Facts About German-American Investment and Trade





Representative of GERMAN Industry + Trade



About RGIT

The Representative of German Industry and Trade (RGIT) is sponsored by Germany's two leading business organizations:

- The Federation of German Industries (Bundesverband der Deutschen Industrie – BDI)
- The Association of German Chambers of Industry and Commerce (Deutscher Industrie – und Handelskammertag – DIHK).

To advance and support the interests of German business involved in international trade, RGIT – as the BDI and DIHK Washington liaison office – reports on legislative and policy trends in the United States and acts as the voice of German industrial interests advocating before U.S. policy and business decision makers. RGIT also provides its members and affiliates with key information that allows them to do business and invest successfully in the United States.

Further information regarding the two organizations can be found on the Internet at http://www.dihk.de/english/ (DIHK) and http://www.bdi.eu/en/index_en.htm (BDI).

The statistics in this brochure are based on the most recently available data from the U.S. government. The data on U.S. affiliates of foreign companies represent majorityowned U.S. affiliates – U.S. affiliates more than 50 percent owned by foreign direct investors. The trade data only cover merchandise trade and do not include trade in services. The strength of the U.S.-German commercial relationship becomes manifestly obvious when measuring German direct investment in the United States, trade between the two countries, and the business activities of German-owned companies in the United States. Together, these indicators demonstrate the important and vital role German business plays in the U.S. economy.

German business contributes to:

- U.S. economic growth and jobs
- ◆ U.S. economic health
- ◆ U.S. economic prosperity

Germany is also one of the leading markets for American investment and trade worldwide.

U.S.-GERMAN INVESTMENT PROFILE

German investment is highly sought after by state and local governments across the United States as they seek to create well-paid jobs for their workforce. More than 3,000 German companies have investments in the American market. Many of these businesses are small and medium-sized global companies.

Investment by German business in the U.S. market exceeded \$200 billion as of year-end 2006, comprising over 11 percent of the \$1.8 trillion invested in the U.S. economy by foreign businesses.

Foreign Direct Investment in the United States by Country, 2006*

Rank	<u>Country</u>	Investment
	Total	\$1.8 T
1.	United Kingdom	\$303 B
2.	Japan	\$211 B
3.	Germany	\$203 B
4.	Netherlands	\$189 B
5.	Canada	\$159 B

*These statistics are shown on a historical cost basis. Source: U.S. Bureau of Economic Analysis At the same time, Germany – the largest consumer market in the European Union with a population of more than 80 million – is an attractive investment location for American business. U.S. companies are drawn to the German market because of its highly developed infrastructure, a well educated workforce, and a dynamic business environment in the heart of Europe. Foreign direct investment in Germany by U.S. firms reached nearly \$100 billion as of year-end 2006, comprising over 4 percent of the nearly \$2.4 trillion that U.S. firms have invested in markets around the world.

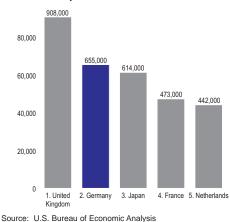
U.S. Direct Investment Abroad by Country, 2006*			
<u>Rank</u>	<u>Country</u>	Investment	
	Total	\$2.4 T	
1.	United Kingdom	\$364 B	
2.	Canada	\$246 B	
3.	Netherlands	\$216 B	
4.	Australia	\$123 B	
5.	Bermuda	\$108 B	
6.	Germany	\$99 B	
*These statistics are shown on a historical cost basis. Source: U.S. Bureau of Economic Analysis			

GERMAN-OWNED AFFILIATES SUPPORT U.S. JOBS

German companies in the United States account for 655,000 jobs, the second largest share of employment supported by foreign firms operating in the United States, only behind the United Kingdom. German-owned affiliates comprised 13 percent of the more than 5 million insourced jobs in the United States in 2005.

Job creation is not limited to German-owned affiliates operating in the U.S. market. The German market is an attractive investment location for American companies. Affiliates of U.S. companies employed 590,000 Germans in 2005, representing 7 percent of the almost 9 million jobs supported by U.S. affiliates worldwide.

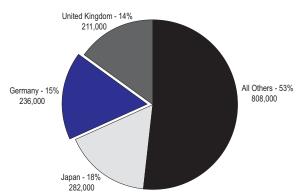
U.S. Insourced Jobs by Foreign Affiliates Top Five Countries, 2005



German Business Sustains U.S. Manufacturing Employment

The U.S. manufacturing employment base reaps enormous benefits from the investments made by U.S. subsidiaries of foreign firms, including German firms, in the American market. Some 1.5 million U.S. manufacturing jobs were supported by the operations of U.S. subsidiaries of majorityowned foreign companies in 2005. German companies employed 236,000 U.S. manufacturing workers, representing over 15 percent of all manufacturing jobs supported by foreign firms.

Top Countries in Manufacturing Employment Supported by U.S. Affiliates of Foreign Companies, 2005

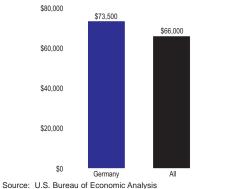


Source: U.S. Bureau of Economic Analysis

German-Owned Affiliates Create Well-Paid American Jobs

U.S. subsidiaries of German-owned companies operating in the United States generated a total payroll of \$48.2 billion – with an average annual compensation (wages and benefits) per worker of \$73,500. This is well above the average compensation of \$66,000 paid by all foreign affiliates operating in the United States.

Average Compensation of German-Owned Affiliates Compared to All Foreign-Owned Affiliates, 2005



German Business Creates Jobs in Every State

The economic impact resulting from the business operations of U.S. subsidiaries of German-owned companies is significant at the state level. German companies employ American workers in every state. Michigan was the nation's leading state in employment supported by German-owned subsidiaries, followed by California, New York, Pennsylvania, and Ohio.

Top 5 States in Employment by U.S. Affiliates of German-Owned Companies, 2005				
<u>Rank</u>	State	Employment		
	U.S. Total	654,900		
1.	Michigan	75,500		
2.	California	52,600		
3.	New York	44,800		
4.	Pennsylvania	42,300		
5.	Ohio	36,400		

GERMAN-OWNED SUBSIDIARIES LEAD IN CAPITAL STOCK INVESTMENT AND RESEARCH AND DEVEL-OPMENT EXPENDITURES

Capital Stock

Another indication of the powerful economic impact that German-owned companies have in the U.S. market is the level of their gross capital stock investment activities in U.S. property, plant, and equipment.

Capital stock investment in subsidiaries of German-owned companies totaled nearly \$209 billion in 2005, the leading country as measured by this indicator. This represented 19 percent of all capital stock investment by U.S. subsidiaries of all foreign companies operating in the United States.

Top Countries in Capital Stock Investment by U.S. Affiliates of Foreign Companies 2005			
		Capital Stock	
<u>Rank</u>	<u>Country</u>	Investment	Percent
	Total	\$1.1 T	
1.	Germany	\$209 B	19.1%
2.	United Kingdom	\$207 B	19.0%
3.	Japan	\$162 B	14.9%
4.	Canada	\$104 B	9.5%
5.	Netherlands	\$71 B	6.5%
Source: U.S. Bureau of Economic Analysis			

Source: U.S. Bureau of Economic Analysis

Research and Development (R&D)

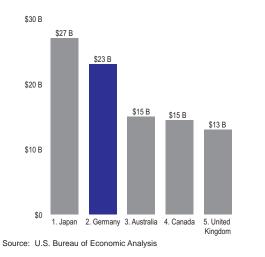
German-owned affiliates make a substantial contribution to the American R&D base, ranking first among all foreign affiliates by R&D expenditures in the United States. They performed \$6.3 billion in U.S. R&D expenditures in 2005, representing almost 20 percent of the \$32 billion in U.S. R&D performed by majority-owned affiliates of foreign companies located in the United States.

Leading Countries by Research and Development (R&D) Performed in the United States, 2005			
Rank Country Total	<u>R&D</u> \$31.7 B	Percent	
1. Germany	\$6.3 B	19.8%	
2. United Kingdom	\$6.0 B	18.8%	
3. Switzerland	\$4.3 B	13.7%	
4. France	\$4.1 B	12.8%	
5. Japan	\$3.4 B	10.9%	
Source: U.S. Bureau of Economic Analysis			

Real Estate

U.S. subsidiaries of German-owned firms are also responsible for a significant amount of real estate investment in the United States. German-owned subsidiaries invested nearly \$23 billion in 2005, comprising 16 percent of the \$145 billion in real estate investment by all subsidiaries of foreign firms.

Top Countries in Real Estate Investment by U.S. Affiliates of Foreign Companies, 2005



Real estate investment by German-owned affiliates in the United States was second only to the \$27 billion invested by Japanese-owned affiliates. This German investment was also greater than the \$15 billion in real estate investments made by Australia and Canada.

U.S.-GERMAN TRADE SNAPSHOT

Germany is a top ten trading partner of the United States. Today, Germany is America's 6th largest export market. U.S. exports to Germany totaled \$49.7 billion in 2007, just behind the \$50.3 billion in U.S. exports to the United Kingdom.

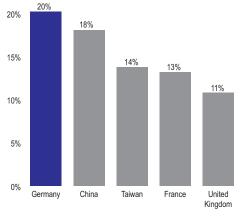
The \$50 billion in U.S. merchandise exports to Germany represented 4.3 percent of the \$1.2 trillion in exports from the United States to the world in 2007.

U.S. Merchandise Exports by Country 2007			
Rank	<u>Country</u>	Exports	Percent
	Total	\$1.2 T	
1.	Canada	\$248 B	21.4%
2.	Mexico	\$137 B	11.7%
3.	China	\$65 B	5.6%
4.	Japan	\$63 B	5.4%
5.	United Kingdom	\$50 B	4.3%
6.	Germany	\$50 B	4.3%
7.	South Korea	\$35 B	3.0%
8.	Netherlands	\$33 B	2.8%
9.	France	\$27 B	2.4%
10.	Taiwan	\$26 B	2.3%

Source: Office of Trade and Economic Analysis, U.S. Department of Commerce

One more sign of the enormous importance of the German market for the American economy is the *growth* in U.S. goods exports to Germany. U.S. merchandise exports to Germany jumped by 20 percent alone in 2007, outpacing U.S. export growth to other leading U.S. overseas markets such as China, Taiwan, France, and the United Kingdom.

Growth in U.S. Merchandise Exports by Select Countries, 2007



Source: Office of Trade and Economic Analysis, U.S. Department of Commerce

Transportation equipment, computers and electronics, chemicals, and machinery represent more than 70 percent of all products sold by U.S. companies in the German market in 2007.

U.S. Merchandise Exports to Germany by Product, 2007			
<u>Product</u> <i>Total</i> Transportation	<u>Exports</u> \$49.7 B	Percent	
Equipment Computers &	\$13.9 B	27.9%	
Electronic Products	\$9.4 B	19.0%	
Chemicals	\$8.0 B	16.1%	
Machinery	\$5.0 B	10.1%	
Other	\$13.4 B	26.9%	
Source: Office of Trade and Economic Analysis, U.S. Department of Commerce			

Every State Exports to Germany

California ranked first nationwide in exports to Germany at \$5.6 billion in 2007, representing over 10 percent of all exports to Germany from the United States. Other leading states by exports to Germany are South Carolina, Alabama, Texas, and New York.

<u>Rank</u>	<u>State</u>	Exports		
	U.S. Total	\$49.7 B		
1.	California	\$5.6 B		
2.	South Carolina	\$3.8 B		
3.	Alabama	\$3.3 B		
4.	Texas	\$2.9 B		
5.	New York	\$2.7 B		
5.	New York	\$2.7 B		

U.S. Also Imports Significantly from Germany

Germany ranks 5th among foreign countries selling their products to the United States. Imports from Germany to the United States exceeded \$94 billion in 2007, well ahead of imports from other leading U.S. trading partners such as the United Kingdom, South Korea, and France. The \$94 billion in U.S. merchandise imports from Germany represented almost 5 percent of the \$2 trillion in U.S. imports from the world in 2007.

U.S. Merchandise Imports by Country 2007				
Rank	<u>Country</u> <i>Total</i> China	<u>Imports</u> \$2.0 T \$322 B	Percent	
2.	Canada	\$313 B	16.0%	
3.		\$211 B	10.8%	
4.		\$145 B	7.4%	
5.		\$94 B	4.8%	
6.	South Korea	\$57 B	2.9%	
7.		\$48 B	2.4%	
8.		\$42 B	2.1%	
	Venezuela	\$40 B	2.0%	
	Taiwan	\$38 B	2.0%	

Source: Office of Trade and Economic Analysis, U.S. Department of Commerce

To learn more about German investment, employment, and exports in your state, visit RGIT's website at www.rgit-usa.com For more information about U.S.-German investment, jobs, and trade, visit RGIT's website at www.rgit-usa.com.

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