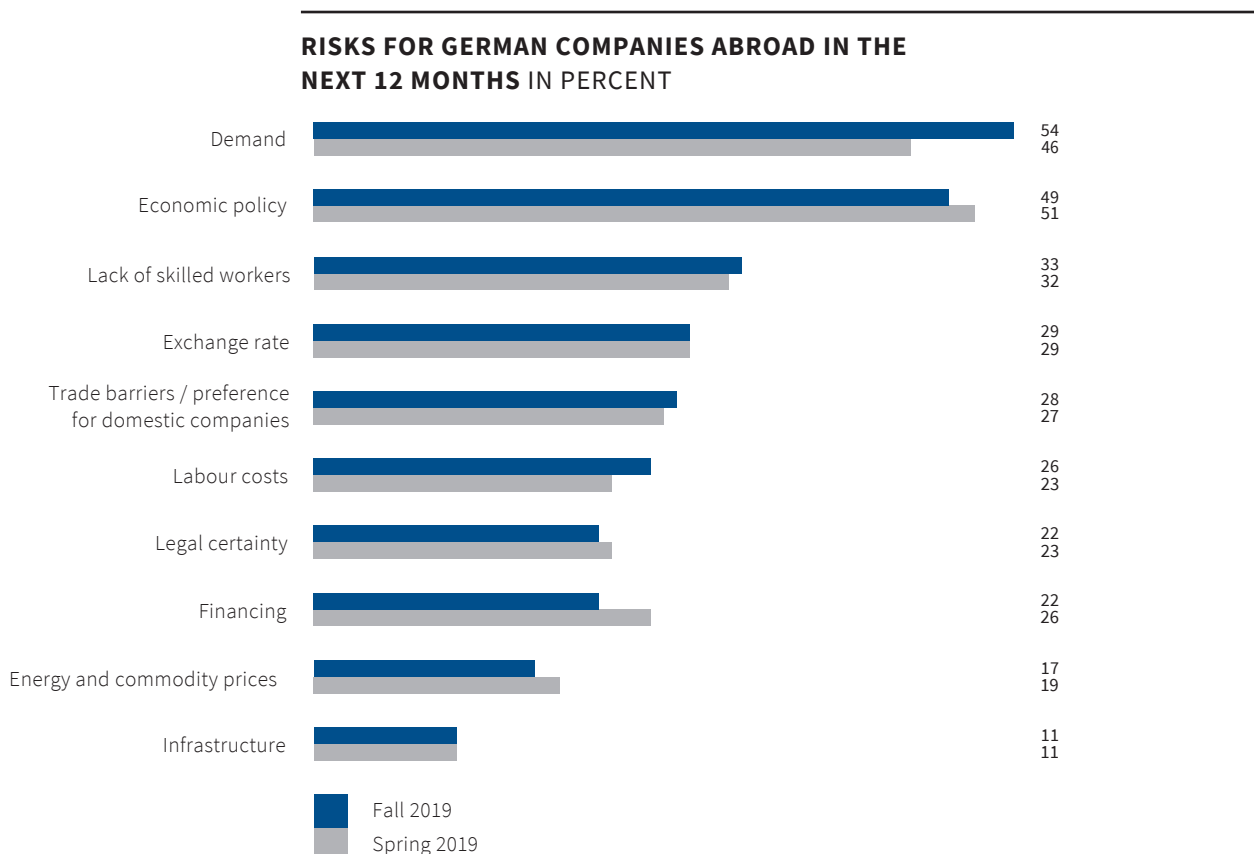


# Risks for German companies abroad

For the first time in three years, demand in the respective markets is again the top risk for the companies surveyed by the AHKs. Meanwhile, 54 percent are worried about declining demand for their products due to economic developments worldwide. This is the highest increase of all the risks surveyed compared with the spring survey. Although the economic policy framework conditions in second place do see somewhat fewer German companies abroad as a risk, this remains a major challenge for just under half of the respondents.

One third of the companies cite difficulties in finding skilled workers as a risk to their business activities. In many regions there are too few suitable personnel who can, for example, be deployed or trained for the production or maintenance of machinery and equipment. This also increases the risk of labour costs, as competition for adequately qualified staff increases. Meanwhile, more than one in four companies cites this as a challenge. On the other hand, the issue of finance is easing somewhat, partly because investments are being held back more and more.

Worldwide, 28 percent of German companies mention trade barriers abroad as a risk to their business activities. However, in some countries the figure is significantly higher: in the USA it is 53 percent and in China it is 48 percent. In view of the uncertainties surrounding Brexit, as many as 69 percent of companies in the United Kingdom see trade barriers as a risk. For years now, there has been an increase in protectionist measures in world trade that impair the exchange of goods and services. The trade conflict between the USA and China is currently also directly affecting German companies that have invested in both countries. But companies in the EU are also targets of the US government: countervailing duties based on the World Trade Organization (WTO) decision in the Airbus case and punitive tariffs on steel and aluminium as well as the EU's countermeasures are still in force. A solution to the conflicts is not in sight in the short term. In addition, the WTO, as the arbitrator in global trade, is currently failing to resolve the conflict. This means that there is currently a great deal of uncertainty about the future shape of supply chains at German companies abroad.



A stylized, light blue world map is centered in the background of the page. The map shows the outlines of continents and major islands. The text is overlaid on the left side of the map.

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DIHK | Association of German Chambers of Industry and Commerce e. V.

Postal address:

DIHK | 11052 Berlin

Visiting address:

Breite Straße 29 | 10178 Berlin

T. +49 30 20308-0 | F. +49 30 20308-1000

Representation of the Association of German Chambers of Industry and Commerce at the European Union

19 A-D, Avenue des Arts, B-1000 Brussels.

T. +32 2 286-1611 | F. +32 2 286-1605

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**Editor** Kevin Heidenreich, Melanie Vogelbach  
International Economic Policy, Foreign Trade Law

**Design** Lorenz & Konsorten, Cologne

**Cover picture** Tom Fisk (Pexels)

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