



Germany

Overview

EIB INVESTMENT SURVEY

2021

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EIB Investment Survey Country Overview: 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 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and 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 firms face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States, the United Kingdom 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

The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports 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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Disclaimer

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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EIBIS 2021 – Germany

KEY RESULTS

Investment Dynamics and Focus

EIBIS 2021 shows that while fewer German firms invested in 2020, they have become more optimistic for 2021, with more German firms expecting to increase rather than decrease investment. This represents a substantial positive shift from EIBIS 2020.

On average firms in Germany spent over half (55%) of their investment on replacement. The highest share of investment in Germany went into machinery and equipment (48%).

Impact of COVID-19

COVID-19 hit firms in various ways. Half of German firms (52%) report their sales to have declined compared to the beginning of 2020, whereas 18% report an increase in sales. COVID-19 also had an impact on firms' investment, with 30% of firms revising their investment plans downwards.

Asked about the short-term actions due to COVID-19, half of German firms (52%) say that they have made investment to become more digital due to COVID-19, higher than the EU average (46%).

Investment Needs and Priorities

COVID-19 will undeniably have a long-term impact on firms' needs and priorities. Digitalisation stands out, with 60% of German firms thinking that the increased use of digital technologies will be a long-term impact of COVID-19. This is followed by the impact on firms' supply chains (29%) and impact on service or product portfolio (26%).

The majority of German firms do not perceive gaps in terms of investment. The majority (84%) say they invested about the right amount over the last three years while 13% of them report investing too little. Looking ahead to the next three years, replacing existing buildings and equipment is the most commonly cited investment priority among German firms (40%).

Innovation Activities

In spite of the difficult circumstances, 34% of firms developed or introduced new products, processes or services as part of their investment activities. Less than one in five (17%) German firms can be considered as active innovators, and 9% as developers.

Three in five firms (60%) have implemented at least one of the advanced digital technologies they were asked about. This proportion of firms implementing advanced digital technologies is in line with the EU average (61%).

Drivers and Constraints

Firms are on balance pessimistic about the political and regulatory climate however, in contrast to EIBIS 2020 firms are on balance positive about the economic climate and business prospects in the sector.

Availability of skilled staff is cited as the main long-term barrier to investment (90%), which is above the EU average of 79%. This is followed by energy costs (77%) and business regulations (71%).

Investment Finance

Access to finance conditions remained very benign. Only 2% of all firms in Germany can be considered as external finance constrained, which is below the EU average of 5%. Firms that used external finance are on balance satisfied with the finance received. The highest level of dissatisfaction relates to the collateral required (9%), which is a little higher than the EU average (6%).

As a result of the crisis, 12% of firms have increased their debt position. Around half (47%) of firms received financial support in response to COVID-19, less than the EU average (56%). This was mostly in the form of subsidies or support that does not need to be paid back (39%).

Climate Change and Energy Efficiency

The majority of German firms believe climate change is having an impact on their business. On a net basis, firms see the transition to stricter climate standards and regulation as a risk to their business rather than an opportunity (43% and 22% respectively).

Just under half of firms have already invested to deal with climate change (48%) and a similar proportion of firms have plans to invest more in the next three years (49%). This is in line with the EU average. Over two-fifths (44%) of German firms invested in energy efficiency, more than among EU firms (37%). In addition, 42% of German firms set and monitored internal targets on carbon emissions, in line with the EU average of 46%.

Firm management, gender balance and employment

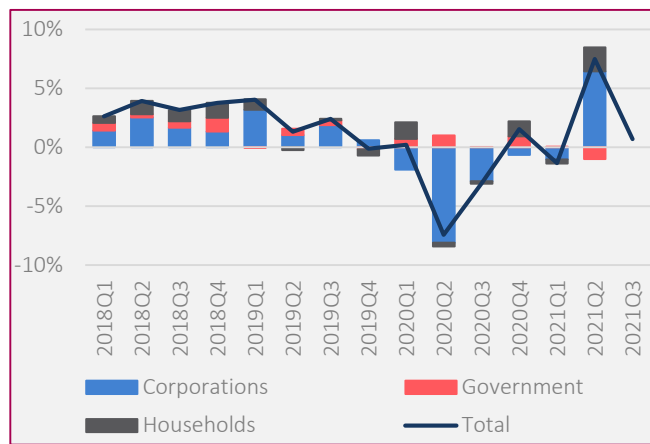
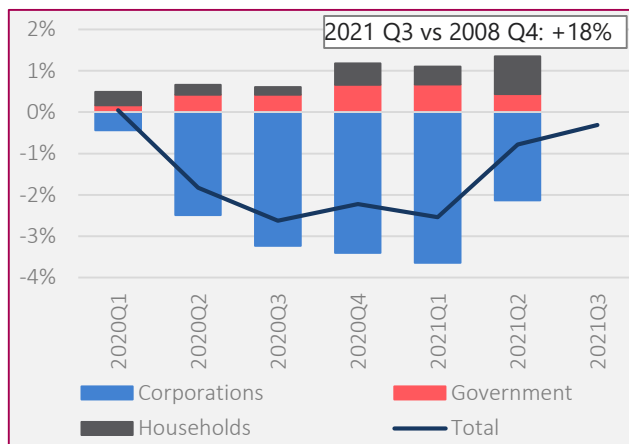
Asked about several management practices, firms in Germany were less likely than EU firms to strive for gender balance (45% compared to 60%). Linking individual performance to pay is where the figure for Germany (68%) is in closest alignment to the EU average (67%). Overall, firms in Germany experienced a very small increase in employment during COVID-19 compared to the stable employment across the EU.

Investment Dynamics and Focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

With the COVID-19 crisis abruptly affecting the economy, investment plunged. The main driver of the decline was corporate investment, as government and household investment remained relatively stable.

Corporate investment in Q1 2021 was still lower than the pre-pandemic period. However, there are strong signals of recovery from Q2 2021 onwards, with aggregate investment being 7% higher than in the same quarter of the previous year and investment in Q3 2021 further improving and getting close to pre-crisis levels.

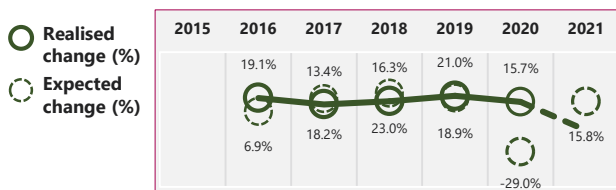


The graph on the left shows the evolution of total Gross Fixed Capital Formation (in real terms); by institutional sector. The data are transformed into four-quarter sums, deflated using the implicit deflator for total GFCF. The four-quarter sum of total GFCF in 2019 Q4 is normalized to 0. Source: Eurostat
The graph on the right shows the year-on-year growth of total gross fixed capital formation (in real terms); by institutional sector. The data are deflated using the implicit deflator for total GFCF. Source: Eurostat.

INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

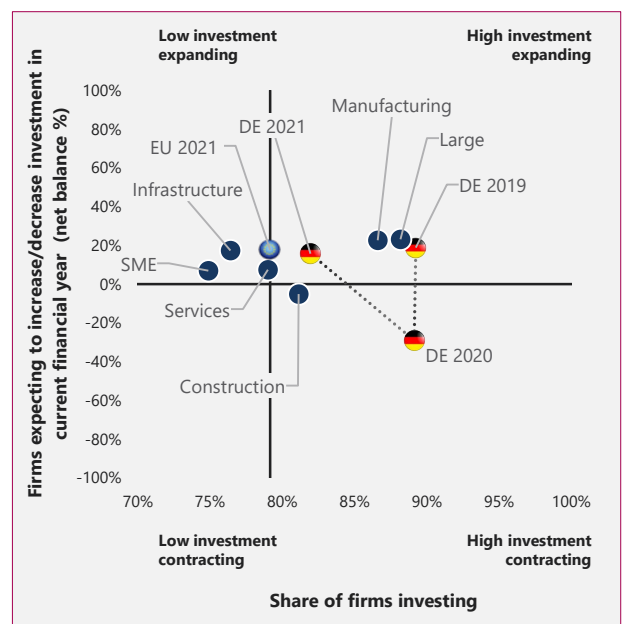
EIBIS 2021 shows that while fewer German firms invested in 2020, they have become more optimistic for 2021, with more German firms expecting to increase rather than decrease investment. This represents a substantial positive shift from EIBIS 2020 in terms of outlook.

Large and manufacturing firms have the highest share of firms investing, and the highest share expecting to increase their investment for 2021.



'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: All firms



Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for EIBIS 2021.

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

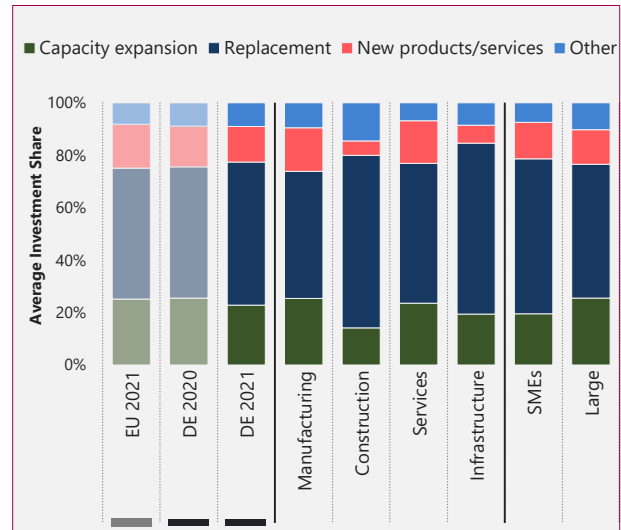
Investment Dynamics and Focus

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

On average firms in Germany spent over half (55%) of their investment in 2020 on replacement. This is slightly above what was reported in EIBIS 2020 (50%) and the current EU average (50%).

Capacity expansion accounted for just under a quarter (23%) of all investment, slightly lower than in 2019 (26%) but in line with the EU average (25%).

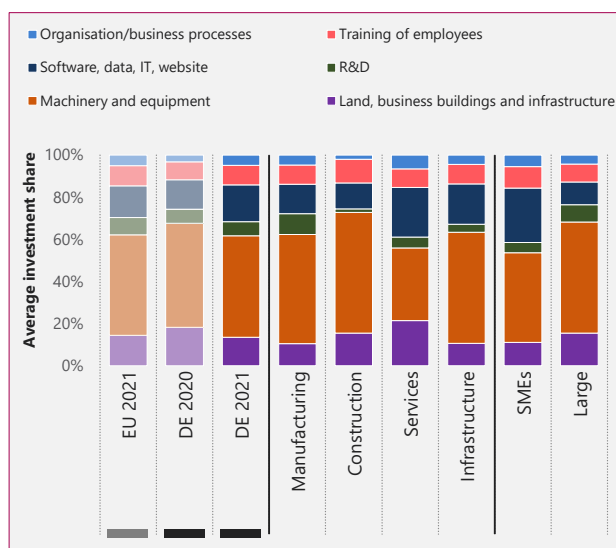
Manufacturing firms were more likely to report a higher share of investment for introducing new products, processes or services, and for increasing capacity than construction firms (17% and 25% versus 5% and 14%). In contrast, the share of investment for replacing capacity was highest among construction and infrastructure firms (66% and 65%).



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



Out of the six investment areas considered, the highest share of investment in 2020 by German firms was in machinery and equipment (48%), followed by software, data, IT and website activities (17%), land, business buildings and infrastructure (14%) and training of employees (9%). The investment pattern in EIBIS 2021 is broadly in line with the EIBIS 2020 findings.

Investment activities varied depending on the sector and size of the business. Manufacturing and large firms allocated a greater share of their investment to R&D than other sectors.

In addition, SMEs are more likely to have allocated a higher share of their investment in software, data, IT, website than are large businesses (26% versus 11%).

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?

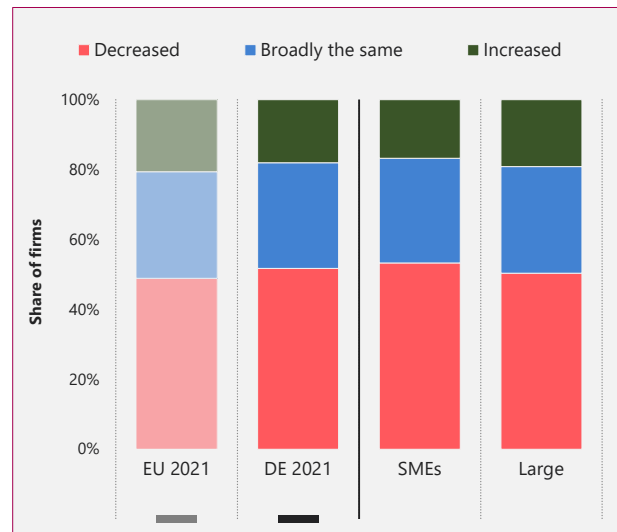
Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Impact of COVID-19

IMPACT OF COVID-19 ON SALES

COVID-19 hit firms in various ways. In Germany, the pandemic had a negative impact on the majority of firms' sales, with over half (52%) reporting a decrease in sales in EIBIS 2021, broadly in line with the EU average of 49%.

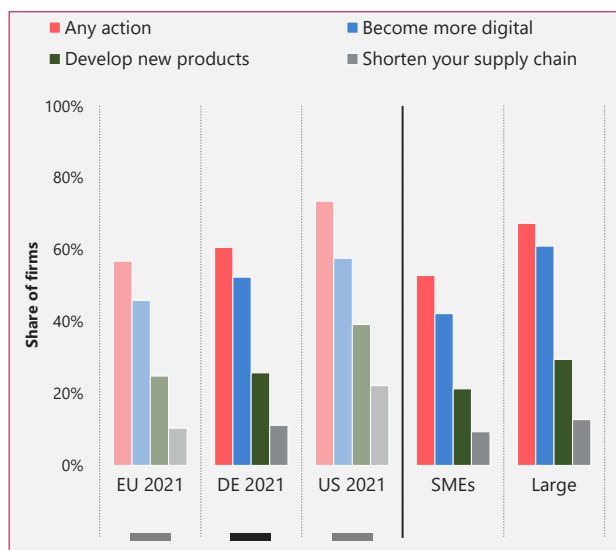
A majority (53%) of SMEs report that COVID-19 had a negative impact on their sales. A similar figure is seen among large businesses (50%).



Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020?

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

SHORT-TERM ACTIONS AS A RESULT OF COVID-19



In Germany, 61% of firms have taken at least one short-term action or made investments in one of the aspects they were asked about, as a result of COVID-19, slightly more than across the EU (57%).

The most cited area of action or investment is to become more digital, as reported by 52% of German firms, a higher share than the EU average of 46%.

Large firms are more likely than SMEs to have become more digital (61% versus 42%), whereas SMEs are more likely to have taken no action (47% versus 33% of large firms).

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

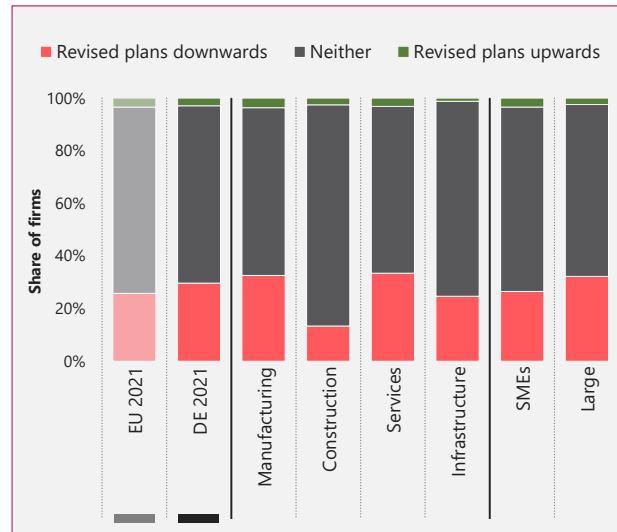
Base: All firms (excluding don't know/refused responses)

Impact of COVID-19

IMPACT OF COVID-19 ON INVESTMENT

COVID-19 also had an impact on investment. In Germany, three in ten (30%) firms have revised investment downwards, while only 3% have revised it upwards. The majority (68%) has not changed their investment plan as a result of COVID-19.

It were mainly firms in the construction sector that did not revise their investment plans due to COVID-19: 84% have made no adjustments.

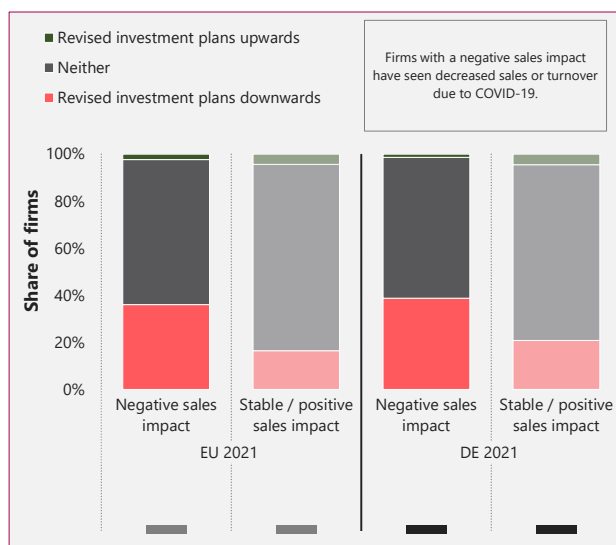


Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

Q. You mentioned revising your investment plans due to the COVID-19 pandemic. Did you revise them upward or downward?

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

DIFFERENCES IN IMPACT OF COVID-19 ON INVESTMENT



Over a third of firms who report that COVID-19 had a negative impact on sales have revised their investment plans downwards (39%), in line with the EU average (36%).

Even German firms who report COVID-19 has resulted in increased/stable sales are far more likely to have revised their investment plans downwards (21%) than upwards (5%).

Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?

Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020? Has it...?

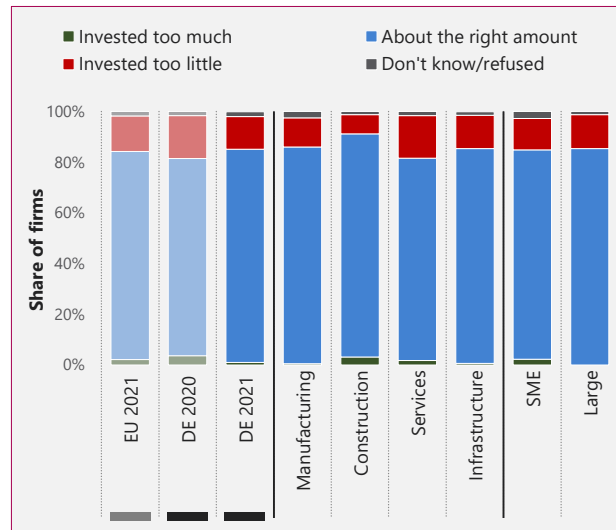
Base: All firms (excluding don't know/refused responses)

Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

Firms in Germany do not seem to perceive major investment gaps. In spite of difficult circumstances, the majority of firms believe their investment over the last three years was about the right amount (84%), while 1% report having invested too much. These figures are in line with the EU average.

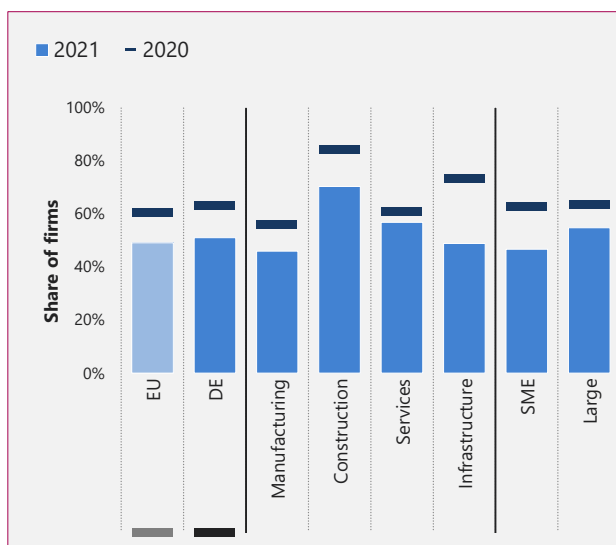
Firms in the construction sector are most likely to report that they have invested sufficiently, with over nine in ten (91%) reporting that they have invested the right amount or too much.



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)

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



Full capacity is the maximum capacity attainable e.g. company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable?

Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

The share of German firms reporting operations at or above full capacity (51%) in 2020 has declined since EIBIS 2020 (63%) and is close to the current EU average (49%).

Firms in the construction sector were the most likely to be operating at or above full capacity (70%, compared to between 46% and 57% among firms in the other sectors). For construction, this reflects, among other factors, a still strong housing market with the pandemic even adding to demand dynamics.

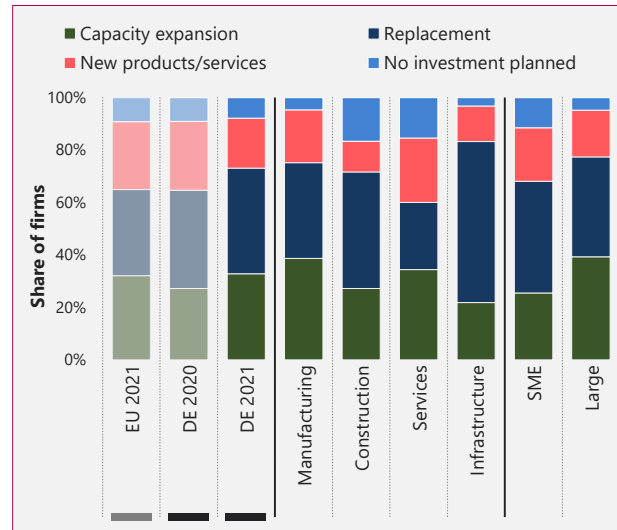
Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, replacement is the most commonly cited investment priority among German firms (40%), followed by capacity expansion for existing products/services (33%) and the development or introduction of new products/services (19%). The share of firms with no investment planned (8%) is almost identical to EIBIS 2020 (9%)

Infrastructure firms (61%) are more likely to prioritise replacement than those in other sectors (between 26% and 44%). Construction and services firms are over three times more likely to have no investment planned than manufacturing and services (17% and 15% compared to 5% and 3% respectively).

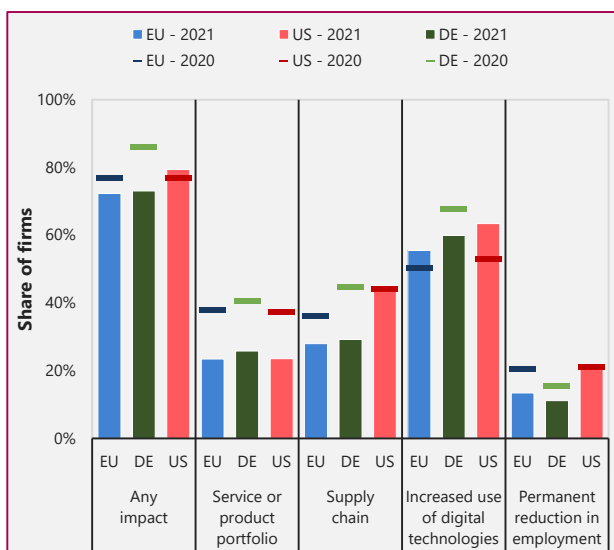
Large firms are more likely to say they intend to prioritise capacity expansion (39% compared to 25% of SMEs). Over one in ten SMEs (11%) have no investment plans for the next three years.



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing 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)

COVID-19 LONG-TERM IMPACT



Over 73% of firms think that COVID-19 will have a long-term impact on at least one aspect of their business that they were asked about, which is almost identical to the EU average (72%). This represents a shift in German sentiment (86% in EIBIS 2020), suggesting that firms are increasingly conscious of the pandemic's transformative potential.

Three in five (60%) German firms think the long-term impact of COVID-19 will be the increased use of digital technologies. This is double the figure recorded for the impact on firms' supply chains (29%) or the impact on service or product portfolio (26%).

The proportion of firms expecting a permanent reduction in employment (11%) is relatively low and down from 16% in EIBIS 2020.

Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?

Base: All firms

Innovation Activities

INNOVATION ACTIVITY

Around a third (34%) of German firms developed or introduced new products, processes or services, as part of their investment activities in 2020. This share is lower than what was reported in EIBIS 2020 (42%) but broadly similar to the EU average.

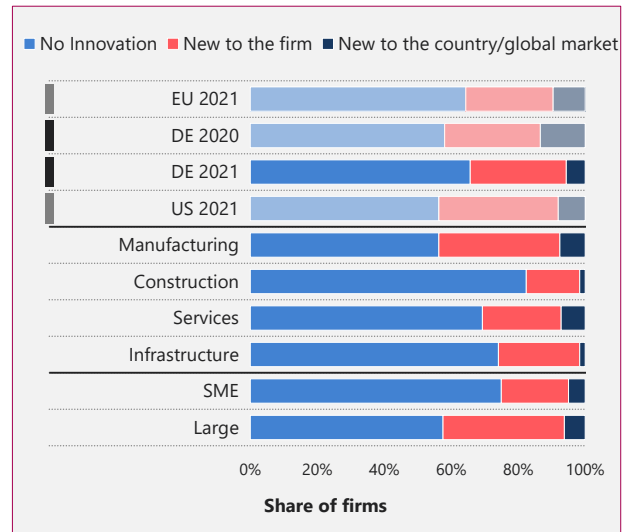
29% of firms developed or introduced products, processes or services that were new to the company as part of their investment activities. Only 6% of firms claim to have undertaken innovation that is new to the country or world, which is a sharp drop compared to EIBIS 2020 (13%).

Construction firms were the least likely to innovate. Fewer than two in ten (18%) construction firms made some form of investment in innovation compared to between 26% and 44% in other sectors.

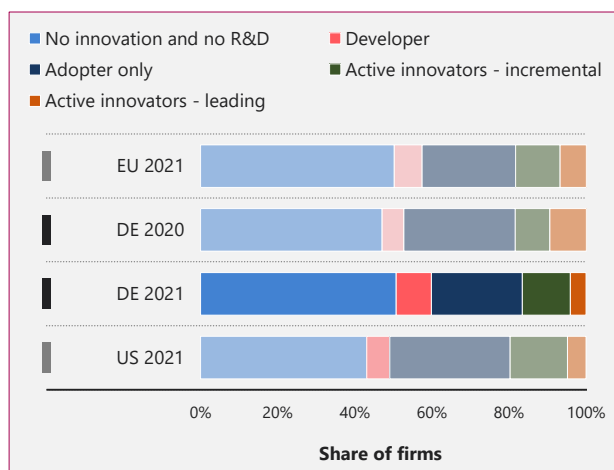
Q. What proportion of total investment was for developing or introducing new products, processes, services?

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

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)

When firms' innovation and research and development behaviour is profiled more widely, 17% of German enterprises can be classified as 'active innovators' and a further 9% of German firms as 'developers'.

This breakdown is broadly in line with EIBIS 2020 and the EU average but with slightly fewer classified as 'leading active innovators'.

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.

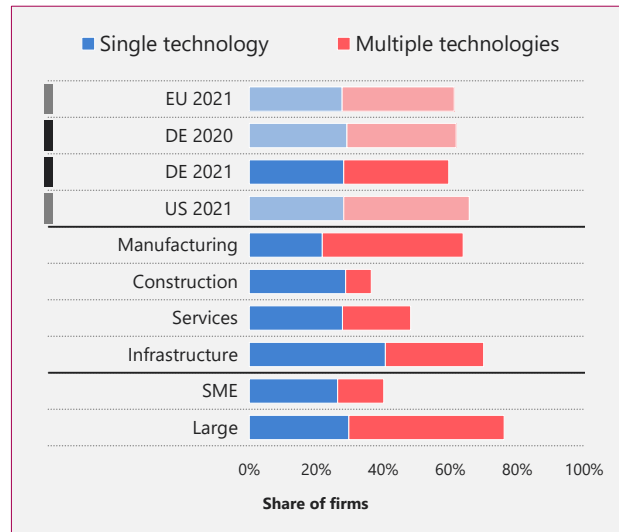
Innovation Activities

IMPLEMENTATION OF ADVANCED DIGITAL TECHNOLOGIES

Three in five German firms (60%) have implemented at least one advanced digital technology. This is similar to both EIBIS 2020 (62%) and the current EU average (61%).

Firms in the construction sector are the least likely to have implemented advanced digital technologies within their business (36%). Overall, infrastructure businesses are most likely to have implemented advanced digital technologies of any kind (70%) while manufacturing firms have implemented multiple technologies more than others (42%).

Large firms are over three more likely than SMEs to have implemented multiple advanced digital technologies (46% versus 14%).

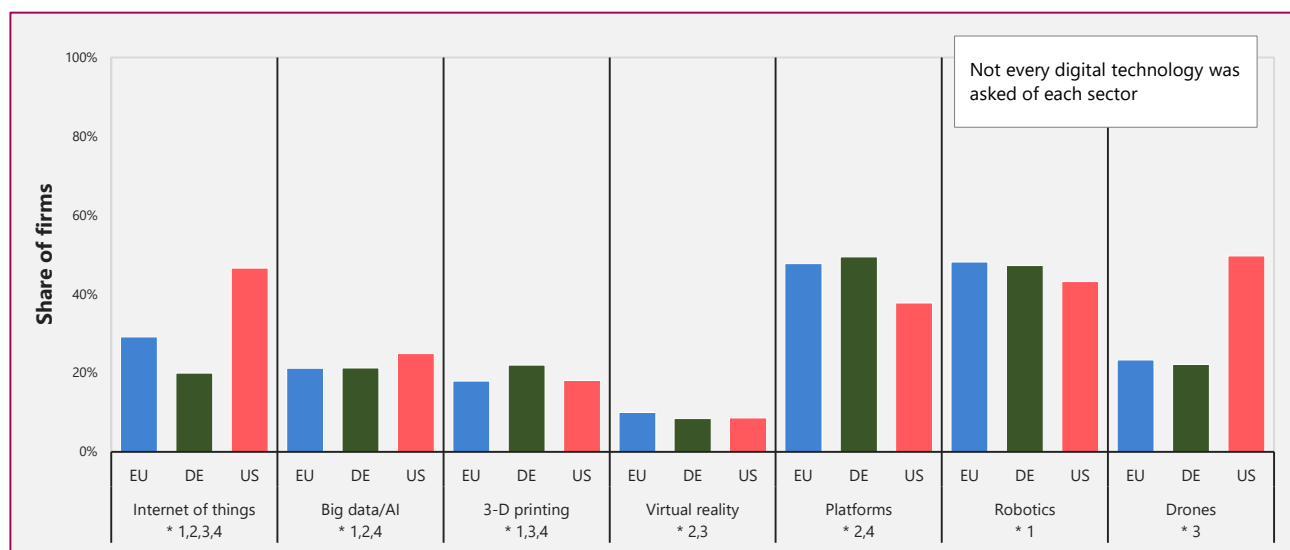


Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

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

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

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. 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?

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

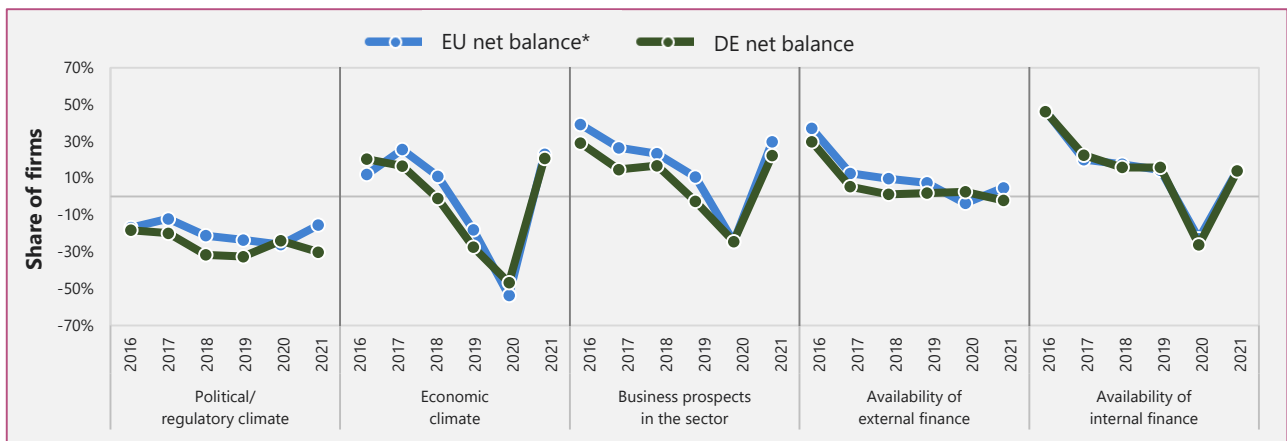
Base: All firms (excluding don't know/refused responses);
Sample size DE: Manufacturing (171); Construction (140); Services (152); Infrastructure (133)

Drivers And Constraints

SHORT-TERM FIRM OUTLOOK

German firms remain on balance pessimistic about the political and regulatory climate. Nevertheless, expectations for the overall economic climate have become more positive again (rising from -48% to +24%), as have perceptions of business prospects in the sector (rising from -24% to +26%)

and availability of internal finance (rising from -26% to +17%). German firms' outlook on availability of external finance has remained consistent with EIBIS 2020. Apart from the political/regulatory environment, the short-term outlook in Germany is very similar to the EU.

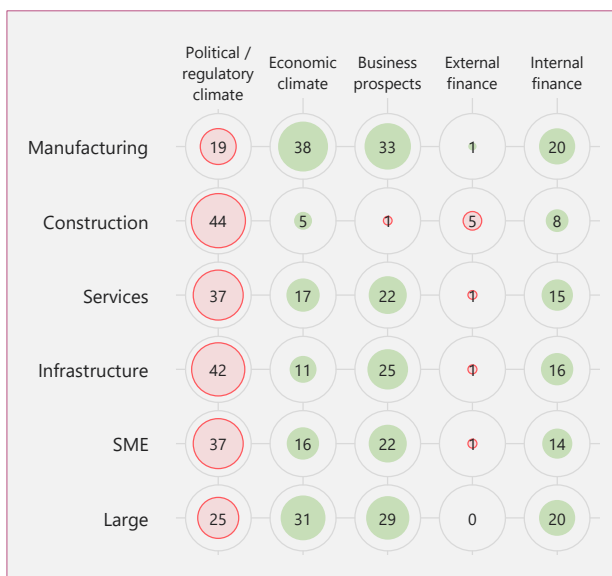


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

*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

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

In every sector and both for SMEs and large firms, respondents are far more negative than positive about the political/regulatory climate. With the exception of construction (net balance of -5%) the proportion of firms with a negative view of the availability of external finance is almost identical to those with a positive view.

Large firms and those in the manufacturing sector are most likely to be positive about the overall economic climate and business prospects in their sector.

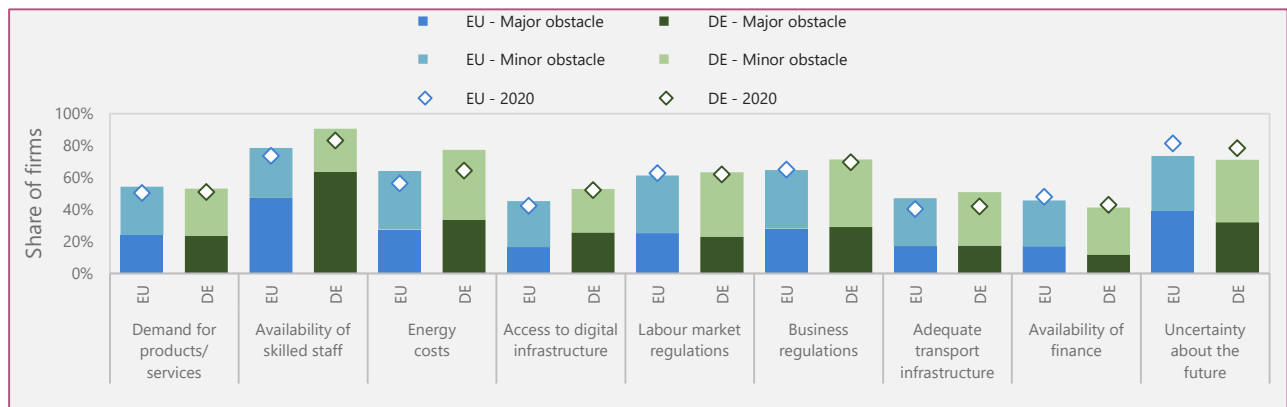
Taking a 12-month view, construction firms in Germany are consistently less positive about the short-term outlook than others. They have an overall negative outlook for three of the five barriers to investment while the positive balance on the other two (economic climate and internal finance) is rather low. Nevertheless, the sector has been operating at high levels of activity in Germany for a prolonged period already and was less affected by the COVID-19 shock than others.

Drivers And Constraints

LONG-TERM BARRIERS TO INVESTMENT

The availability of skilled staff (90%) and energy costs (77%) are perceived as the biggest barriers to investment. Both figures are above the EU average (79% and 64% respectively). Energy costs are reported more frequently as barrier to German firms' investment than in EIBIS 2020 (77% and 64% respectively).

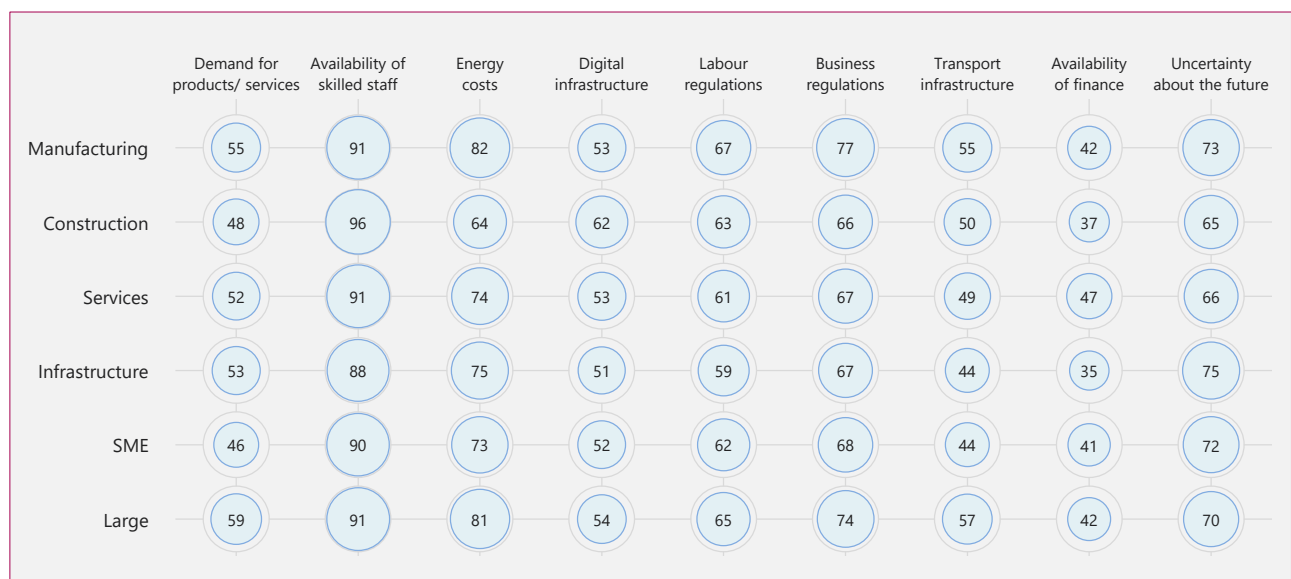
Uncertainty about the future remains a large obstacle to investment. However, while 71% in Germany still regard it as a barrier, the figure has fallen since EIBIS 2020 (78%) and is similar to the EU average (73%).



Q. Thinking about your investment activities in Germany, 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



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

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

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

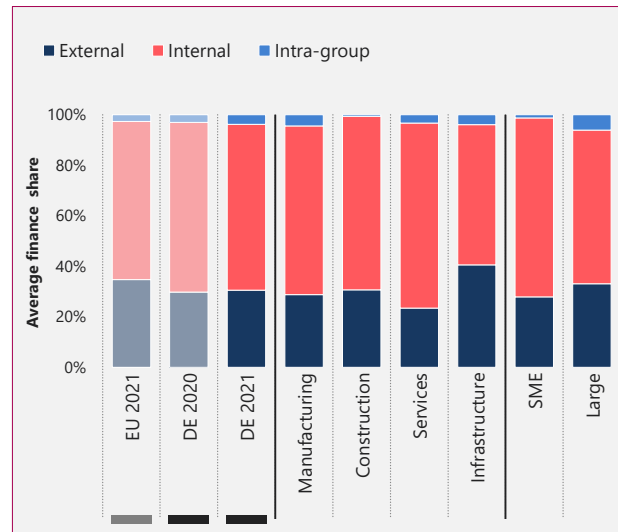
Investment Finance

SOURCE OF INVESTMENT FINANCE

Firms in Germany continued to fund the majority of their investment in 2020 through internal financing (66%), more than the EU average and EIBIS 2020 (63% and 67% respectively).

On average external finance represented almost a third of German firms' investment (31% share). There is a wide range by sector, with external finance representing a much larger share of investment capital for infrastructure (41%) than firms in the service sector (23%).

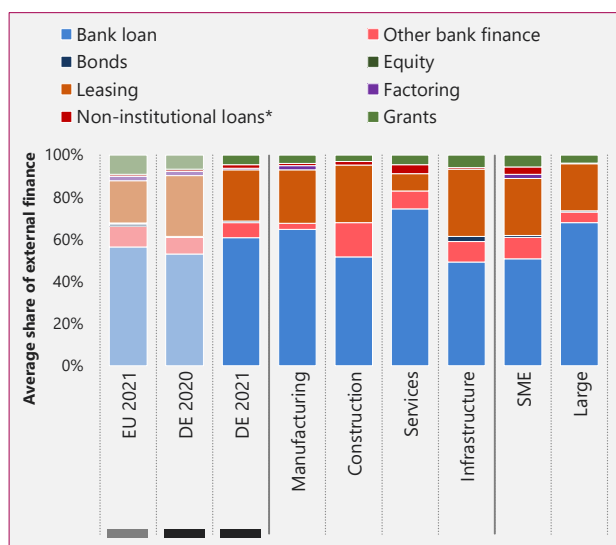
In Germany intra-group finance accounted for approximately 4% of investment. Even among large firms it accounted for no more than 6% of investment finance.



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)

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



Bank loans continued to make up the highest share of external finance (61%). This is above both EIBIS 2020 (53%) and the current EU average (56%).

Bank loans represented a larger share of their investment for large firms than SMEs (68% compared to 51%). There is also a large difference by sector, with bank loans making up a higher proportion of the external finance used by service sector firms (74%) than infrastructure firms (49%).

Leasing or hire purchase continued to represent the second biggest share of external finance but the proportion of investment it represents has fallen slightly since EIBIS 2020 (down from 29% to 24%).

Q. Approximately what proportion of your external finance does each of the following represent?

*Loans from family, friends or business partners

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

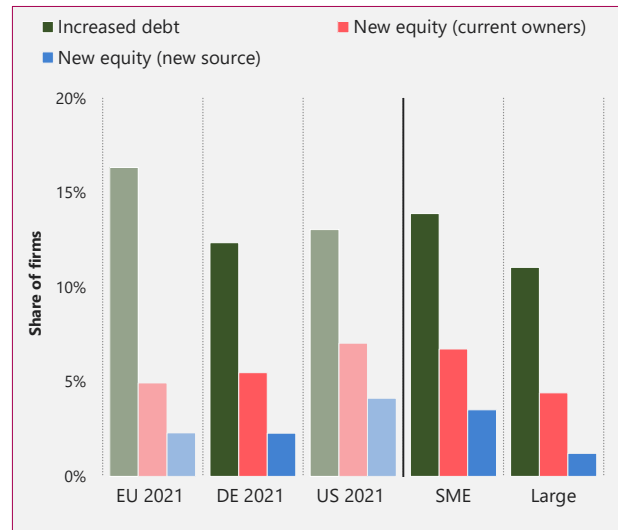
Investment Finance

ACTIONS TAKEN AS A RESULT OF COVID-19

As a result of the COVID-19 crisis, 12% of firms have increased their debt position. This is below the EU average of 16%.

5% of firms have raised new equity from the current owners while 2% have attracted it from a new source.

For each of the three responses, SMEs are more likely than large firms to have taken action. For example, 14% of SMEs have increased their debt as compared to 11% of large firms.



Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

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

SHARE OF FIRMS RECEIVING FINANCIAL SUPPORT IN RESPONSE TO COVID-19



Almost half of German firms (47%) report that they have received some form of financial help in response to COVID-19. This is below the EU average of 56% and much lower than the proportion of US firms (72%)

Primarily, this support has come in the form of subsidies or any other type of financial support that should not be paid back. 39% of German firms received this type of support, in line with the EU average (36%).

10% of German firms have received new subsidised or guaranteed credit or deferral of payments.

Q. Since the start of the pandemic, have you received any financial support in response to COVID-19? This can include finance from a bank or other finance provider, or government-backed finance

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

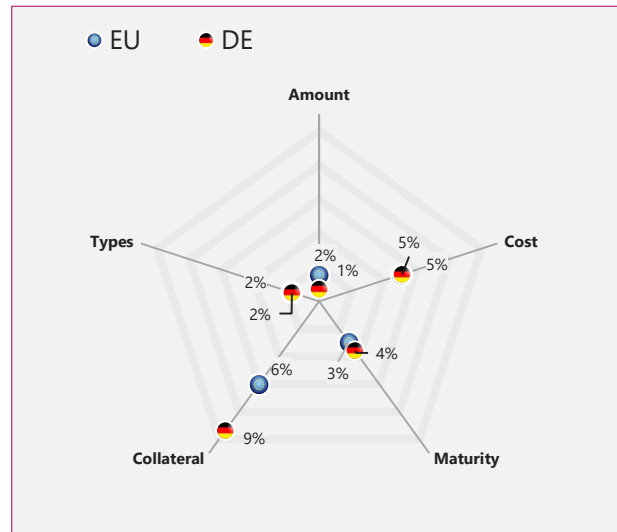
Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms in Germany that have used external finance in 2020 are far more likely to be satisfied than dissatisfied with the finance received.

Fewer than one in ten firms express dissatisfaction with any aspect of external finance, which is similar to what was reported in EIBIS 2020. The highest level of dissatisfaction is with the collateral required (9%).

In addition, 5% of German firms report being dissatisfied with the cost of finance, in line with 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 (%)



Dissatisfaction levels are low across all sectors and size classes. The highest levels of dissatisfaction are mentioned for collateral requirements.

Large firms seem, overall, more dissatisfied than SMEs, especially with collateral requirement and with the length of time over which finance needs to be repaid.

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

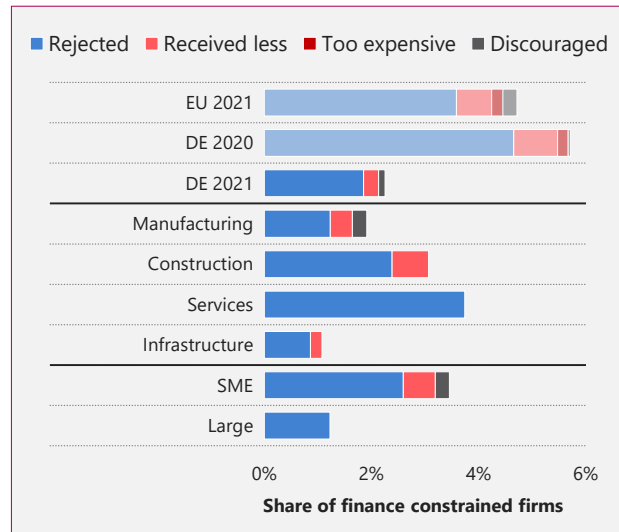
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

Only 2% of German firms can be considered as external finance constrained. This is below the EU average of 5%, and lower than EIBIS 2020 (6%).

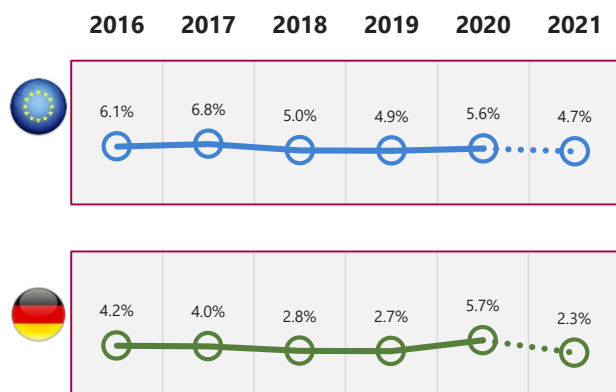
In EIBIS 2021, 4% of services firms and 3% of construction firms report being finance constrained, mainly because they have sought external finance but did not receive it ('rejected'). While the absolute difference between SMEs and large firms is small, in relative terms the former (3%) are more finance constrained than large enterprises (1%).



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 has fallen since EIBIS 2020, from 6% to 2%. The EIBIS 2021 figure is the lowest recorded over the past six years.

Unlike EIBIS 2020, when the figures were almost identical, the proportion of German firms that are finance constrained is half the EU average.

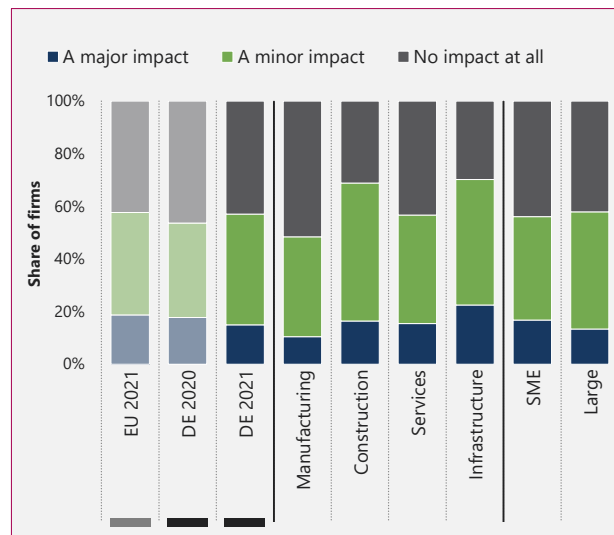
Base: All firms (excluding don't know/refused responses)

Climate Change and Energy Efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

The majority of German firms believe climate change currently has an impact on their business. More firms think it has a minor impact (42%) than a major impact (15%). This is in line with the EU average.

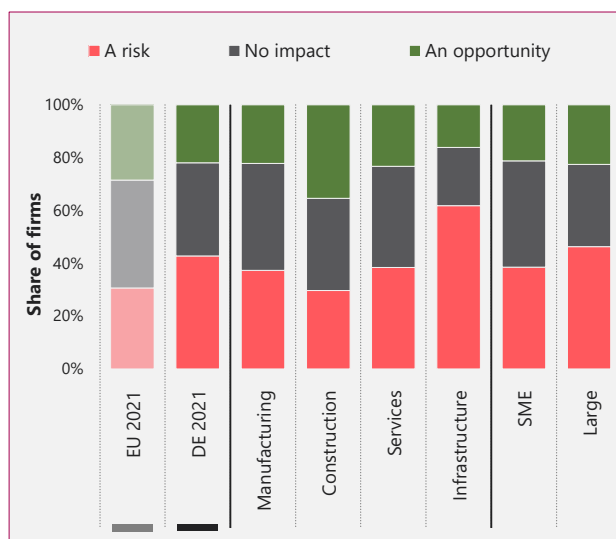
Infrastructure (70%) and construction (69%) firms are the most likely to say climate change has an impact on their business while manufacturing firms are the least likely (48%).



Q. Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

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

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



Firms in Germany (43%) are more concerned about the risks represented by transition to stricter climate standards and regulations than those in the EU as a whole (31%). Over a fifth of German firms (22%) regard this as an opportunity, less than the EU average (28%).

Only in the infrastructure sector (62%) does a majority of firms regard the transition as a risk. This is significantly above the average across other sectors (37%).

Large firms (46%) are more likely than SMEs to see the transition to net zero as a risk to their company (39%). However, the share of SMEs seeing no impact is larger (40% compared to 31%).

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)

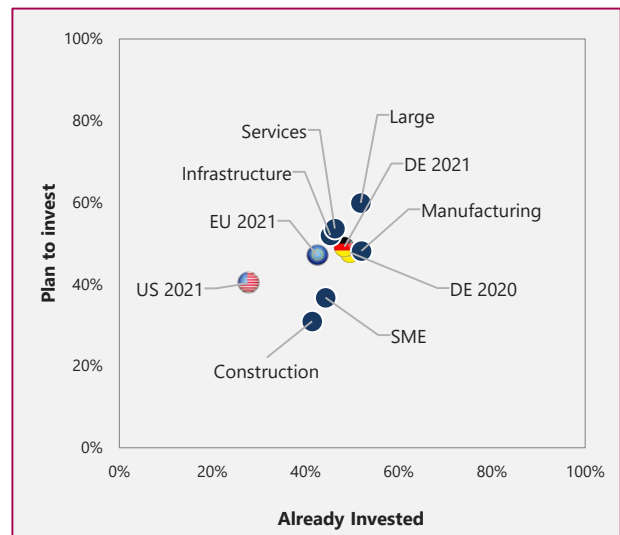
Climate Change and Energy Efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

Just under half of German firms have already invested to deal with climate change (48%) and a similar proportion of German firms have plans to do so in the next three years (49%). Both figures are in line with EIBIS 2020 and slightly above the current EU average.

The actions and intentions of large firms indicate a greater willingness than SMEs to invest to deal with climate change. The respective figures for “already invested” are 52% and 44%, while for “plan to invest” they are 60% and 37%.

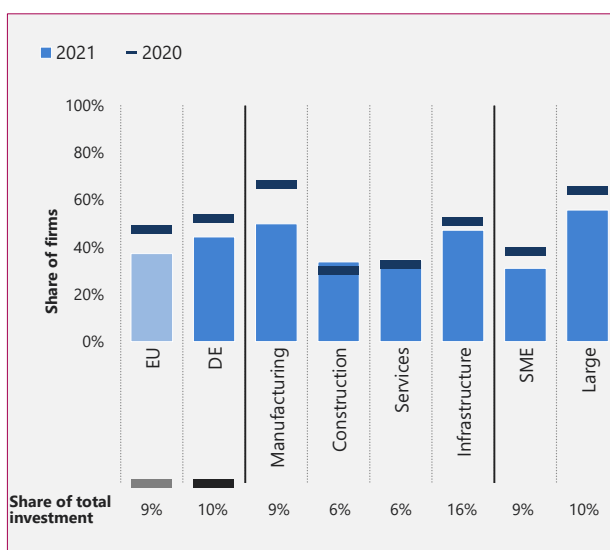
Construction firms in Germany are the least inclined to invest to address climate change. Only 31% have plans to invest in the next three years, compared to a minimum of 48% in other sectors.



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?

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

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY AND SHARE OF TOTAL INVESTMENT



44% of German firms invested in measures to improve energy efficiency in 2020. This is above the EU average (37%). The average estimated share of investment for energy efficiency measures stood at 10%.

A higher proportion of large firms (56%) invested in energy efficiency measures than SMEs (31%), although the average share of all investment they made is similar (10% and 9% respectively).

Manufacturing and infrastructure firms in Germany remain the most likely to have invested in measures to improve energy efficiency in 2020 (50% and 47% respectively). Meanwhile, among infrastructure firms the average estimated share of investment for energy efficiency measures (16%) is almost three times higher than in construction and services (both 6%).

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 (for share of firms investing)

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

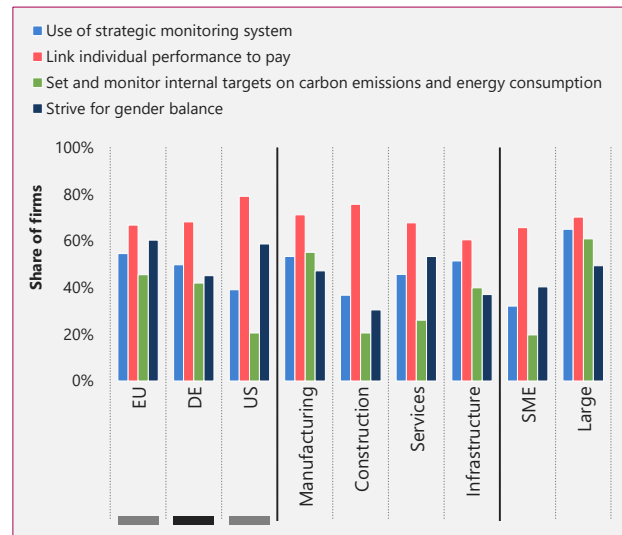
Firm management, climate targets, gender balance and employment

FIRM MANAGEMENT, CLIMATE TARGETS AND GENDER BALANCE

Only a minority (45%) of German firms report their company was striving for gender balance in 2020. This is much lower than the EU average (60%). Linking individual performance to pay is where Germany (68%) is in closest alignment to the EU average (67%).

Large firms (61%) were three times more likely than SMEs (20%) to set and monitor internal targets on carbon emissions and energy consumption in 2020, and twice as likely to use strategic monitoring systems (32% versus 65%).

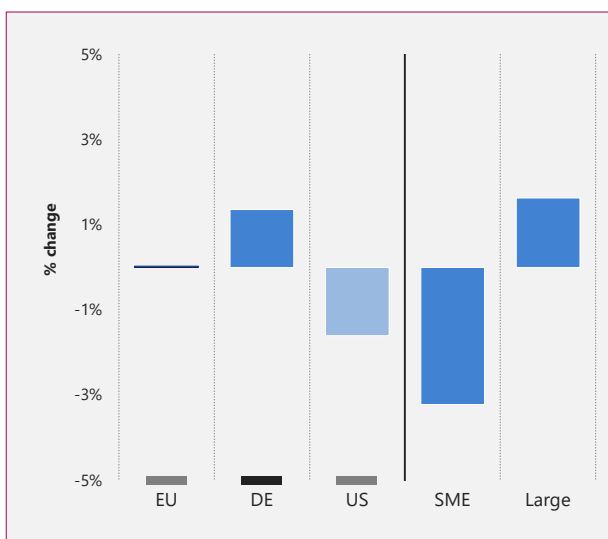
Only in the service sector (53%), a majority of firms strove for gender balance. In addition, only in manufacturing (55%) most firms monitored carbon emissions and energy consumption.



Q. In 2020, did your company...?

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

CHANGE IN EMPLOYMENT DURING COVID-19



The workforce in Germany has remained relatively stable since the start of the COVID-19 pandemic, with a small reported increase of 1.4%. This is above the stable employment evolution reported in the EU overall.

The workforce within German SMEs has dropped by an average of 3%, which has been compensated for by a small increase among large firms (+1.6%).

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 2020, before the COVID-19 pandemic?

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

EIBIS 2021 – 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	Constr vs Manuf.	SME vs Large
	(11920)	(802)	(602)	(171)	(140)	(152)	(133)	(512)	(90)	(11920 vs 602)	(140 vs 171)	(512 vs 90)
10% or 90%	1.1%	3.5%	3.1%	5.1%	5.3%	5.8%	6.0%	2.5%	5.3%	3.2%	7.3%	5.8%
30% or 70%	1.7%	5.3%	4.7%	7.7%	8.0%	8.9%	9.2%	3.8%	8.0%	4.9%	11.1%	8.9%
50%	1.8%	5.8%	5.1%	8.4%	8.8%	9.7%	10.0%	4.1%	8.8%	5.4%	12.1%	9.7%

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 2021 country overview refers interchangeably to 'the past/last financial year' or to '2020'. Both refer to results collected in EIBIS 2021, where the question is referring to the past financial year, with the majority of the financial year in 2020 in case the financial year is not overlapping with the calendar year 2020.

EIBIS 2021 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 602 firms in Germany (carried out between March and July 2021).

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




Base definition and page reference	EU 2021/2020	US 2021	DE 2021/2020	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 2, p. 6, p. 7, p. 10, p. 11	11920/11971	802	602/601	171	140	152	133	512	90
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11910/11949	802	600/597	170	140	151	133	510	90
All firms (excluding don't know/refused responses), p. 2	11620/11634	768	584/581	165	138	149	127	499	85
All firms (excluding don't know/refused responses), p. 4 (top)	11860/NA	800	599/NA	169	140	152	132	511	88
All firms (excluding don't know/refused responses), p. 4 (bottom)	11891/NA	802	601/NA	171	140	152	132	511	90
All firms (excluding don't know/refused responses), p. 5 (top)	11814/11971	768	597/601	169	139	152	131	507	90
All firms (excluding don't know/refused responses), p. 5 (bottom)	11760/0	766	594/0	167	139	152	130	506	88
All firms (excluding don't know/refused responses), p. 7 (top)	11765/11727	793	593/584	167	140	149	132	505	88
All firms (excluding don't know/refused responses), p. 8 (top)	11648/11720	779	581/582	162	133	149	131	495	86
All firms (excluding don't know/refused responses), p. 8 (bottom)	8780/9039	618	455/475	127	107	115	102	381	74
All firms (excluding don't know/refused responses), p. 9	11891/11938	802	602/598	171	140	152	133	512	90
All firms (excluding don't know/refused responses), p. 13 (top)	11882/NA	777	601/NA	170	140	152	133	511	90
All firms (excluding don't know/refused responses), p. 13 (bottom)	11857/NA	775	600/NA	170	140	152	132	511	89
All firms (excluding don't know/refused responses), p. 15	11518/11477	743	572/567	162	134	147	124	488	84
All firms (excluding don't know/refused responses), p. 16 (top)	11849/11898	798	594/596	168	138	151	131	506	88
All firms (excluding don't know/refused responses), p. 16 (bottom)	11384/NA	783	572/NA	162	133	144	128	485	87
All firms (excluding don't know/refused responses), p. 17	11659/11739	775	593/593	171	138	149	130	505	88
All firms (excluding don't know/refused responses), p. 18 (top)*	11616/NA	774	587/NA	168	138	145	130	501	86
All firms (excluding don't know/refused responses), p. 18 (bottom)	11664/11402	794	592/573	167	139	150	131	507	85
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (top)	9670/10138	674	495/519	146	115	123	107	415	80
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (bottom)	9523/9874	667	505/526	146	122	122	111	424	81
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	8675/9255	621	462/498	131	114	112	102	398	64
All firms who have invested in the last financial year (excluding don't know/refused responses)*, p. 17	11920/11971	802	602/601	171	140	152	133	512	90
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 12	4003/4354	284	200/237	58	53	39	49	163	37
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	3964/4310	281	197/236	57	52	37	49	160	36



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Germany

Overview

EIB INVESTMENT SURVEY

2022

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