

AHK World Business Outlook

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

Summer 2017



Core messages

Global economy on the up

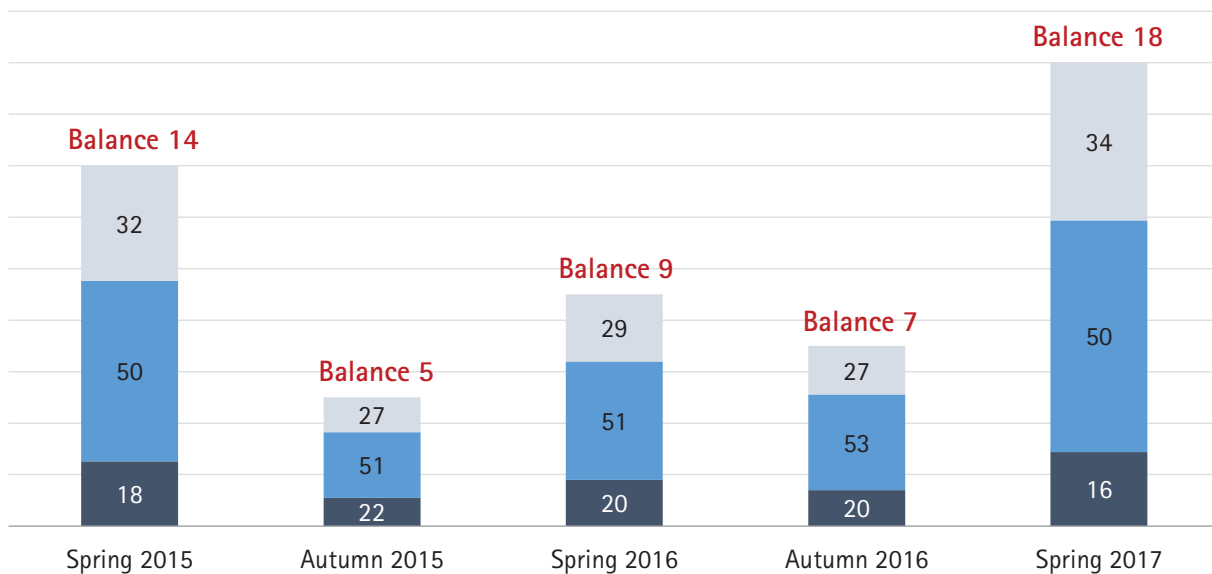
The global economy is picking up steam again. After moderate growth rates in recent years, German companies abroad are currently much more confident about the global economy. In nearly all regions of the world, but above all in the three most important economic regions: North America, the Eurozone and China, the economy is developing positively. South America and eastern and southeastern Europe form the exceptions, the latter being influenced above all by skepticism about the Turkish economy. Brexit is also clouding economic prospects in the United Kingdom.

A solid third of the more than 4,000 companies surveyed by the AHKs worldwide see positive development for their local economies in the coming 12 months (34%). Only 16% anticipate a deterioration. The resulting balance of 18 points is much higher than in the previous survey in the autumn of 2016 (balance: 7 points). Due to crises in some regions of the world and an increase in protectionism and anti-trade talk, particularly from the US administration, developments remain associated with great uncertainty for German companies. Nearly every second company cites economic policy conditions as a risk for the global economy in the coming 12 months.

Estimation of medium-term economic development worldwide

Shares in percent; balances in points

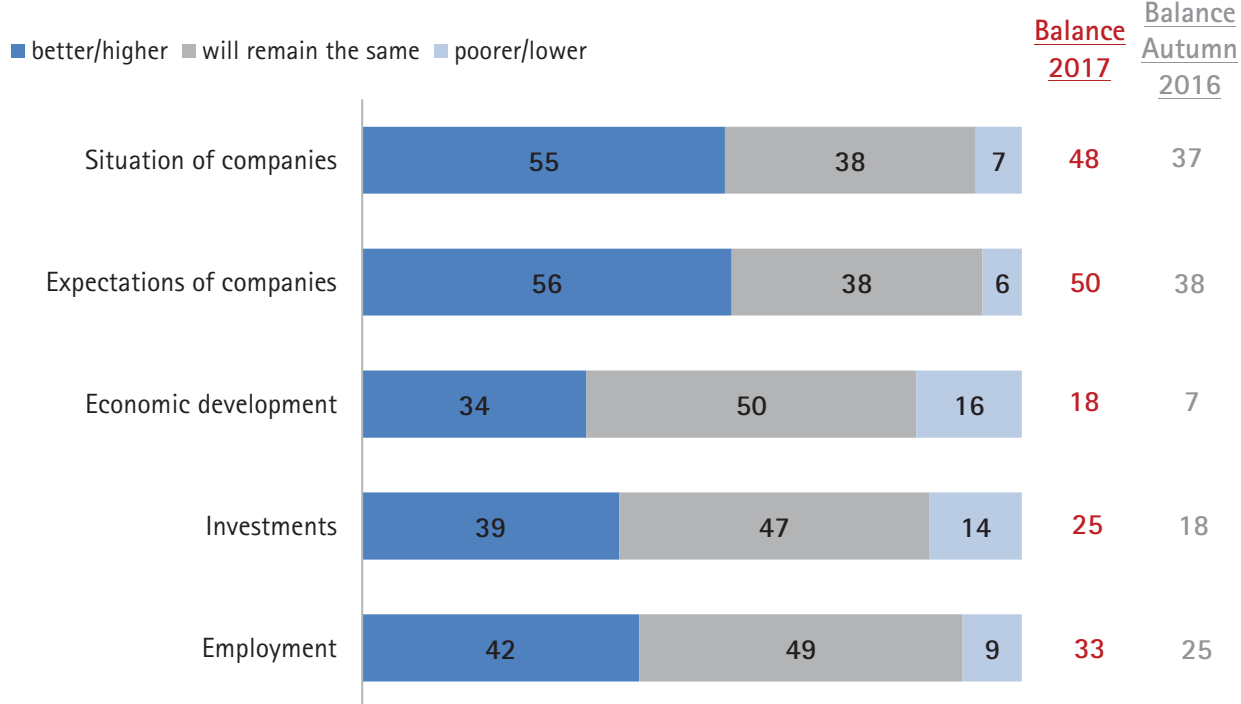
■ better ■ will stay the same ■ worse



German companies successful worldwide

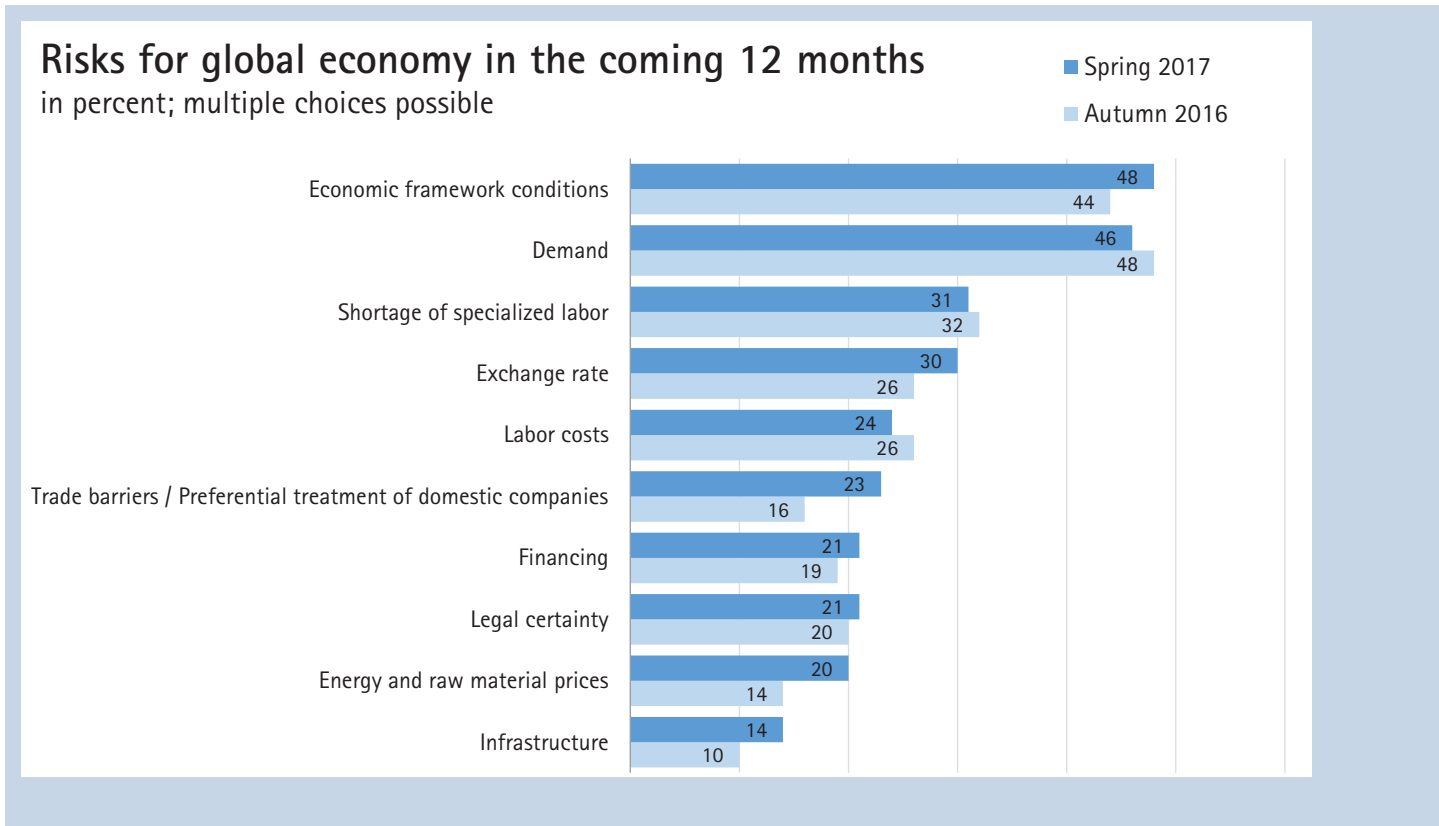
German companies are again doing better business worldwide. Both the position of companies and their expectations for their own business development are improving significantly. No less than 55% of Germany-based multinationals describe their current international business situation as good, only 7% as bad. The balance of 48 points increased sharply compared to the 37 points from the previous survey. Expectations for the coming 12 months are even somewhat better, with a balance of 50 points. Companies expect the optimistic economic outlook in many countries worldwide to have a positive effect on their own business growth.

World at a glance in percent



More investments and personnel

The basic optimistic mood is also reflected in the investment and employment plans of the companies: 39% want to invest more and 42% plan to hire more employees. Nearly half of the companies do not see any need for change. 14% and 9% respectively plan cutbacks. The seven and eight points improvements in investment and employment balances are clearly positive. Apparently, economic confidence is currently outweighing the estimated risks.



Risks for the global economy For the first time since autumn of 2015, economic policy conditions again represent the greatest risk for member companies of the AHKs worldwide. Though the concern about the demand has somewhat relaxed (down from 48% to 46%), economic policy measures, intentions and trends such as increasing protectionism now worry 48% of companies. The exit of the United Kingdom from the European Union and the single market is likely to result in many restrictions on business activity. Numerous conflicts (in the Ukraine, Middle East and Africa) are increasing the uncertainty about the appropriate framework conditions in international business. In relation to trade issues, it has become harder for industrialized countries to speak with one voice amongst themselves and with emerging countries about international cooperation, e.g. within the framework of the G7 and G20.

The risks associated with the shortage of skilled labor persist at a high level. It remains difficult for companies to find suitable staff. The problem of trade barriers and the preferential treatment of domestic enterprises increased from 16% to 23%. The increase in trade barriers and protectionist trends, such as the "America First" strategy of the US administration, are creating more uncertainty. Germany companies are seeing an increase in barriers to international business each year.¹

¹ DIHK survey: Going International 2017

Currently, there are few signs that this trend is going to reverse. One in five companies is again concerned about the development of energy and raw material prices, after just 14% in the preceding survey.

Medium-term economic expectations of companies

Balance from better/worse reports in points; arrows: compared to survey from autumn of 2016



The AHK World Business Outlook is based on a regular DIHK survey of the member companies of the German chambers of commerce abroad, delegations and representative offices (AHKs). It records the feedback from around 4,000 German companies, branches and subsidiaries worldwide as well as companies with a close relationship to Germany. The full report (in German) is available on DIHK's website:

<https://www.dihk.de/themenfelder/international/aussenwirtschaftspolitik-recht/umfragen-und-zahlen/ahk-world-business-outlook>

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Contact: Kevin Heidenreich | Director Foreign Economic Policy, Development Policy

E-Mail: heidenreich.kevin@dihk.de