



Germany

Overview

EIB INVESTMENT SURVEY

2022

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EIB Investment Survey Country Overview 2022: Germany

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment, which has been administered since 2016, is a unique, annual survey of some 13 000 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication

These reports provide an overview of data collected for the 27 EU Member States and the United States. They are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the EIB

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

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EIBIS 2022 – Germany Overview

KEY RESULTS

Investment Dynamics and Focus

The share of German firms that invested in 2021 (83%) is slightly higher than the EU average (81%). Overall, German firms in Germany had optimistic investment plans at the time the EIBIS interviews were conducted (April-July 2022). German firms had positive expectations on investment for the whole of 2022, with a, on balance, positive outlook on investment (22% of firms expect to increase rather than decrease investment).

Investment Needs and Priorities

Firms in Germany are overall satisfied with their investments over the last three years, as 80% state that these have been of the right amount, which is consistent with the responses to EIBIS 2021. Firms mention investment in replacement most frequently (44%) when looking ahead to their investments in the next three years. The share of firms with no investment plans has remained stable since EIBIS 2021 (8%) and is in line with the EU average.

COVID-19 Impact

The pandemic was a major shock for firms, although the impact was uneven across firms and sectors. Around a third of German firms state not having suffered any sales losses due to COVID-19, while around half the firms report they expected higher sales in 2022 than in 2019, before the pandemic. Half of the firms do report having experienced losses in 2020 and/or in 2021 and around one in eight firms did not expect to recover from the pandemic-era loss of business in 2022. Overall, optimism in Germany is on par with the EU as a whole.

In total, 53% of German firms have received some form of financial support in response to COVID-19, mostly in the form of subsidies or some type of financial support that does not need to be paid back. Less than one in ten firms (7%) report that they are still receiving financial support.

Firms' Transformation, Innovation and Digitalisation

The majority of firms in Germany (72%) took actions to respond to COVID-19, which is slightly higher than the EU average of 63%. The most commonly mentioned course of action by German firms was investing in becoming more digital (64%). Around seven in ten firms in Germany (71%) used at least one advanced digital technology, which is in line with the EU average (69%).

About a third (35%) of firms in Germany developed or introduced new products, processes or services as part of their investment activities, which consistent with EIBIS 2021 and in line with the EU average.

International Trade

Almost 90% of firms in Germany report having faced disruptions to their international trade since 2021. Nearly as many firms see the war and/or COVID-19 as creating obstacles to international trade. Among all German firms facing disruptions due to international trade, 60% reported having taken actions to mitigate the impact of these disruptions.

EIBIS 2022 – Germany Overview

Drivers and Constraints

At the time of interviews, firms were already expecting a deterioration in the economic and political climate, with firms in Germany and the EU more pessimistic than in EIBIS 2021 about the investment conditions for the next year.

Looking at long term impediments to investment, the availability of skilled staff (93%), energy costs (83%) and uncertainty about the future (74%) are seen as the main barriers. Compared to the EU average, firms in Germany are more likely to report the availability of skilled staff (93% versus 83%) and access to digital infrastructure (50% versus 44%) as barriers. They are less likely to mention demand for products or services (47% versus 53%) or the availability of finance (37% versus 43%).

Investment Finance

In line with the tightening of global and European financial conditions, firms start mentioning a worsening of their outlook for finance. The share of German firms considered financially constrained is 5.3%, a return to the level seen in EIBIS 2020 after it had fallen to 2.3% in EIBIS 2021. The share of financially constrained firms in Germany is now similar to the EU average.

Climate Change and Energy Efficiency

Around six in ten firms in Germany (61%) say that climate change is creating physical risk for their firm, with just over a third having taken actions for building resilience against climate change, in line with the EU as a whole.

The share of EU firms seeing the transition to stricter climate standards and regulations as a risk is slightly higher than the share that sees it as an opportunity (37% compared with 29%), with around a third (34%) of firms in Germany continuing to expect no impact from the transition. More than nine in ten German firms invested, have already taken actions in this respect, with the aim to reduce Greenhouse Gas (GHG) emissions.

Looking at investment in tackling climate change more broadly, 65% of firms in Germany have already invested, which is above the EU average of 53%. Half (50%) of German firms have plans to invest in climate change over the next three years, consistent with EIBIS 2021 and similar to the EU average. Furthermore, around 48% of German firms have invested in measures to improve energy efficiency in 2021 – a slight increase compared with EIBIS 2021 (44%) and above the EU average (40%).

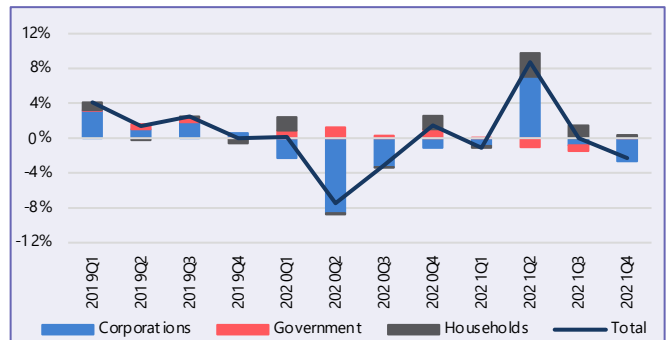
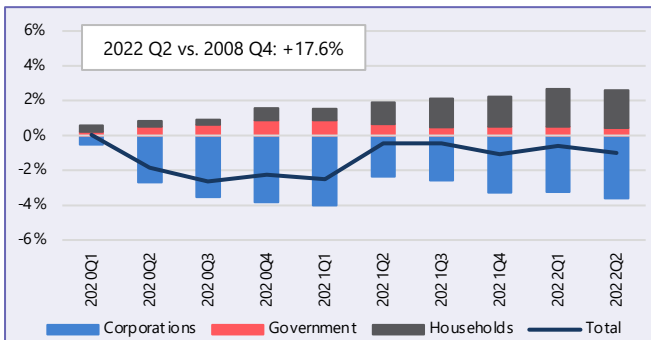
Firm Management, Gender Balance and Employment

In 2021, around four in ten firms in Germany (41%) used a strategic monitoring system, lower than in the EU overall (51%). German firms are also below the EU average when it comes to striving for gender balance (38% versus 58%).

Investment dynamics and focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

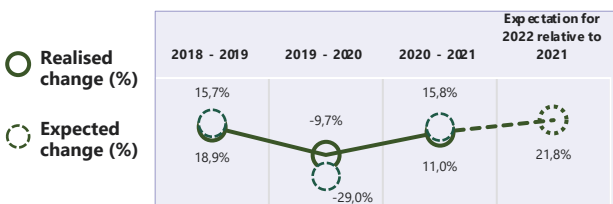
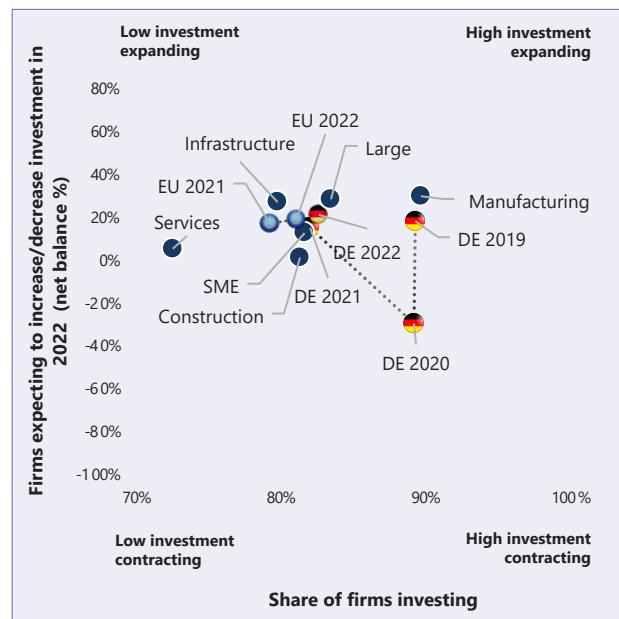
- Total investment decreased considerably in 2020, mainly due to a drop in corporate investment at a time of uncertainty related to COVID-19. This drop was particularly pronounced in Q2 2020 and the aggregate investment in Q3 2020 was 2.6% lower than in Q4 2019.
- Aggregate investment recovered in Q2 2021, being close to the pre-pandemic level. However, after this aggregate investment levels followed a slightly negative trend until Q2 2022. This decline was driven by lower corporate investment, which was only partly offset by increasing household investment.



The LHS chart shows the evolution of total gross fixed capital formation (GFCF) by institutional sector, in real terms and non seasonally nor calendar adjusted. The nominal GFCF source data was transformed into four-quarter sums and deflated using the implicit deflator for total GFCF (2015=100 euro). The four-quarter sum of total GFCF in 2019Q4 is normalised to 0. The RHS chart shows the y-o-y % change in total real GFCF by institutional sector. The implicit deflator for total GFCF (2015=100 euro) was used for deflating the nominal GFCF source data. Source: Eurostat, authors' own calculations.

INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

- The propensity of German firms to invest was slightly higher than the EU average level. Overall, German firms express a positive outlook towards their future investment like in the previous year, and a net balance of 22% of firms expect to increase rather than decrease investment.
- The positive investment outlook in Germany is in line with the EU as a whole.
- Construction (net balance 2%) and services (net balance 6%) firms are less optimistic than firms from the manufacturing and infrastructure investments regarding their expectation of increasing rather than increasing their investment in 2022.



Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

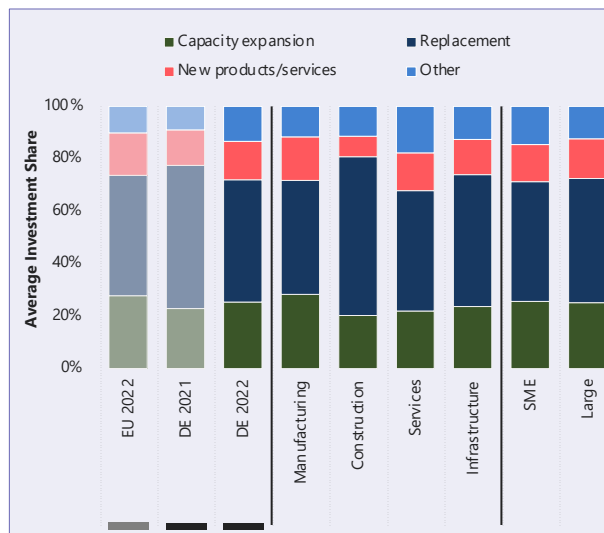
Base for share of firms investing: All firms (excluding don't know/refused responses)

Base for expected and realised change: All firms

Investment dynamics and focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

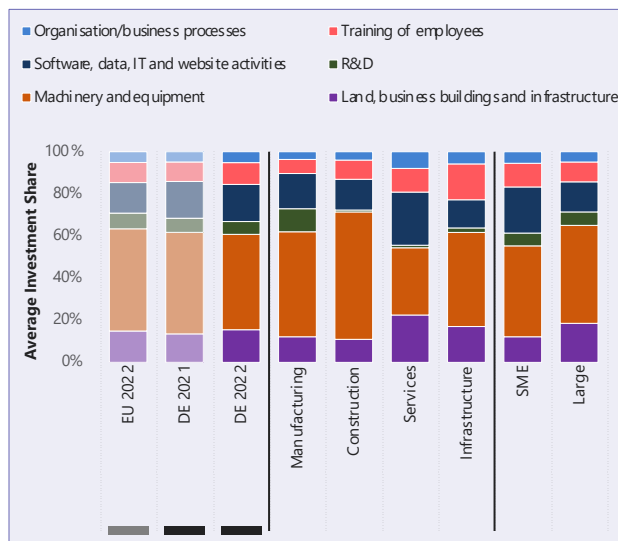
- Firms in Germany, who had invested in the last financial year, invested mostly in replacement in 2021 (47%), which is slightly less than what was reported in EIBIS 2021 (55%).
- The second most main category of investment in 2021 was capacity expansion (25%). Followed by investment in new products and services (15%).
- In the 2021 financial year, firms in the construction sector had the highest proportion of investment in replacement (61%) and the lowest share of investment in new products or services (8%).



Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

INVESTMENT AREAS



- Investment in intangible assets (R&D, software, training and business processes) by firms in Germany accounted for 39% in 2021, similar to the previous year.
- Investment activities are sector-specific. Construction firms invested a lower share in intangible assets (29%) and a higher share in tangible assets (land, buildings, infrastructure and machinery - 71%), while firms in the services sector invested in a more balanced way (54% in tangible and 46% in intangible assets, respectively).
- Large firms invested a somewhat larger proportion in land, buildings and infrastructure than SMEs (19% versus 12%), while the latter invested a slightly higher proportion in software, data and IT (14% large firms versus 22% SMEs).

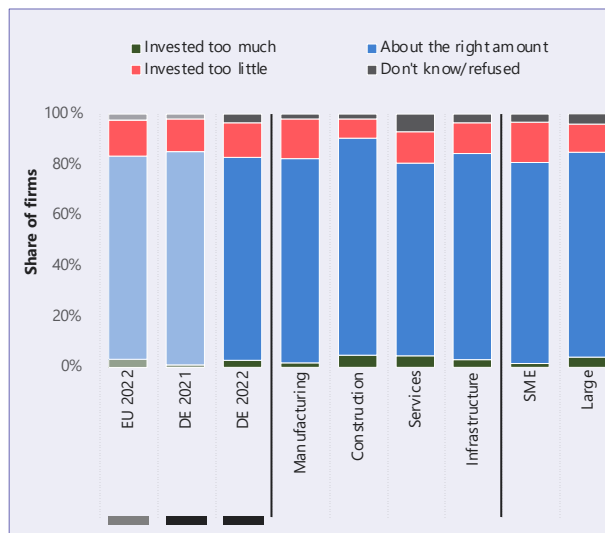
Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Investment needs and priorities

PERCEIVED INVESTMENT GAP

- Firms do not perceive major gaps in terms of investment. Despite the difficult circumstances, 80% of German firms consider their investment activities over the last three years were about the right amount, similar to the share reported in EIBIS 2021.
- 13% of firms in Germany report that they invested too little over the last three years, while 3% state having invested too much, which is aligned with the answers in the previous year.
- Firms in Germany report a similar investment gap perception than the EU average.

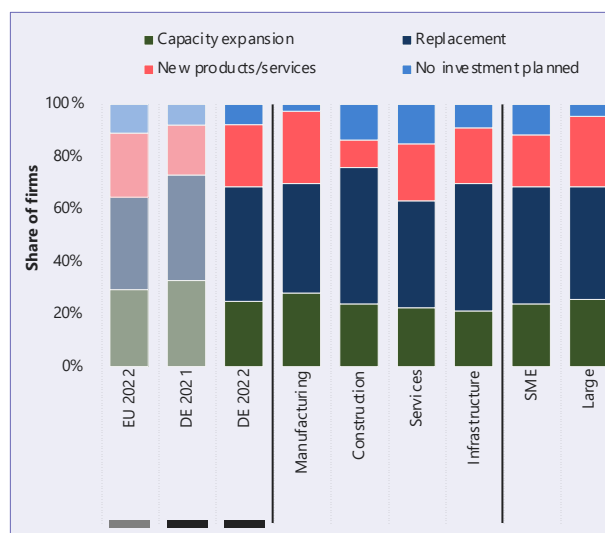


Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

FUTURE INVESTMENT PRIORITIES

- In line with EIBIS 2021, investment in replacement remains the most commonly cited priority for the next three years (44%) by firms in Germany. The share of firms prioritizing investment in new products or services has remained fairly stable (24%), while the share of firms prioritizing capacity expansion has fallen since EIBIS 2021 (from 33% to 25%).
- The share of firms with no investment planned represents less than one in ten firms (8%), the same proportion as in EIBIS 2021. This proportion is higher among SMEs than large firms (12% versus 5%). By sector, firms in the services and construction sectors are the most likely to say they have no investment planned (15% and 14% respectively).
- Compared with the EU average, firms in Germany are more likely to prioritize investment in replacement (44% versus 35%).

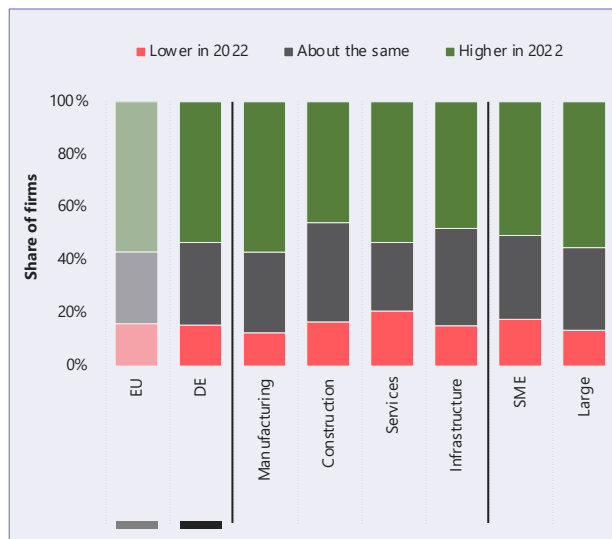


Q. Looking ahead to the next three years, which is your investment priority (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms (excluding don't know/refused responses)

Impact of COVID-19

IMPACT OF COVID-19 ON SALES OR TURNOVER BY END OF 2022 COMPARED TO 2019

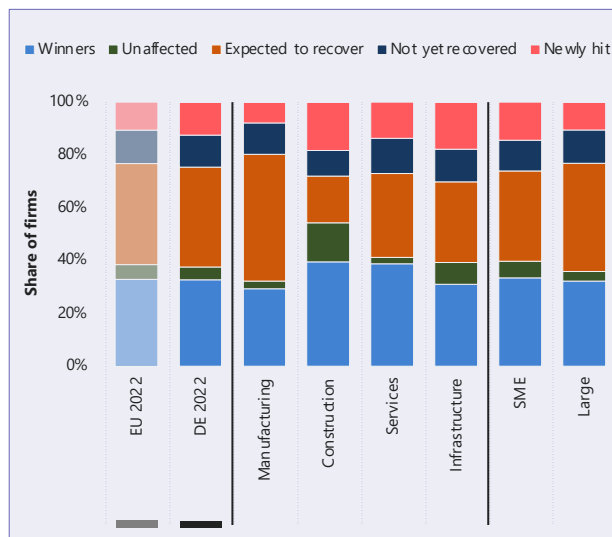


- Asked about the persistent impact of COVID-19 on sales in 2022, 16% of firms in Germany expected their sales in 2022 to be lower compared to 2019, while half (53%) expected a sales increase.
- This perception is aligned to the EU-wide one.

Q. Compared to 2019, do you expect your sales or turnover in 2022 to be higher, lower or about the same?

Base: All firms (excluding don't know/refused responses)

IMPACT ON FIRMS' SALES OR TURNOVER AND EXPECTED RECOVERY



- Half of firms in Germany (50%) report having been negatively impacted by COVID-19. Nevertheless, 38% expected to revive or come back to their 2019 sales levels in 2022.
- 12% of German firms state that they have only experienced a loss in sales recently, which might be related to the Ukraine/Russia conflict.
- A third of firms in Germany (33%) are COVID-19 winners, i.e. they did not experience a loss of sales between 2020-21 and sales were expected to increase in 2022 compared to 2019, while 12% have not yet recovered.
- The picture in Germany is very similar to the EU as a whole.
- In Germany, manufacturing firms are the most likely to expect to recover (48%), while construction firms are the most likely to report being unaffected (15%) but are also the most likely to state being newly hit (18%).

Q. Compared to 2019, before the pandemic started, did your companies sales and turnover in 2020 decline, increase or stay the same?

Q. Compared to 2020, did your companies sales and turnover in 2021 decline, increase or stay the same?

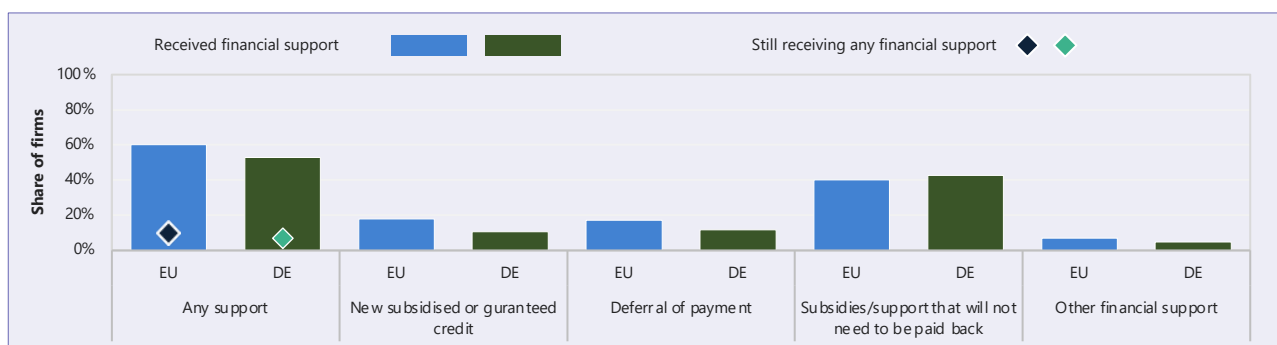
Q. Compared to 2019, do you expect your sales or turnover in 2022 to be higher, lower or about the same?

Base: All firms (excluding don't know/refused responses)

Impact of COVID-19

FINANCIAL SUPPORT RECEIVED IN RESPONSE TO COVID-19

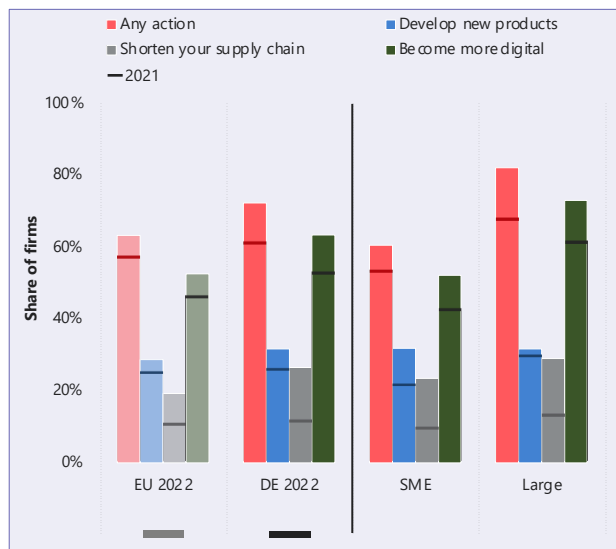
- Overall, 53% of firms in Germany have received some form of financial support in response to COVID-19, which is a bit lower than the EU average (60%).
- German firms that have been beneficiaries of financial support have most frequently received subsidies or another type of financial support that does not need to be paid back (43%), as is the case in the EU overall.
- Compared to the EU average, firms in Germany are less likely to have received deferral of payments or access to new subsidised or guaranteed credit.
- Less than one in ten firms in Germany (7%) are still receiving financial support, in line with the EU average (10%).



Q. Since the start of the pandemic, have you received any financial support?
Q. Are you still receiving (any of) this financial support?

Base: All firms (excluding don't know/refused responses)

ACTIONS AS A RESULT OF COVID-19



- The majority of firms in Germany (72%) report having taken at least one short-term action as a result of COVID-19. The most cited area of action or investment is becoming more digital, as reported by 64% of firms in Germany.
- The proportion of German firms that report taking some kind of action is slightly higher than the EU average (63%). There has also been an increase since EIBIS 2021 in Germany (from 61% to 72%).
- Large firms in Germany are more likely than SMEs to report having taken actions or made investments in response to the pandemic, especially becoming more digital (73% versus 52%).

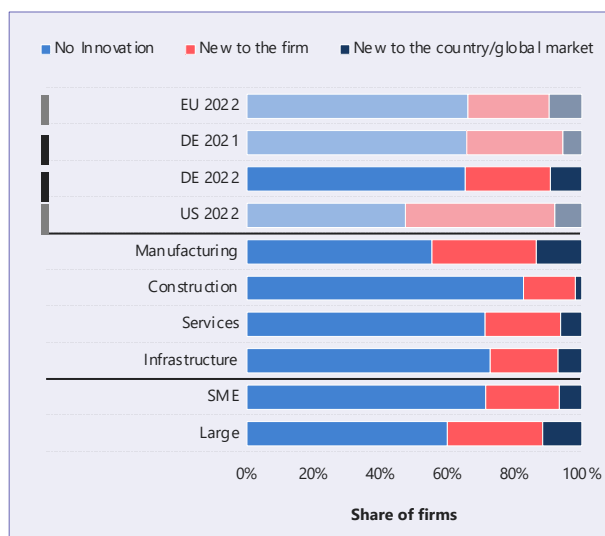
Q. As a response to the COVID-19 pandemic, have you taken any actions or made investments to...?

Base: All firms (excluding don't know/refused responses)

Innovation activities

INNOVATION ACTIVITY

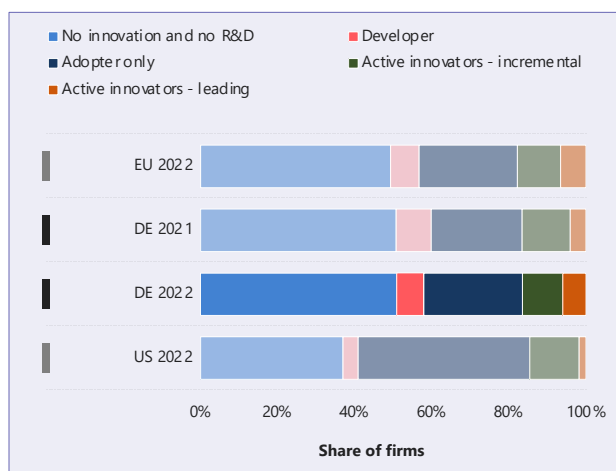
- About a third (35%) of German firms developed or introduced new products, processes or services as part of their investment activities in 2021, consistent with EIBIS 2021 (34%) and in line with the EU average of 34%.
- 9% of firms in Germany report the development/introduction of products, processes or services that were new to either the country or global market in EIBIS 2022, again in line with the EU average (10%).
- In Germany, levels of innovation were highest among manufacturing firms (45%) and lowest among construction firms (17%).
- Large firms were more likely than SMEs to say they developed new products, processes or services (40% versus 29%).



Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Base: All firms (excluding don't know/refused responses)

INNOVATION PROFILE



Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

Base: All firms (excluding don't know/refused responses)

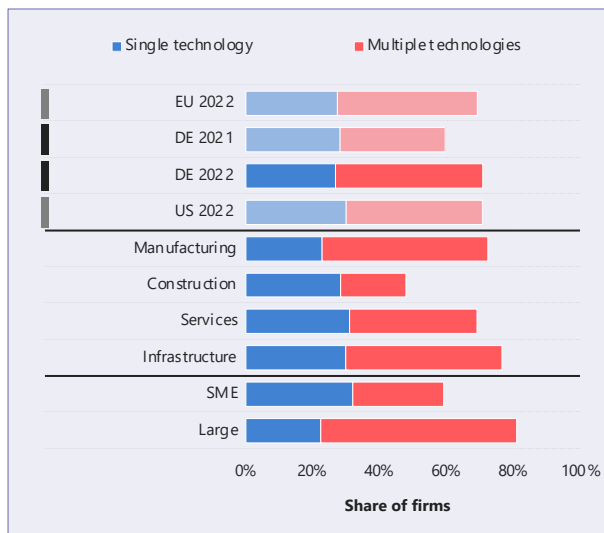
- 17% of firms in Germany can be classified as active innovators in 2021 — that is, as firms that invested significantly in research and development and introduced a new product, process or service — in line with EIBIS 2021 and consistent with the EU as a whole.
- Among the active innovators in Germany, more firms are incremental innovators (10%) than leading innovators (6%) in EIBIS 2022.
- Around half of the firms in Germany (51%) report that they did not innovate or invest in R&D in 2021, similar to EIBIS 2021 and in line with the EU average.

The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators these are new to the country/world'.

Innovation activities

USE OF ADVANCED DIGITAL TECHNOLOGIES

- Overall, 71% of firms in Germany report using at least one advanced digital technology, which is similar to the EU average (69%).
- Firms in the construction sector are the least likely to have adopted multiple technologies (20%).
- Large firms are more likely than SMEs to implement multiple technologies (58% versus 27%).
- Firms in Germany are strong in the implementation of platforms (56%) and robotics (49%). They are more advanced than the EU average on platforms (56% versus 49%) and 3D printing (32% versus 23%).



EIBIS 2022

Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business?

EIBIS 2021

Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

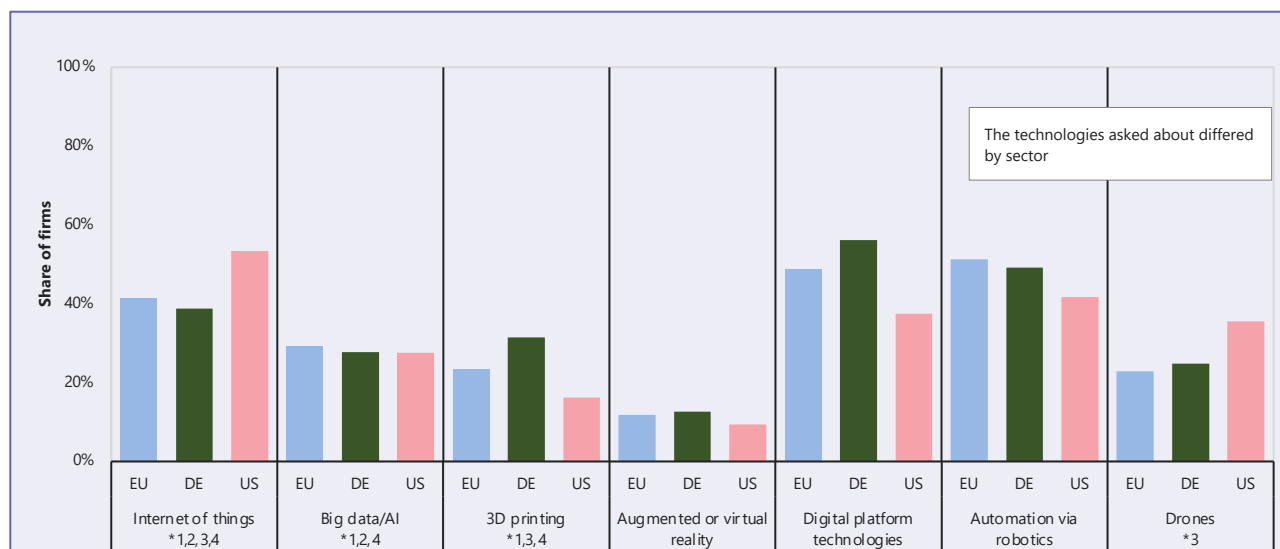
Base: All firms (excluding don't know/refused responses)

Please note: question wording changed between 2021 and 2022, comparisons between the two waves should not be made.

Reported shares combine used the technology 'in parts of business' and 'entire business organised around it'

Single technology is where firms have used one of the technologies asked about. Multiple technologies is where firms have used more than one of the technologies asked about

ADVANCED DIGITAL TECHNOLOGIES



* Sector: 1 = Asked of Manufacturing firms, 2 = Asked of Services firms, 3 = Asked of Construction firms, 4 = Asked of Infrastructure firms

Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business?

Base: All firms (excluding don't know/refused responses);
Sample size DE: Manufacturing (171); Construction (145); Services (130); Infrastructure (144)

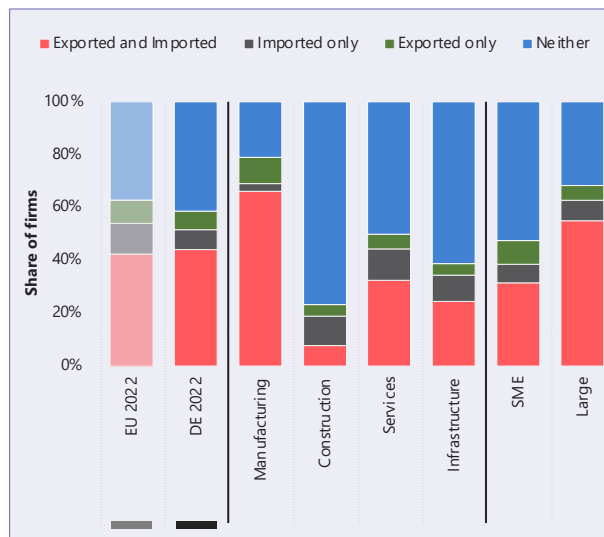
Reported shares combine used the technology 'in parts of business' and 'entire business organised around it'

Please note: question wording changed between 2021 and 2022, comparisons between the two waves should not be made.

International trade

ENGAGEMENT IN INTERNATIONAL TRADE

- Nearly 60% of firms in Germany report participating in international trade, with around half of firms in Germany exporting goods or services in 2021 (51%) and a similar proportion (52%) importing goods or services. Both figures are in line with the EU average (51% for exporting and 54% for importing).
- In Germany, a high proportion of manufacturing firms are engaged in both exporting and importing (66%).
- Large firms are more likely than SMEs to be engaged in both exporting and importing (55% versus 32%).

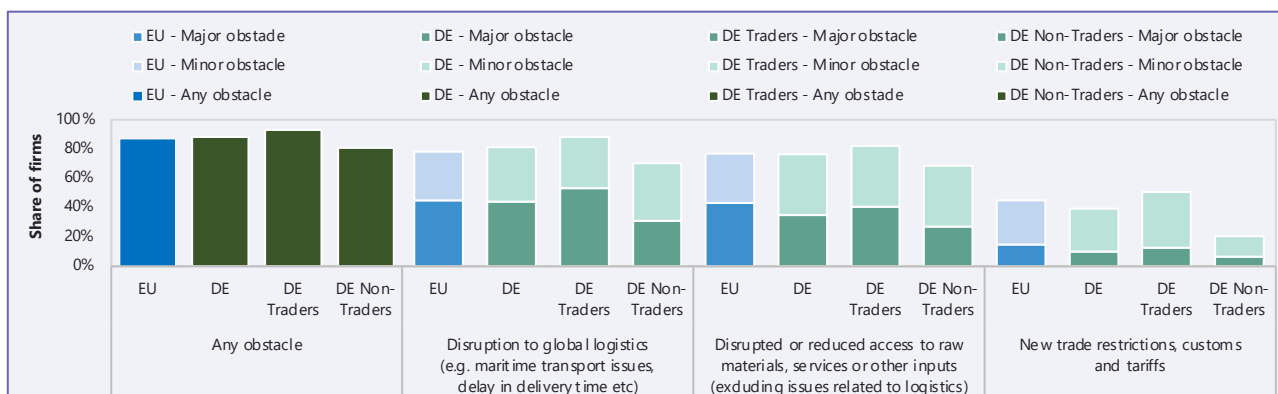


Q. In 2021, did your company export or import goods and/or services?

Base: All firms (excluding don't know/refused responses)

DISRUPTIONS RELATED TO INTERNATIONAL TRADE

- In total, 88% of firms in Germany report facing disruptions due to international trade since 2021. This is similar to the proportion in the EU as a whole.
- Disruptions to global logistics and disrupted or reduced access to raw materials, services or other inputs are named as a main obstacle to firms in Germany (and those in the EU as a whole).
- New trade restrictions, customs and tariffs are mentioned slightly less frequently as an obstacle by firms in Germany than in the EU as a whole (39% versus 45%).
- In Germany, traders were more likely than non-traders to report facing disruptions (93% versus 81%).



Q. Since 2021, did any of the following present an obstacle to your business's activities?

Any obstacle combines 'minor' and 'major' obstacles into one category

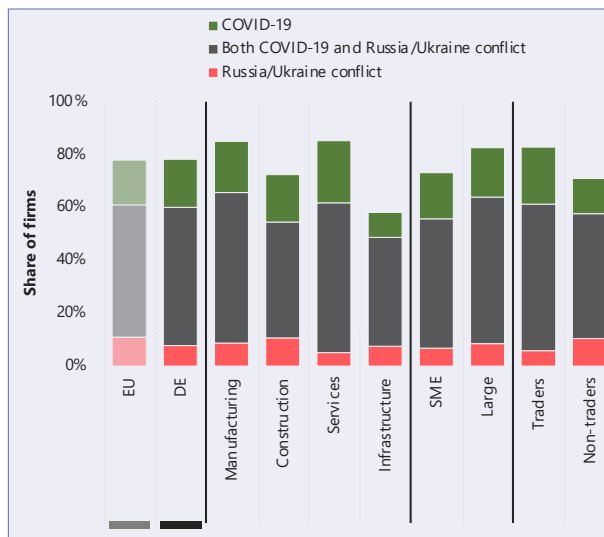
Base: "Any obstacle" - All firms (excluding those who said don't know/refused/not applicable responses to all three international trade obstacles)

Base: Individual obstacles - All firms (excluding those who said don't know/refused/not applicable)

International trade

EXTERNAL FACTORS IMPACTING INTERNATIONAL TRADE

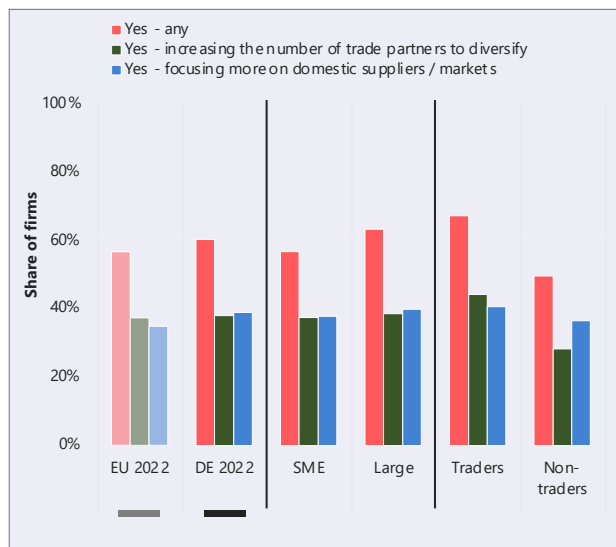
- The majority of German firms (78%) state that at least one of the two recent shocks (COVID-19 and Russia/Ukraine conflict) has contributed to the business obstacles they encountered. This perception is also shared by a similar proportion at the EU level.
- Around half (52%) of firms in Germany state that both the Russia-Ukraine conflict and COVID-19 contributed to the obstacles related to international trade.
- In Germany, a higher share of manufacturing and services firms have been impacted by at least one of these two shocks (85%) than firms in the construction and infrastructure sector.
- Large firms have been impacted by COVID-19 and/or the Russia/Ukraine conflict more often than SMEs (83% versus 73%).
- Traders respond somewhat more often that at least one of the two shocks has impacted them (83% versus 71%).



Q. You have just said that you experienced (an obstacle/obstacles) to your business activities since 2021. Did Covid-19 and/or the Russia-Ukraine conflict, including the sanctions imposed by the International community, contribute to this in anyway?

Base: All firms (excluding don't know/refused responses)

ACTIONS TO MITIGATE INTERNATIONAL TRADE DISRUPTIONS



- Most firms in Germany that report facing disruptions say they are taking actions to mitigate their impact (60%), which is in line with the EU average (57%).
- The preponderance of the mitigating actions is quite balanced in Germany: 39% of firms report focusing more on domestic suppliers or markets and 38% report increasing the number of trade partners in order to diversify. Traders report taking the latter course of action more frequently than non-traders (44% vs. 28%).

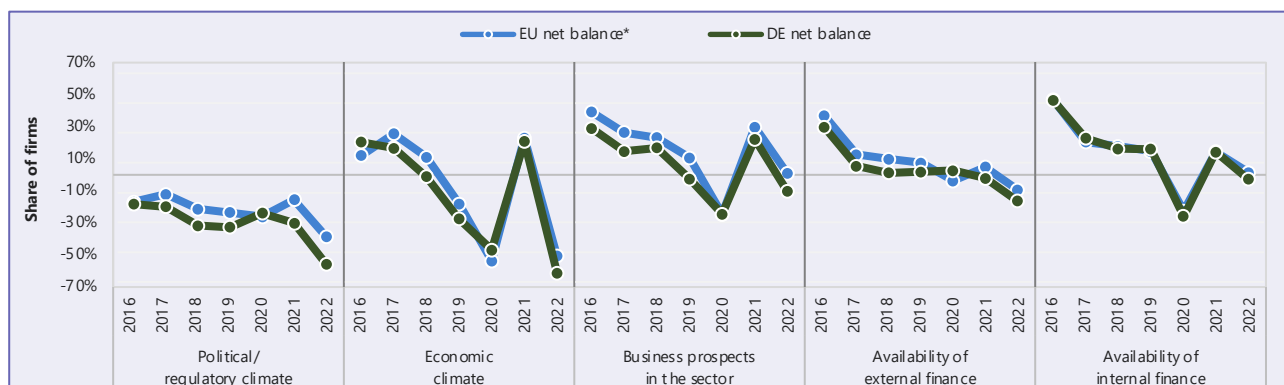
Q. Is your company taking any actions to mitigate the impact of these disruptions?

Base: All firms facing trade disruptions (excluding don't know/refused responses)

Drivers and constraints

SHORT-TERM FIRM OUTLOOK

- After increasing optimism last year, firms in Germany and the EU are more pessimistic about the investment conditions for the coming year.
- In Germany, expectations for the economic climate have turned negative again (declining from +24% to -64%), and the perception of business prospects in the sector also followed the same trend (declining from +26% to -9%).
- Perceptions of the availability of internal finance also reversed their trend (declining from +17% to -1%).
- The perception of the political/regulatory climate (-58%) and the availability of external finance (-16%) continue their overall downward trend.

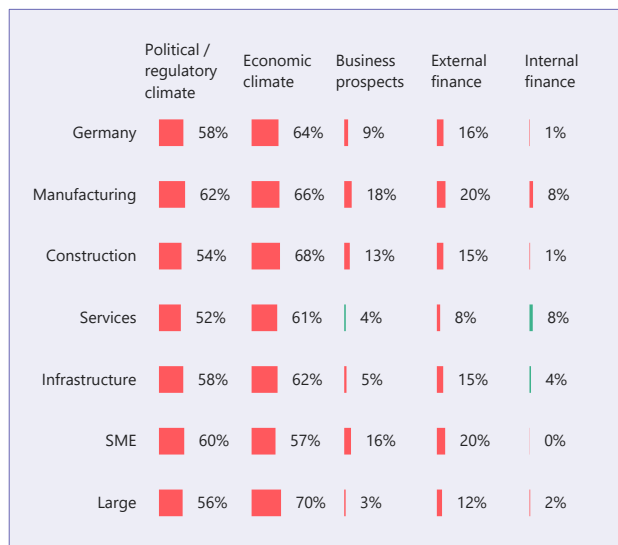


Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

SHORT-TERM FIRM OUTLOOK BY SECTOR AND SIZE (net balance %)



Please note: green figures are positive, red figures are negative

- Firms in Germany are consistently more negative than positive in their assessment of the political and regulatory climate, the economic climate and the availability of external finance.
- Regarding the perception of business prospects, they are negative on average. Services firms are the exception, since they evaluate them as positive.
- The latter also holds true for the perception about internal finance, where services firms are joined by infrastructure firms in their positive expectations.
- Overall, large firms have a more negative perspective than SMEs, but SMEs' assessment of business prospects is worse.

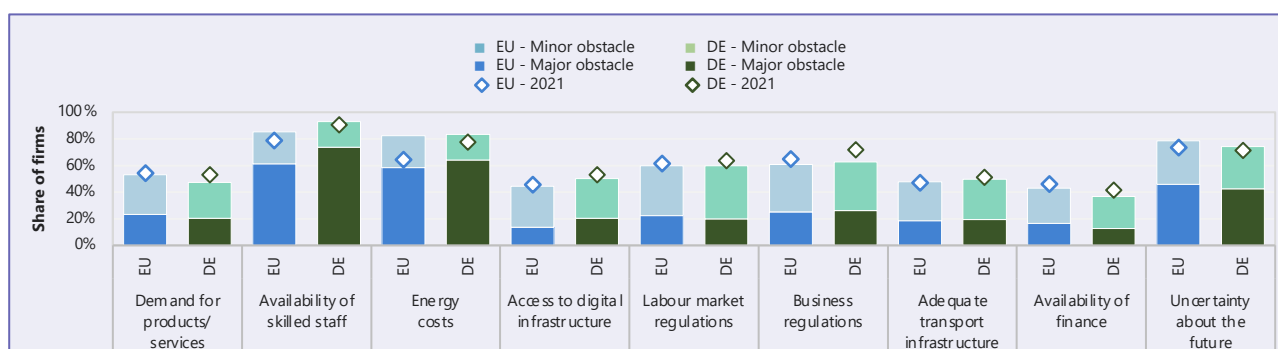
Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

Base: All firms

Drivers and constraints

LONG-TERM BARRIERS TO INVESTMENT

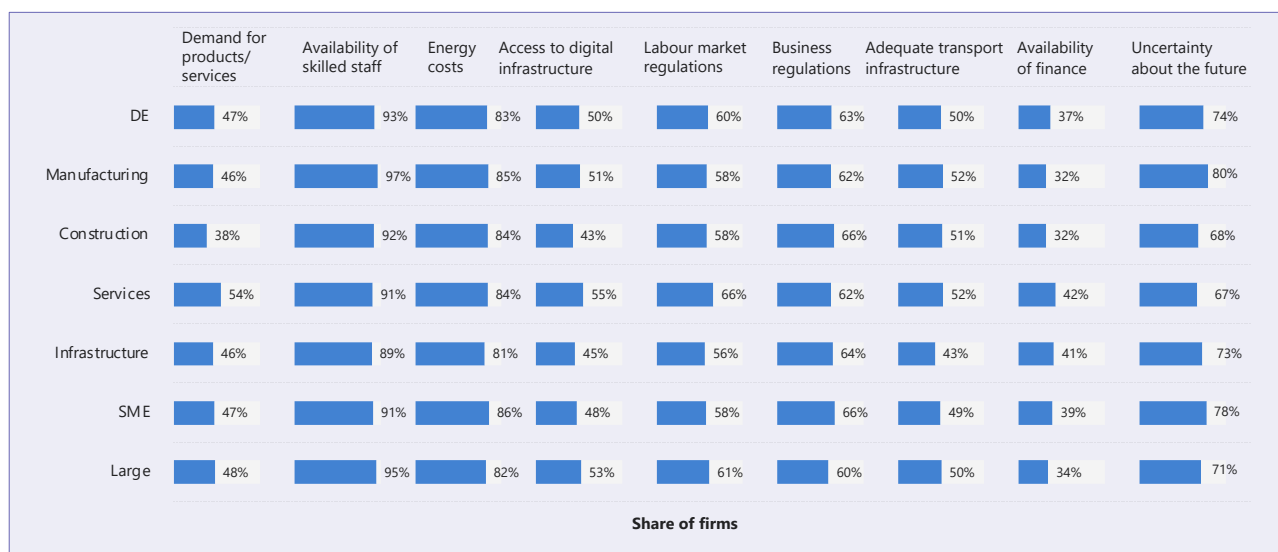
- The most frequently mentioned long-term barriers to investment in Germany are the availability of skilled staff (93%), energy costs (83%) and uncertainty about the future (74%).
- Compared to EIBIS 2021, firms are slightly less likely to report business regulations as a barrier (falling from 71% to 63%).
- Compared to the EU average, firms in Germany are somewhat more likely to report the availability of skilled staff (93% versus 85%) and access to digital infrastructure (50% versus 44%) as barriers. They are less likely to mention demand for products or services (47% versus 53%) or the availability of finance (37% versus 43%).
- In Germany, demand for products or services is less likely to be seen as a barrier by construction firms (38%).



Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

LONG-TERM BARRIERS BY SECTOR AND SIZE



Reported shares combine 'minor' and 'major' obstacles into one category

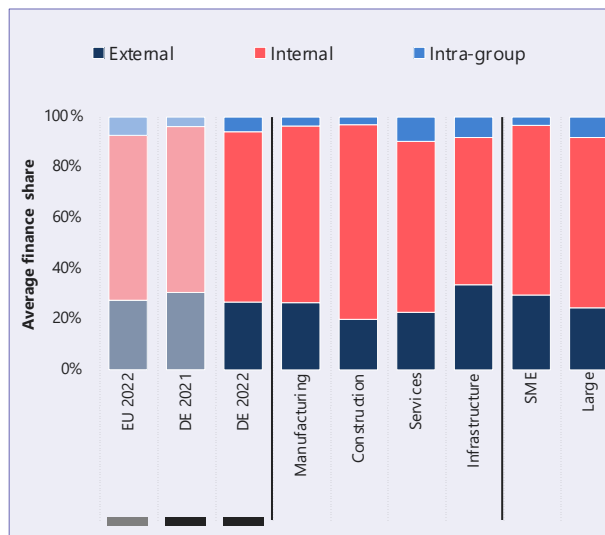
Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

Access to finance

SOURCE OF INVESTMENT FINANCE

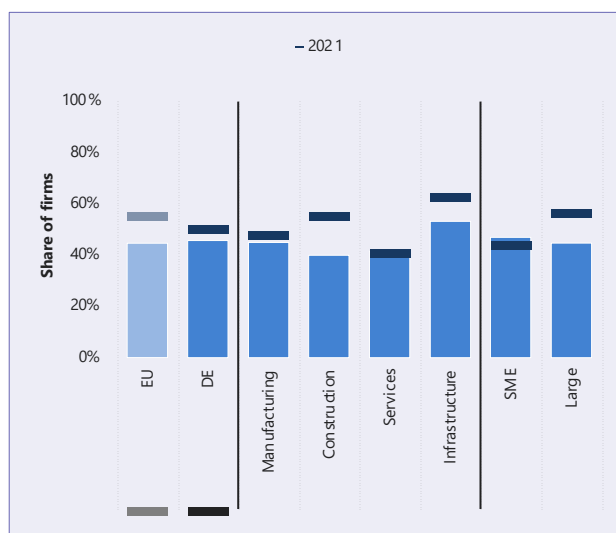
- Internal financing accounted for the largest share of finance for firms in Germany in 2021 (67%), followed by external finance (27%). The use of intra-group financing made up, on average, 6% of the overall investment spend by firms in Germany
- These findings are consistent with EIBIS 2021 and are in line with the EU average.
- Large firms finance a higher proportion of their investment through intra-group funding than SMEs (8% compared with 3%).
- At the sectorial level construction firms were more likely to use internal funding (77%) and less likely to use external financing (20%) than manufacturing, services, or infrastructure firms.



Q. What proportion of your investment was financed by each of the following?

Base: All firms who invested in the last financial year (excluding don't know/refused responses)

USE OF EXTERNAL FINANCE



- Just under half of firms in Germany (46%) who invested in the last financial year, had financed at least some of their investment through external finance.
- This is in line with EIBIS 2021 (50%) and is similar to the EU average (45%).
- The use of external finance has declined since EIBIS 2021 among construction firms (down from 55% to 40%).

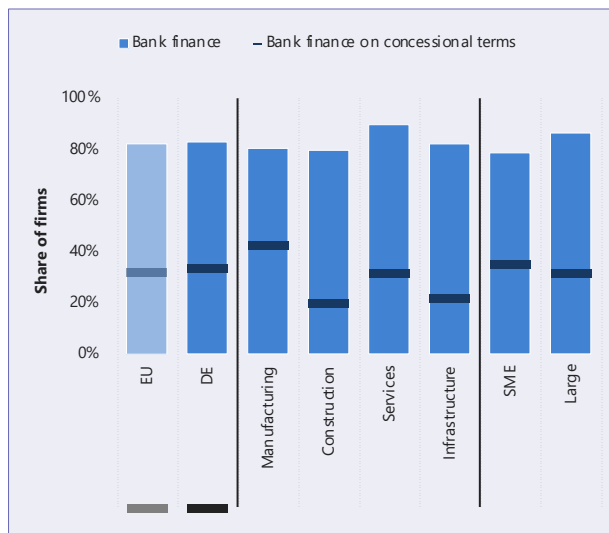
Q. Approximately what proportion of your investment in the last financial year was financed by each of the following

Base: All firms who invested in the last financial year (excluding don't know/refused responses)

Access to finance

ACCESS TO BANK FINANCE AND CONDITIONS

- In Germany, 83% of firms used bank finance for their investment activities in the last financial year, which is similar to the EU average (82%).
- Around a third (34%) of firms using external finance in Germany received bank finance on concessional terms.
- This is in line with the EU average (32%).

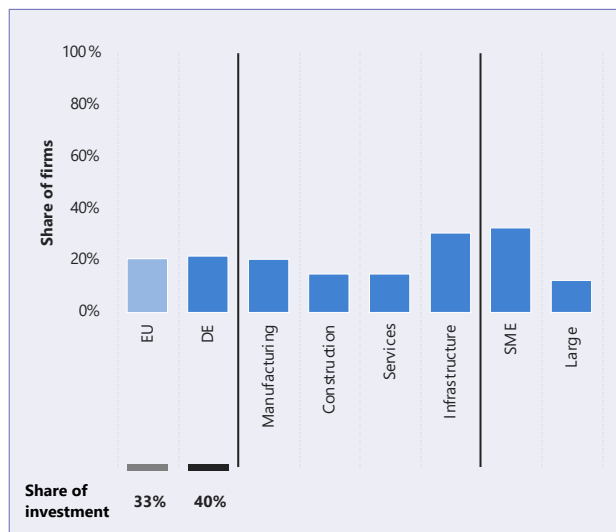


Q. Which of the following types of external finance did you use for your investment activities in the last financial year?

Q. Was any of the bank finance you received on concessional terms (e.g. subsidised interest rates, longer grace period to make debt payments)?

Base: All firms who used external finance (excluding don't know/refused responses)

SHARE OF FIRMS WITH FINANCE FROM GRANTS



- Around one in five firms using external finance, in Germany in 2021, received grants (22%), similar to the EU average (21%).
- Firms receiving grants in Germany financed 40% of their investment in this way (compared to 33% of their investment in the EU overall).
- Among firms using external finance in 2021, SMEs were more likely than large firms to have received grants (32% versus 12%).

Q. What proportion of your total investment in your last financial year was financed by grants?

Base: All firms using external finance (excluding don't know/refused responses)

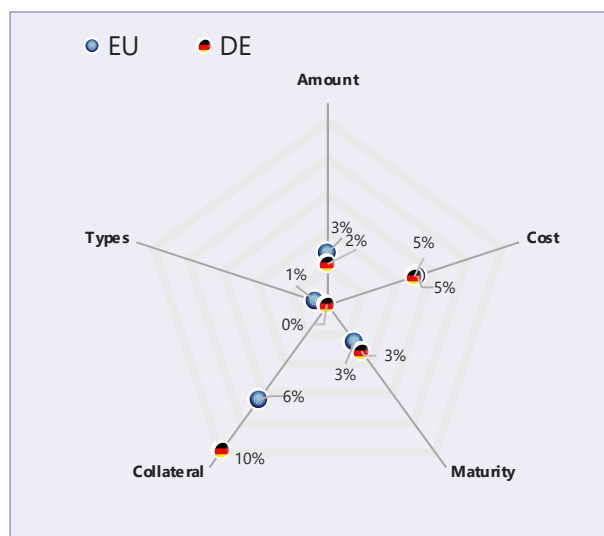
Base: All firms that received grants (excluding don't know/refused responses)

* Caution very small base size <30

Access to finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED (% of firms)

- A small share of German firms that used external finance in 2021 are dissatisfied with the finance conditions received.
- German firms are most dissatisfied with the collateral requirements (10%) and with the cost of finance (5%).
- Levels of dissatisfaction are similar to the EU average.



Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

DISSATISFACTION BY SECTOR AND SIZE (% of firms)

	Amount	Cost	Maturity	Collateral	Type
DE	2%	5%	3%	10%	0%
Manufacturing	0%	5%	6%	12%	0%
Construction	1%	2%	0%	13%	1%
Services	4%	9%	0%	8%	0%
Infrastructure	5%	3%	2%	6%	0%
SME	3%	4%	3%	13%	0%
Large	2%	6%	3%	7%	0%

- Overall dissatisfaction levels are low, with the highest levels of dissatisfaction associated to collateral requirements.
- Answers across sectors and across firms of different size are similar.

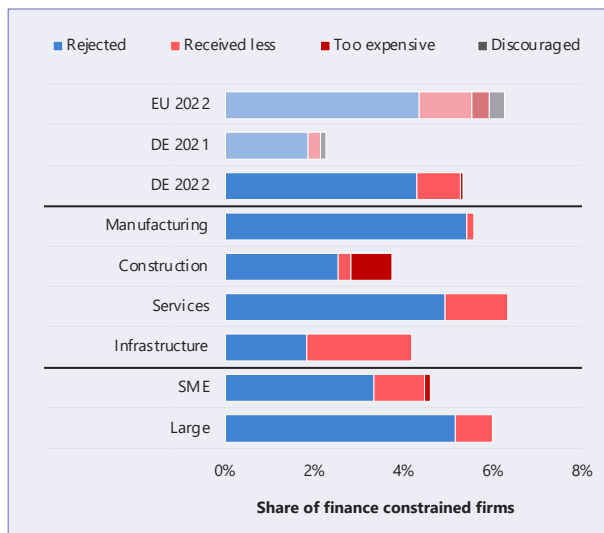
Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Access to finance

SHARE OF FINANCE CONSTRAINED FIRMS

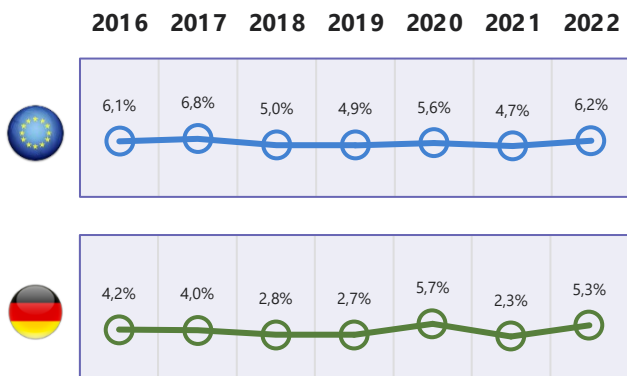
- The share of financially constrained firms in Germany (5.3%) is similar to the EU average (6.2%).
- The main constraint reported by firms in Germany is rejection (4.3%), followed by an insufficient amount of finance received (1.0%).



Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms (excluding don't know/refused responses)

FINANCING CONSTRAINTS OVER TIME



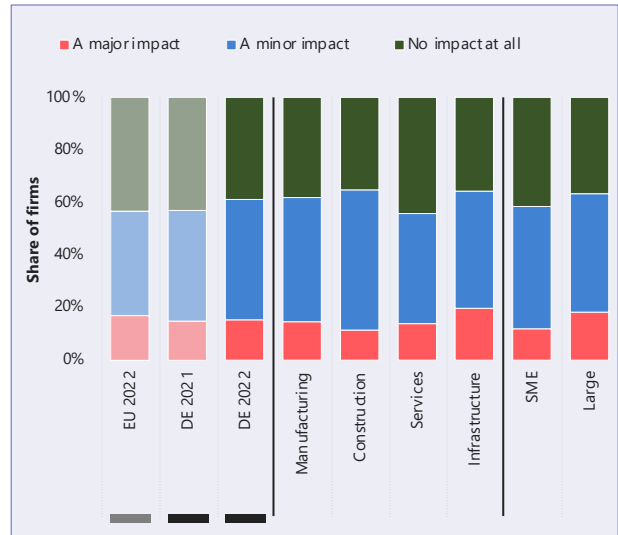
- The proportion of German firms that are finance constrained (5.3%) has returned to the level seen in EIBIS 2020 (5.7%) after falling to 2.3% in EIBIS 2021.
- Over time, the figure for German firms has consistently been in line with or slightly lower than the EU average.

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

- More than half of the firms in Germany are aware of the consequences that climate change can have on their business, as 46% report that physical risk has a minor impact on their business, compared to 16% that assigns a major impact to said risk.
- These results are similar to the ones of EIBIS 2021 and in line with the EU average (57% in EIBIS 2022 for the sum of minor and major impact).

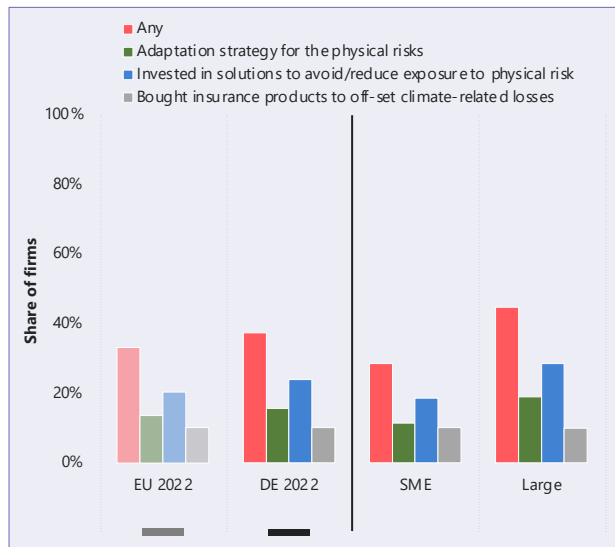


Please note: question wording changed between 2021 and 2022. Comparisons should be treated with caution.

Q. Thinking about the impact of climate change on your company, such as losses due to extreme climate events, including droughts, flooding, wildfires or storms or changes in weather patterns due to progressively increasing temperature and rainfall. What is the impact, also called physical risk, of this on your company?

Base: All firms (excluding don't know/refused responses)

BUILDING RESILIENCE TO PHYSICAL RISK



- Approximately a third (37%) of German firms have already developed or invested in measures to build resilience to the physical risks caused by climate change. This is in line with the EU average (33%).
- German firms mainly invested in solutions to avoid or reduce the exposure to physical risks, this is similar to the EU average (24% and 20% respectively).
- Large firms are more likely than SMEs to have developed or invested in any of the measures to build resilience (45% versus 29%).

Q. Has your company developed or invested in any of the following measures to build resilience to the physical risks to your company caused by climate change?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS

- The share of German firms that consider the transition to stricter climate standards and regulations as a risk is slightly higher than the proportion that see it as an opportunity (37% and 29%, respectively). This is in line with the EU average and is broadly consistent with EIBIS 2021.
- Firms in the construction sector are the most likely to see the transition to a net zero emission economy over the next five years as an opportunity (42%).

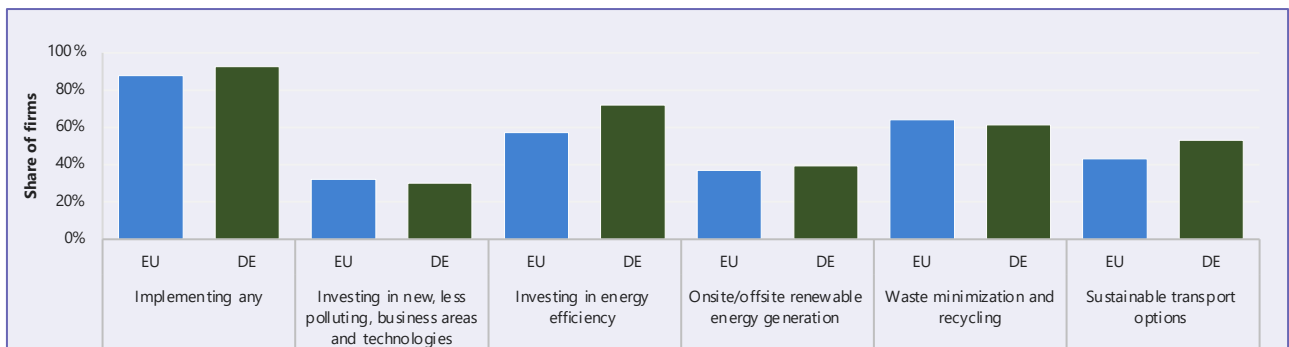


Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

Base: All firms (excluding don't know/refused responses)

ACTIONS TO REDUCE GHG EMISSIONS

- More than nine in ten German firms (93%) are taking actions in order to reduce Greenhouse Gas (GHG) Emissions, which is higher than the EU average (88%).
- The main actions in Germany are investing in energy efficiency (72%), waste minimization and recycling (61%) and sustainable transport options (53%).
- Compared to the EU overall, German firms were more likely to invest in energy efficiency (72% versus 57%) and using sustainable transport options (53% versus 43%).



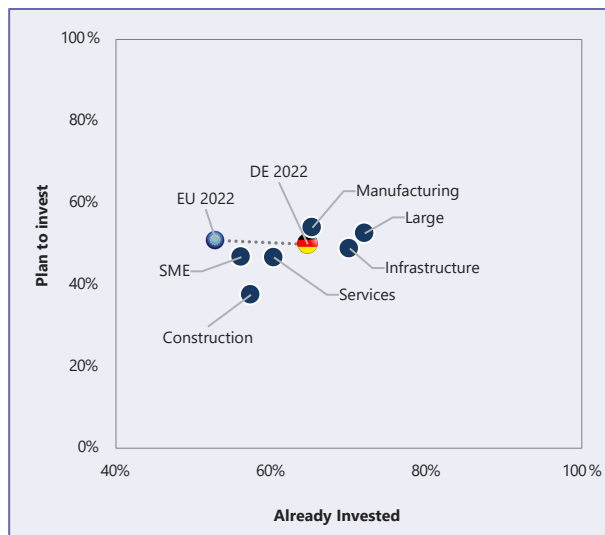
Q. Is your company investing or implementing any of the following, to reduce Greenhouse Gas (GHG) emissions?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

- In Germany, 65% of firms have already invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions. This is above the EU average (53%).
- Half (50%) of German firms have plans to invest in these areas in the next three years, which is in line with the EU average (51%). The figure for Germany is similar to EIBIS 2021.
- Large firms are more likely than SMEs to have already invested (72% versus 56%).
- Firms in the construction sector have the lowest share of firms who have plans to invest (38%).



EIBIS 2021

Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

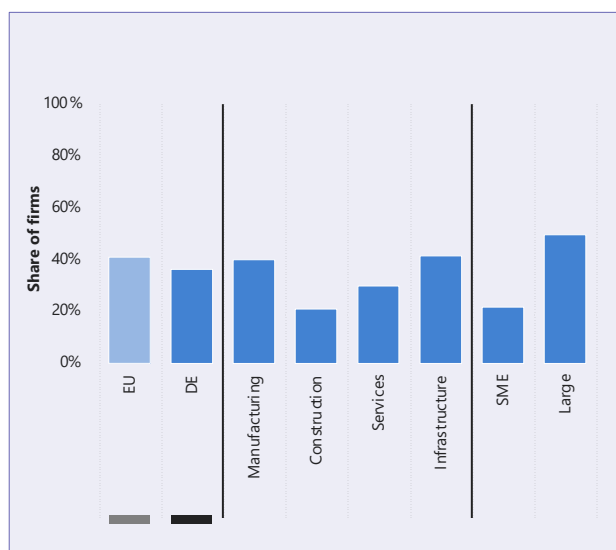
EIBIS 2022

Q. Which of the following applies to your company regarding investments to tackle the impacts of weather events and to help reduce carbon emissions?

Please note: question change and an additional answer option was included in 2022, this may have influenced the data. Treat comparison to previous waves with caution.

Base: All firms (excluding don't know/refused responses)

CLIMATE CHANGE TARGETS FOR OWN GREENHOUSE GAS (GHG) EMISSIONS



- Around a third of German firms (36%) report that they set and monitor targets for their own Greenhouse Gas emissions, which is similar to the EU average (41%).
- Large firms are more likely than SMEs to say that they set and monitor targets for their own Greenhouse Gas emissions (50% versus 22%).
- At the sector level, construction firms (21%) are the least likely to set and monitor these targets.

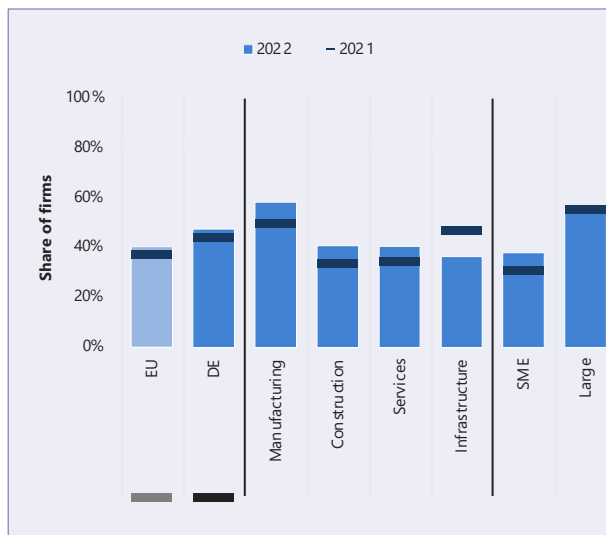
Q. Does your company... set and monitor targets for its own Greenhouse Gas (GHG) emissions

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

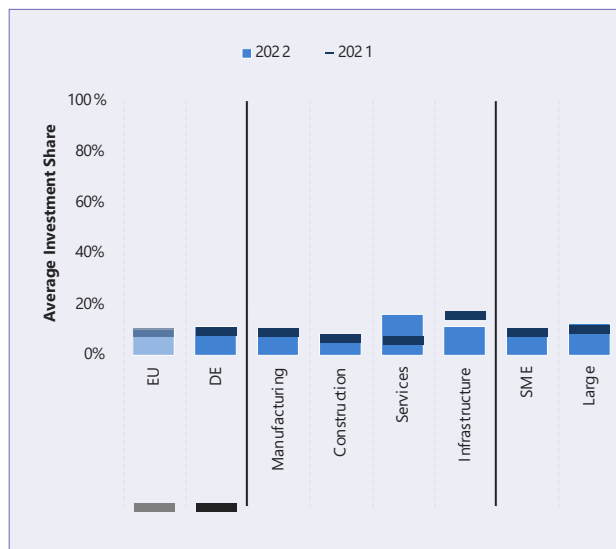
- Around half (48%) of German firms invested in measures to improve energy efficiency in 2021. This is slightly above the figure reported in EIBIS 2021 (44%) and higher than the EU average of 40%.
- Comparing firms across sectors, those in the manufacturing sector (58%) were the most likely to invest in energy efficiency, while infrastructure firms were the least likely to do so (36%).
- Large firms were more likely than SMEs to invest in energy efficiency (56% versus 38%).



Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY



- Overall, the average share of investment in measures to improve energy efficiency in Germany was 11% in 2021.
- This is consistent with EIBIS 2021 (10%) and in line with the EU average (10%).

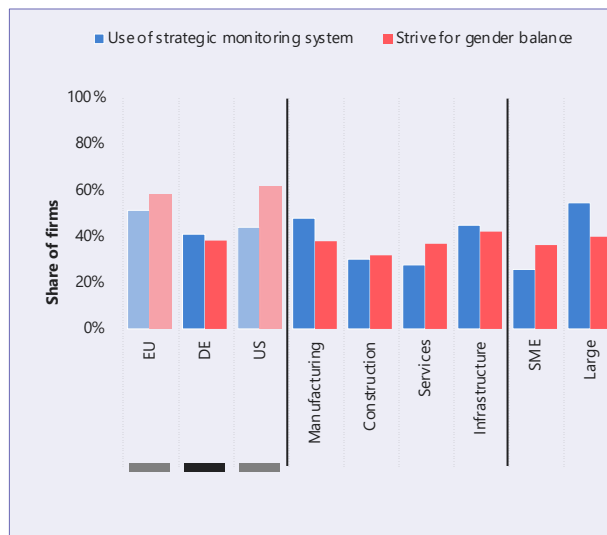
Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Firm management, gender balance and employment

FIRM MANAGEMENT AND GENDER BALANCE

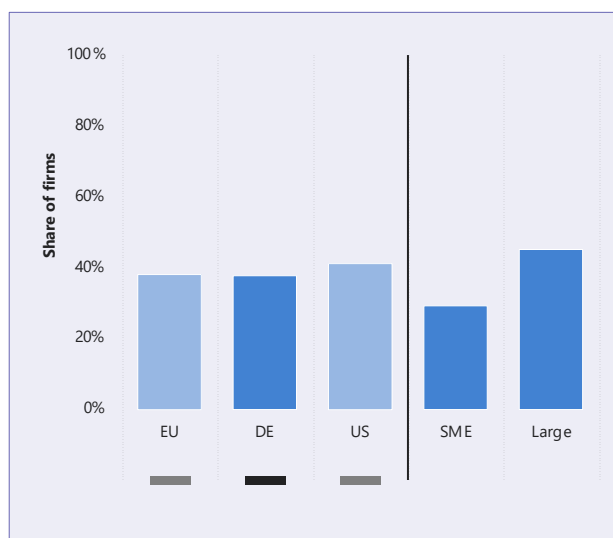
- Around four in ten firms in Germany (41%) use a strategic monitoring system, a somewhat lower proportion than firms in the EU overall (51%).
- When it comes to striving for gender balance, the proportion of firms in Germany (38%) is also below the EU average (58%).
- At the sector level, the use of a strategic monitoring system was more prevalent among manufacturing (48%) and infrastructure firms (45%).
- Large firms were more likely than SMEs to mention using a strategic monitoring system (55% versus 26%).



Q Does your company...?

Base: All firms (excluding don't know/refused responses)

FIRMS WHO HAVE INCREASED EMPLOYEE NUMBERS SINCE 2019



- Around a third of German firms (38%) have increased their employment since 2019, which is equivalent to the EU-wide proportion.
- A higher share of large firms than SMEs reports having increased the number of employees since 2019.

Q. How many people does your company employ either full or part time at all its locations, including yourself?

Q. How many people did your company employ either full or part time at all its locations at the beginning of 2019, before the COVID-19 pandemic?

Base: All firms (excluding don't know/refused/did not exist in 2019 responses)

EIBIS 2022 – Country technical details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Germany, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	DE	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs DE	Manuf vs Constr	SME vs Large
	(12021)	(800)	(600)	(171)	(145)	(130)	(145)	(490)	(110)	(12021 vs 600)	(171 vs 145)	(490 vs 110)
10% or 90%	1.1%	4.1%	2.9%	4.8%	5.2%	5.9%	5.3%	2.7%	4.9%	3.1%	7.1%	5.6%
30% or 70%	1.7%	6.2%	4.4%	7.4%	7.9%	9.0%	8.1%	4.1%	7.5%	4.7%	10.8%	8.5%
50%	1.8%	6.8%	4.9%	8.0%	8.7%	9.8%	8.9%	4.5%	8.2%	5.2%	11.8%	9.3%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Manufacturing sector	Based on the NACE classification of economic activities: firms in group C (Manufacturing).
Construction sector	Based on the NACE classification of economic activities: firms in group F (Construction).
Services sector	Based on the NACE classification of economic activities: firms in group G (wholesale and retail trade) and group I (accommodation and food Services activities).
Infrastructure sector	Based on the NACE classification of economic activities: firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

Note: the EIBIS 2022 country overview refers interchangeably to 'the past/last financial year' or to '2021'. Both refer to results collected in EIBIS 2022, where the question is referring to the past financial year, with the majority of the financial year in 2021 in case the financial year is not overlapping with the calendar year 2021.

EIBIS 2022 – Country technical details

The country overview presents selected findings based on telephone interviews with 600 firms in Germany (carried out between April and July 2022).

BASE SIZES (*Charts with more than one base; due to limited space, only the lowest base is shown)

Base definition and page reference	EU 2022/2021	US 2022	DE 2022/2021	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p.12, p.13, p. 21 (top)	12021/11920	800	600/602	171	145	130	145	490	110
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4 (top)	9704/9670	668	467/495	142	106	100	113	374	93
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4 (bottom)	9501/9523	668	501/505	147	119	105	123	406	95
All firms (excluding 'Company didn't exist three years ago' responses), p. 5 (top)	11735/11648	778	573/581	164	138	123	139	468	105
All firms (excluding don't know/refused responses), p. 5 (bottom)	11814/11765	780	576/593	166	136	128	137	471	105
All firms (excluding don't know/refused responses), p. 6 (top)	11810/NA	795	584/NA	166	143	123	143	475	109
All firms (excluding don't know/refused responses), p. 6 (bottom)	11725/NA	784	578/NA	165	141	122	141	470	108
All firms (excluding don't know/refused responses), p. 7 (top)	11945/11857	762	591/600	167	143	129	143	484	107
All firms (excluding don't know/refused responses), p. 7 (bottom)	11989/11891	796	597/601	169	144	130	145	487	110
All firms (excluding don't know/refused responses), p. 8 (top)	11735/11648	778	573/581	164	138	123	139	468	105
All firms (excluding not applicable/don't know/refused responses to all 3 questions), p. 8 (bottom)	8728/8780	615	417/455	130	95	86	101	334	83
All firms (excluding don't know/refused responses), p. 9	11980/NA	800	599/NA	171	145	130	144	490	109
All firms (excluding don't know/refused responses), p. 10 (top)	11975/NA	798	594/NA	168	144	130	143	486	108
All firms (excluding those who said don't know/refused/not applicable responses to all three international trade obstacles) p. 10 (bottom)	11382/NA	790	577/NA	167	140	126	135	472	105
All firms (excluding don't know/refused responses), p. 11 (top)	9339/NA	680	480/NA	149	121	107	96	388	92
All firms facing trade disruptions (excluding don't know/refused responses), p. 11 (bottom)	9265/NA	707	473/NA	153	117	107	89	385	88
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 14	10051/8675	665	493/462	145	116	104	121	398	95
All firms who used external finance (excluding don't know/ refused responses), p. 15 (top)	4107/4059	275	214/202	64	42	41	65	171	43
All firms who used external finance (excluding don't know and refused) p. 15 (bottom)	4155/4100	280	217/203	65	42	42	66	174	43
All firms that received grants (excluding don't know/refused responses) p. 15 (bottom)	925/NA	NA	54/NA	NA	NA	NA	NA	NA	NA
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 16	3988/3964	270	212/197	64	41	40	64	170	42
All firms (excluding don't know/refused responses), p. 17	11504/11518	715	545/572	158	128	121	129	449	96
All firms (excluding don't know/refused responses), p. 18 (top)	11911/11849	790	593/594	169	143	129	143	484	109
All firms (excluding don't know/refused responses), p. 18 (bottom)	11909/NA	784	594/NA	170	142	129	144	484	110
All firms (excluding don't know/refused responses), p. 19 (top)	11172/11384	759	565/572	159	137	123	137	460	105
All firms (excluding don't know/refused responses), p. 19 (bottom)	11964/NA	794	595/NA	171	141	130	144	487	108
All firms (excluding don't know/refused responses), p. 20 (top)	11685/NA	763	584/NA	168	138	127	142	477	107
All firms (excluding don't know/refused responses), p. 20 (bottom)	11712/NA	783	584/NA	165	144	127	139	481	103
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 21 (bottom)*	9752/9617	677	479/473	141	116	103	112	395	84
All firms (excluding don't know/refused responses) p. 22 (top)	11696/11616	785	583/587	166	141	128	139	475	108
All firms (excluding don't know/refused/did not exist in 2019 responses) p. 22 (bottom)	11662/11718	783	588/592	166	143	129	141	481	107



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Germany

Overview

EIB INVESTMENT SURVEY

2022