European Investment Bank

Germany

Overview

EIB INVESTMENT SURVEY

2023

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EIB Investment Survey Country Overview 2023: Germany

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 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 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.

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 2023 – Germany overview

KEY RESULTS

Investment dynamics and focus

The share of firms that invested in Germany contracted from EIBIS 2020 to EIBIS 2021. This has partially recovered in 2022, as reported in EIBIS 2023, with 85% of firms reporting to have invested. German firms maintain, in net balance terms, a positive stance on their investment plans for 2023, a higher proportion of German companies plans to increase rather than decrease their investment, with a net positive expectation of 19%. This outlook is above the EU average of 14%.

Investment needs and priorities

Eighty percent of German firms believe their investments over the past three years have been adequate, matching the 2022 EIBIS figure and broadly in line with the EU average of 82%. In planning for the next three years, 42% of these firms report replacing existing assets as a priority, which is more prevalent than expanding capacity (26%) or developing new products or services (25%). Only 8% of German firms have no investments planned. This tendency to prioritize asset replacement is more pronounced in Germany than the EU average (42% vs. 34%).

In terms of investment drivers and challenges in the short term, German firms express a cautious outlook. They exhibit significant concern over the political and regulatory environment, with their negative sentiment far exceeding the EU average (-54% vs. -30% on balance). Although there has been a slight improvement in their economic outlook in the 2023 EIBIS, it remains deeply negative, albeit less so than before (improving from a net balance of -64% to -27%). Concerns also linger around obtaining external financing, with the negative sentiment marginally improving from the previous year (-14% vs. -16% on balance), indicating a sustained decline in confidence over time.

Energy market developments

The energy crisis has significantly impacted German companies, mirroring the effects on firms throughout the EU. The primary issues reported by German businesses are the high costs of energy and the prevailing uncertainty in the market. Over half of the firms (57%) consider energy prices as a major concern. While 80% of German firms are worried about energy availability, compared to 73% in the EU, it is a major concern for only 32%.

In reaction to the energy challenges, an overwhelming majority of German firms (97%) report to have at least one mitigation strategy. The most common approach, adopted by 81%, is to pursue energy savings and efficiency improvements. Additionally, 71% mention the renegotiation of energy contracts, and 69% the transfer of increased energy costs to their customers. Only 21% mention reducing or halting production as a strategy. The strategies reported by German firms align closely with those undertaken by companies across the EU.

International trade

Nearly all German firms (98%) experienced disruptions in international trade, prompting the majority to alter their sourcing strategies or consider doing so. When compared to the EU average, a higher percentage of German companies were investing or have plans to invest in expanding their stocks and inventory (38% vs. 31%) and in enhancing digital tracking of inventory and inputs (26% vs. 20%).

EIBIS 2023 – Germany overview

Climate change and energy efficiency

Climate-related issues are affecting a significant portion of German companies, with 59% reporting that weather events impact their businesses, aligning closely with the 2022 EIBIS data (61%) and slightly under the EU average of 64%. However, only 31% of German companies have taken steps or made investments to fortify themselves against climate change risks, which is less than the EU average of 36%. These firms are more inclined to invest in measures that reduce physical risk (23%) rather than adjust their overall strategy (17%). A smaller number of German firms have opted for insurance to mitigate climate-related losses compared to their EU counterparts (8% vs. 13%).

More German firms perceive the transition to stricter climate standards and regulations as a risk (37%) rather than an opportunity (28%). In terms of environmental impact, 92% of German businesses report to actively work to decrease Greenhouse Gas (GHG) emissions, yet just 40% have established and are tracking their emission reduction targets. Around two-thirds are investing in energy efficiency (68%) and waste reduction or recycling (66%). Over half are also adopting or investing in sustainable transportation (55%). German firms are on par with the EU average in most of these actions, but they are notably more invested in energy efficiency (68% vs. 59%) and sustainable transport (55% vs. 46%).

While 54% of German firms have invested in addressing weather impacts and carbon emission reduction, this figure is lower than in previous EIBIS reports from 2022 (65%) and 2021 (73%). Nonetheless, 55% of German companies plan to invest in these areas over the next three years, which is consistent with the EU average (54%).

Innovation activities

Thirty-eight percent of German companies have developed or launched new products, processes, or services as part of their investment activities in 2022. Furthermore, 13% have introduced innovations that are new to the German or global markets. These numbers are in line with the 2022 EIBIS findings and the current EU average.

In the realm of digital technology adoption, 73% of German firms report to use at least one advanced digital technology. Robotics (55%) and digital platform technologies (56%) are more widely used, whereas augmented or virtual reality technologies have seen a lower adoption rate of 11%. Except for 3D printing, where Germany surpasses the EU (31% vs. 23%), the deployment of specific technologies generally mirrors that of the EU average.

Investment impediments

The main long-term barriers to investment reported by German firms are the availability of skilled staff (92%), energy costs (89%), and uncertainty about the future (77%). These challenges persist, with the situation in Germany mirroring broader EU trends and corresponding with the findings from EIBIS 2022.

Access to finance

Aside from EIBIS 2020 data (5.7%), the present percentage of finance-constrained German firms (5.5%) is the highest reported by the survey. Ten percent of German firms express dissatisfaction with the cost of external finance, and 7% are discontent with the collateral requirements. Overall, levels of dissatisfaction with external finance are low and comparable to those observed in the broader EU.

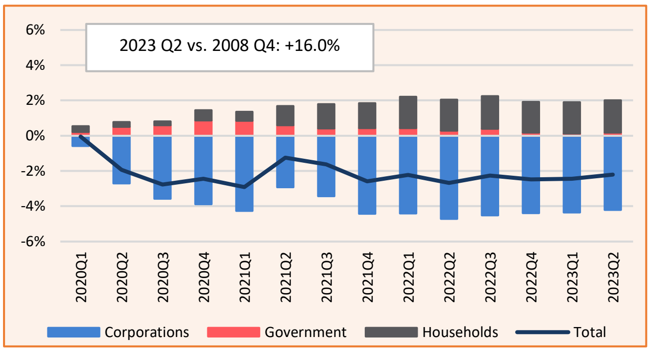
Note on how to read the results:

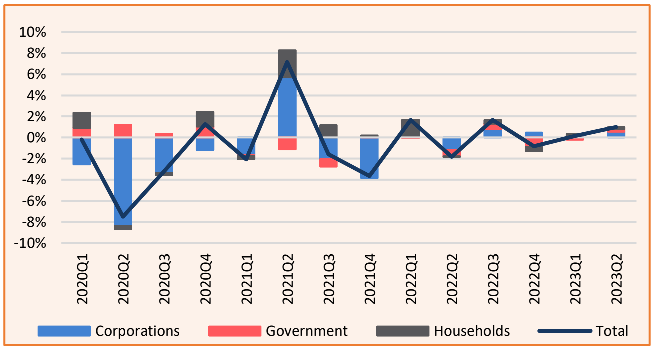
EIBIS 2023 overview presents the results of the survey run in 2023. Questions in the survey might point to "last financial year" (2022) or expectations for the current year (2023). The text and the footnote referring to the question will specify in each case which year is considered.

Investment dynamics and focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

- Corporate investment in Germany has not fully recovered from the pandemic. Strong growth in the immediate aftermath of the pandemic only lasted for a few quarters, after which investment fell back to almost 4% its pre-pandemic level. The energy shock and tighter financing costs left corporate investments largely unchanged, arguably because corporate profitability and demand for firms' products remained robust.
- In contrast to corporate investments, investments by households continued to grow throughout the pandemic and during 2021, when households took advantage of low mortgage rates, savings accumulated during the pandemic, and fiscal subsidies to finance renovations and house purchases. Households' investment started to weaken when tighter monetary policy caused mortgage rates to increase.
- Government investment grew throughout the pandemic but weakened thereafter. Overall, it is about at the same level as before the pandemic.

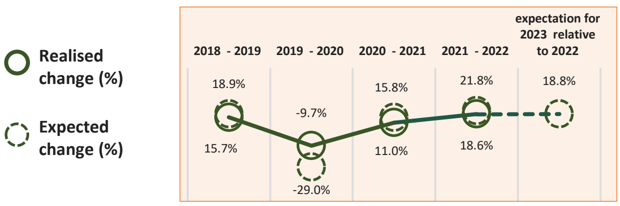




The LHS chart shows the evolution of total gross fixed capital formation (GFCF) by institutional sector, in real terms and non seasonally nor calendar adjusted. The nominal GFCF source data was transformed into four-quarter sums and deflated using the implicit deflator for total GFCF (2015=100 euro). 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.

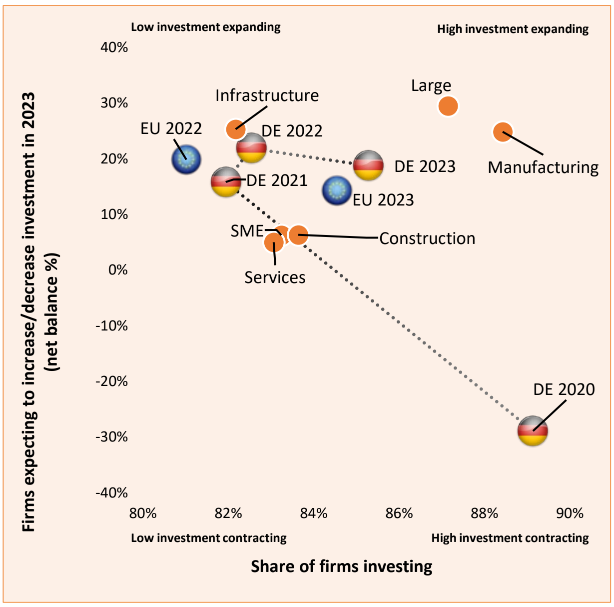
INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

- The share of firms that invested in Germany contracted from EIBIS 2020 to EIBIS 2021. This has partially recovered in 2022, as reported in EIBIS 2023, with 85% of firms reporting to have invested.
- German firms maintain, in net balance terms, a positive stance on their investment plans for 2023, a higher proportion of German companies plans to increase rather than decrease their investment, with a net positive expectation of 19%. This is similar to EIBIS 2022 (22%) but above the net balance reported for the EU average (14%).
- Infrastructure and manufacturing firms are the most likely to expect to increase rather than decrease investment (net balance of 25% for both). Large firms have a far more positive outlook than SMEs (29% versus 6% on balance).



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

Base for expected and realised change: All firms



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

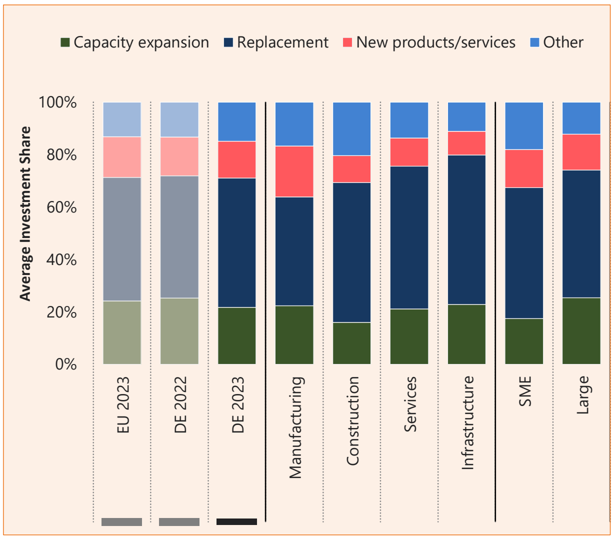
Base for share of firms investing: All firms (excluding don't know/refused responses)

Base for expected and realised change: All firms

Investment dynamics and focus

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

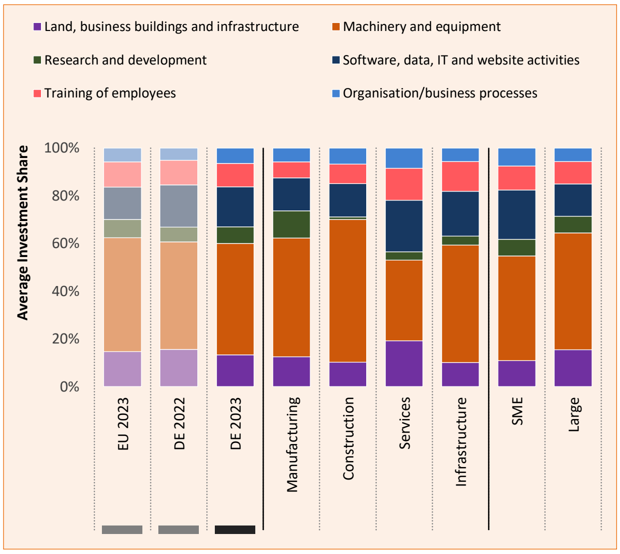
- On average, firms in Germany spent 49% of their investment on replacement in 2022. This is similar to EIBIS 2022 (47%) and in line with the current EU average (47%).
- Investment in capacity expansion accounted for over a fifth of total investment (22%). This is also in line with EIBS 2022 (25%) and the current EU average (24%).
- Investment in new products and services accounted for a lower share of the total expenditure (14%), although this was higher in the manufacturing sector (19%) than other sectors where it ranged from 9% to 11%.
- Large firms directed a larger proportion of their investment towards capacity expansion than SMEs (25% versus 18%).



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

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

INVESTMENT AREAS



- German firms directed 40% of their investment towards intangible assets (R&D, software, training and business processes). This is very similar to EIBIS 2022 (39%) and the current EU average (38%).
- Investment activities varied depending on the sector and size of the business. SMEs invested a higher share than large firms in intangible assets (45% versus 36%) and a lower share in tangible assets (land, buildings, infrastructure and machinery) (55% versus 64%).
- Service sector firms directed the highest proportion of investment towards intangible assets (47%) while construction invested the lowest share (30%).

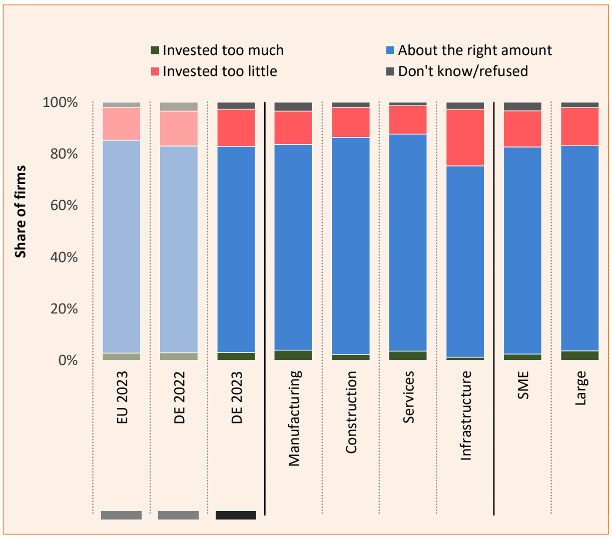
Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

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

Investment needs and priorities

PERCEIVED INVESTMENT GAP

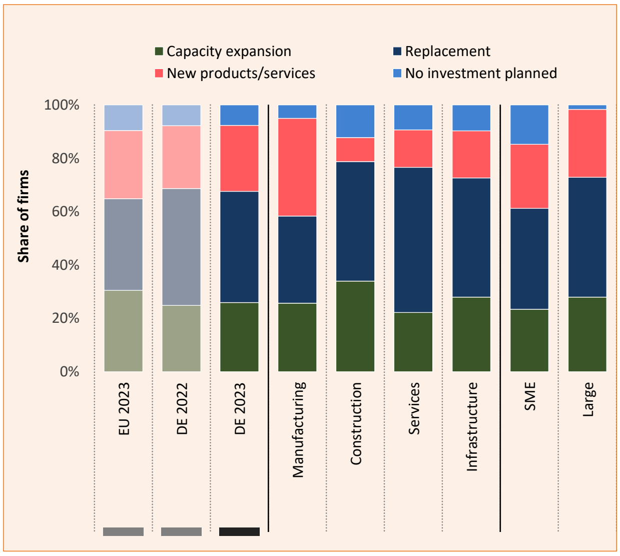
- Firms do not perceive major gaps in terms of investment. Eight in ten German firms (80%) believe that their investment activities over the last three years were about the right amount. This share is the same as in EIBIS 2022 (80%) and close to the current EU average (82%).
- Almost matching the figure in EIBS 2022, 14% of firms in Germany believe they invested too little over the past three years. Only 3% report too much investment, which is identical to both EIBIS 2022 and the EU average.
- In Germany, infrastructure firms (22%) are the most likely to say they invested too little over the past three years. SMEs and large firms hold very similar views regarding their past levels of investment.



Q. Looking back at your investment over the last three 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



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 or services?

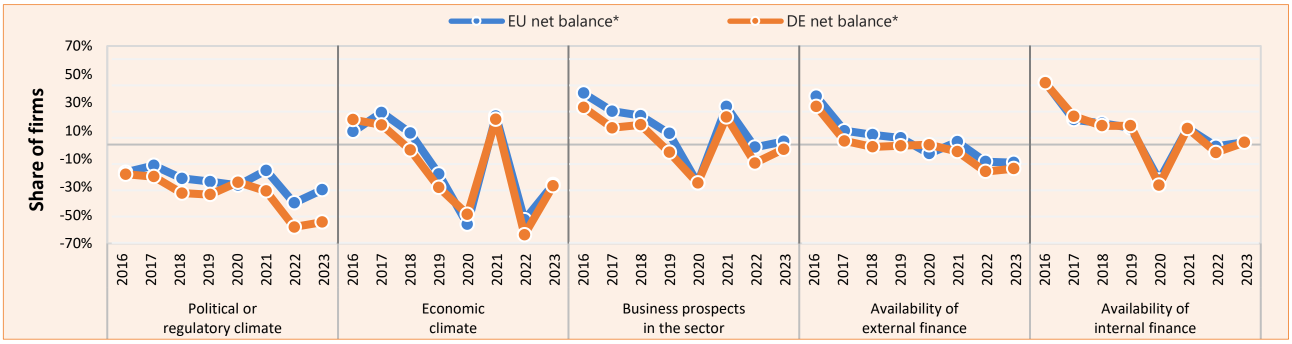
Base: All firms (excluding don't know/refused responses)

- In EIBIS 2023, firms in Germany expressed similar investment priorities to those in EIBIS 2022. Just over four in ten (42%) report to prioritize replacement over the next three years, while a quarter expect to prioritize investment in either capacity expansion (26%) or new products or services (25%).
- Fewer than one in ten German firms have no investment planned (8%). This matches EIBIS 2022 (8%) and is very close to the current EU average (10%).
- The investment priorities of firms in Germany are slightly different to those across the EU. They are more likely to be prioritizing replacement (42% versus 34%) and less inclined to invest in capacity expansion (26% versus 30%).
- More than a half of services firms (54%) expect to invest in replacement, while manufacturing (37%) has the highest proportion of firms intending to invest in new products and services.
- Only 2% of large firms have no investment planned whereas it accounts for 15% of SMEs. Large firms (45%) are placing the highest priority on replacement.

Investment needs and priorities

SHORT-TERM DRIVERS AND CONSTRAINTS

- As in EIBIS 2022, firms in Germany are on balance pessimistic about investment conditions for the next year. This outlook is shared by firms across the EU.
- German firms are particularly pessimistic about the political and regulatory climate and the negative balance is much lower than the EU average (-54% versus -30%). Expectations of the economic climate have improved but still remain negative (rising from -64% to -27% in net balance terms).
- Almost as many German firms expect prospects in their sector to improve rather than worsen, but they are concerned about the availability of external finance. The negative balance is very similar to EIBIS 2022 (-14% versus -16%) and continues a long-term decline in sentiment. Expectations for the availability of internal finance have risen since EIBIS 2022 (6% versus -1% on balance) but remains far below the peak seen seven years ago.



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 expecting an improvement minus the share of firms anticipating a deterioration.*

Base: All firms

SHORT-TERM DRIVERS AND CONSTRAINTS BY SECTOR AND SIZE (net balance %)

	Political / regulatory climate	Economic climate	Business prospects	External finance	Internal finance
Germany	54%	27%	1%	14%	6%
Manufacturing	53%	27%	6%	10%	7%
Construction	55%	38%	12%	26%	10%
Services	52%	21%	10%	13%	5%
Infrastructure	57%	29%	8%	18%	6%
SME	58%	32%	1%	16%	4%
Large	51%	22%	3%	11%	9%

Please note: green figures represent a positive net balance, while red figures represent a negative net balance.

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

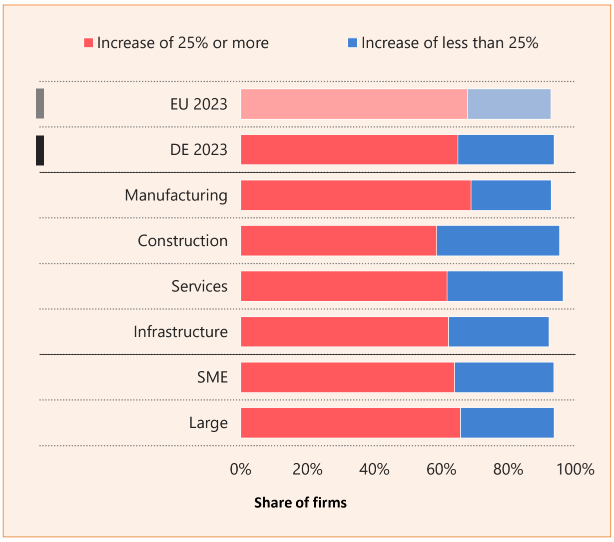
Base: All firms

- Across all sectors and for both SMEs and large businesses, a balance of at least 51% has a negative outlook on Germany's political and regulatory climate. Although at a lower level, the outlook on the economic climate and external finance is also negative on balance in all sectors and among firms of every size.
- By a very small margin companies still expect an overall improvement in business prospects. However, on balance, construction and services sector firms are pessimistic about their own prospects (-12% and -10%, respectively).
- The one area where German firms are consistently more likely to be optimistic than pessimistic (albeit by low margins) is access to internal finance. Construction firms (10%) have the highest balance of optimism over the availability of internal finance. A similar figure is seen among large firms (9% in net balance terms).
- In general, SMEs tend to be more pessimistic than large firms about investment conditions for the next year.

Energy market developments

INCREASED SPENDING ON ENERGY

- Firms in Germany were as likely as those across the EU to report that they have faced increases in energy costs (94% vs 93%).
- The proportion of firms facing increased energy cost was consistent across sectors, although manufacturers (69%) were the most likely to have faced an increase of 25% or more. This compares to 59% within construction.
- SMEs were just as likely as large firms to have faced increases in energy costs (both 94%). In both cases approximately two-thirds reported an increase of 25% or more in energy spending (64% and 66%, respectively).



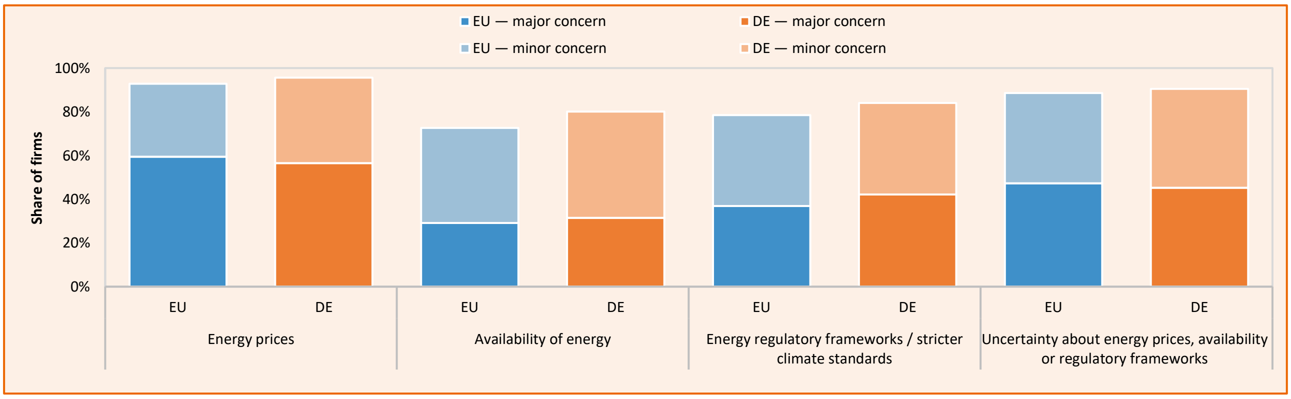
Q. Since the beginning of 2022, by how much has your company's spending on energy (including gas, electricity, oil) changed on average?

Please note: Responses of 'spending on energy stayed about the same' and 'spending on energy decreased' not shown on chart.

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

IMPACT OF ENERGY SHOCK

- The energy crisis hit German firms strongly and to a similar extent to those across the EU. As for EU firms in general, the major concerns for German firms were energy prices and uncertainty. Energy prices were a major concern for more than a half of German firms (57%).
- German firms were more concerned than the average EU business about energy availability (80% versus 73%) and regulatory frameworks/stricter climate standards (84% versus 79%). However, energy availability was only a major concern for 32% of German firms.



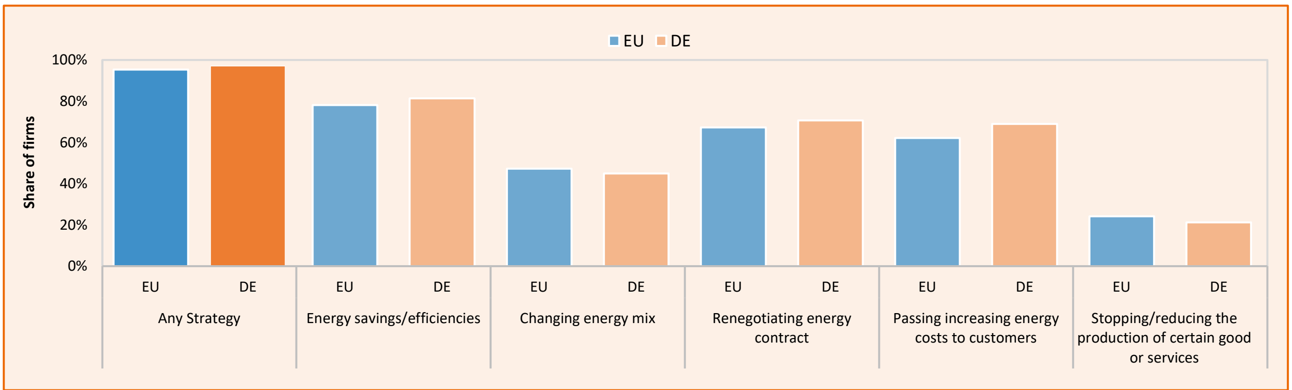
Q. Thinking about the energy shock, to what extent is your company concerned about …?

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

Energy market developments

STRATEGIES TO DEAL WITH THE ENERGY SHOCK

- Almost every German firm (97%) responded to the energy shock by putting forward at least one of the strategies proposed. The response most frequently taken by German firms was to seek energy savings/efficiencies (81%).
- Seven in ten mention the renegotiation of their energy contract (71%) or passing increased energy costs on to customers (69%). One in five (21%) report that stopping or reducing production of certain goods or services is a strategy or priority.
- The extent and type of response made by German firms was very similar to those across the EU, except for passing increasing energy costs to customers, which was higher among German firms than EU firms (69% versus 62%).

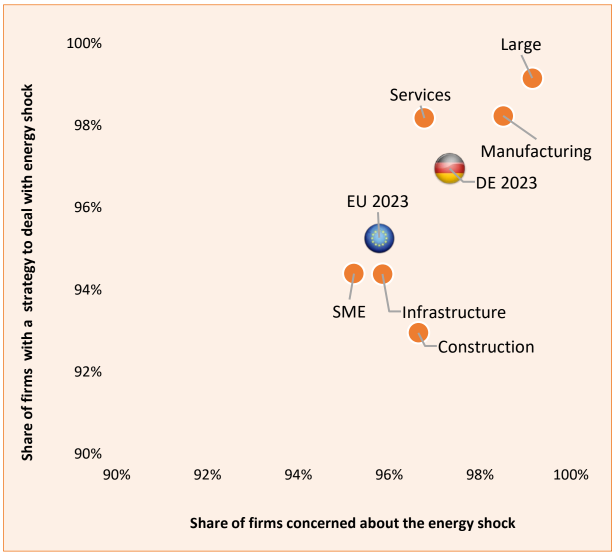


Q. Which, if any of the following, are your priorities/strategies to deal with the recent developments in the energy market?

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

IMPACT AND STRATEGIES TO DEAL WITH ENERGY SHOCK

- The proportion of firms in Germany concerned about the energy shock is very similar to that seen across the EU as whole (97% versus 96%). A similar proportion to the EU average adopted strategies to help deal with recent developments in the energy market (97% versus 95%).
- In Germany, concern was at a similar level for firms in all sectors, ranging from 98% of manufacturers to 95% among infrastructure firms. Levels of concern were very high among both large firms and SMEs (99% and 95%, respectively).
- Nearly all manufacturing and service sector firms (both 98%) had adopted strategies in response to the energy shocks. The construction sector had the lowest share of firms adopting strategies (93%). A higher proportion of large firms than SMEs adopted strategies to deal with the recent developments in the energy market (99% versus 94%).



Q. Which, if any, of the following, are your priorities/ strategies to deal with the recent developments in the energy market?

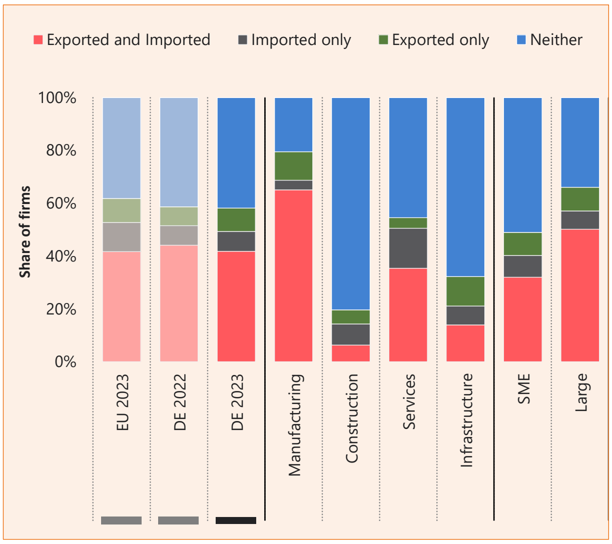
Q. Thinking about the energy shock, to what extent is your company concerned about …

Base: All firms for 'share of firms concerned about the energy shock'
Base: All firms (excluding don't know/refused responses) for 'share of firms with a strategy to deal with the energy shock'

International trade

ENGAGEMENT IN INTERNATIONAL TRADE

- Overall, 58% of German firms report to be engaged in international trade. This figure is almost identical to EIBIS 2022 (59%) but slightly below the current EU average (62%).
- While the majority of manufacturers (79%) and service sector firms (55%) in Germany are trading internationally, this accounts for relatively few construction (20%) or infrastructure firms (32%). Almost two-thirds of manufacturers (65%) are both exporters and importers of goods and/or services.
- Large firms are more likely than SMEs to be engaged in international trade (66% versus 49%). Half of Germany's large firms (50%) are both exporting and importing goods and/or services.

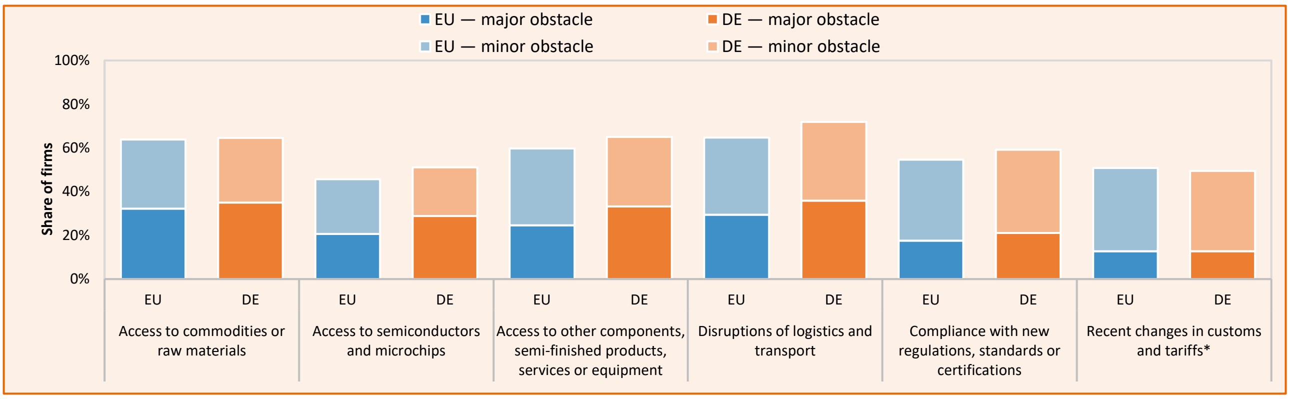


Q. In 2022, did your company export or import goods and/or services?

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

DISRUPTIONS RELATED TO INTERNATIONAL TRADE

- With the exception of recent changes in customs and tariffs (49%), each of the six obstacles covered by the survey had an impact on at least a half of German firms.
- Disruption to logistics and transport (72%) has been the largest obstacle, while almost two-thirds (65%) have been impacted by access to commodities or raw materials, or other components, services or equipment.
- In general, these obstacles were experienced by German firms to a similar extent as those across the EU. However, in relative terms disruption to logistics and transport is a bigger obstacle to firms in Germany than those throughout the EU (72% versus 65%).



Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

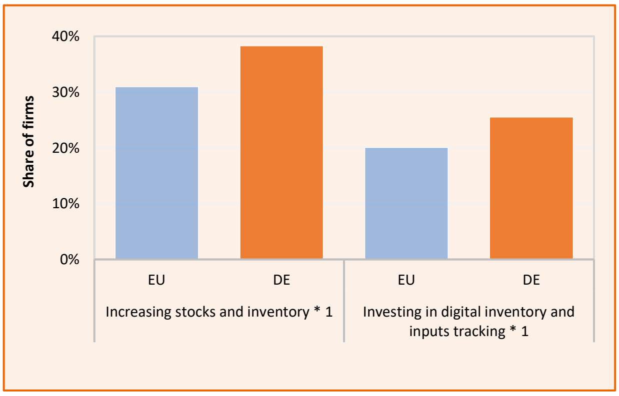
Base: All firms (excluding don't know/refused/not applicable responses)
**Base: All importers and exporters (excluding don't know/refused/not applicable responses)*

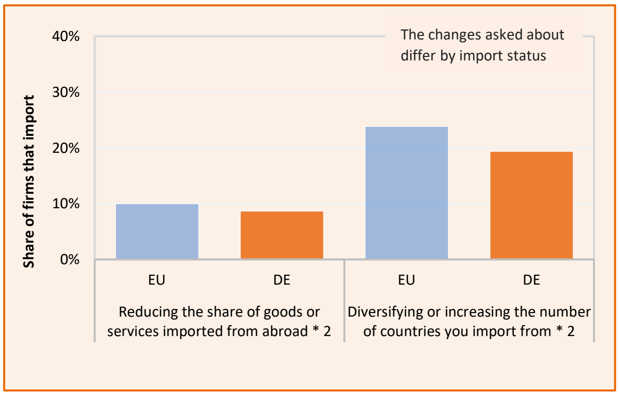
International trade

SOURCING STRATEGY

- Asked about potential changes to their sourcing strategy, firms in Germany are more likely than those across the EU to be investing or have plans to invest in increased stocks and inventory (38% versus 31%) and digital inventory and inputs tracking (26% versus 20%).

- German importers are equally as likely as those across the EU to have reduced or plan to reduce the share of goods or services imported from abroad (9% versus 10%) but are less inclined to diversify or increase the number of countries they import from or have plans to do so (19% versus 24%).





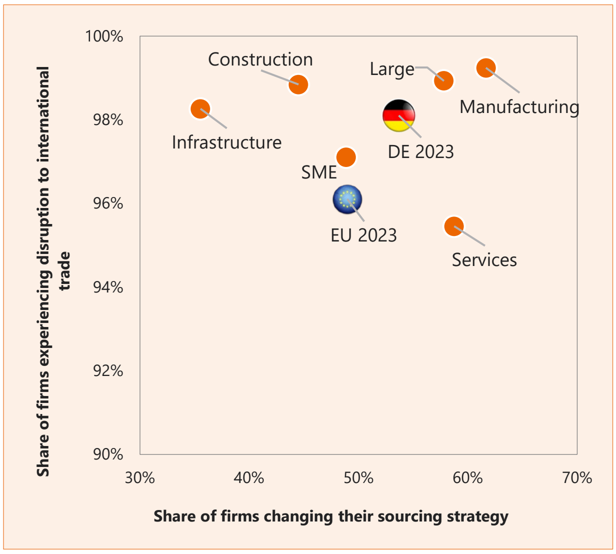
*** 1 = Asked to all, 2 = Asked to all importers**

Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

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

DISRUPTIONS AND SOURCING STRATEGY

- Almost all German firms faced at least one of the disruptions to international trade asked about (98%), and more than a half (54%) have changed their sourcing strategy or are planning to change it. The proportion changing or planning to change their sourcing strategy is slightly higher than the EU average (54% versus and 49%)
- Manufacturing and large firms are most likely to have changed or have plans to change their sourcing strategy (62% and 58% respectively). Infrastructure firms (36%) and SMEs (49%) are the least likely.



Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

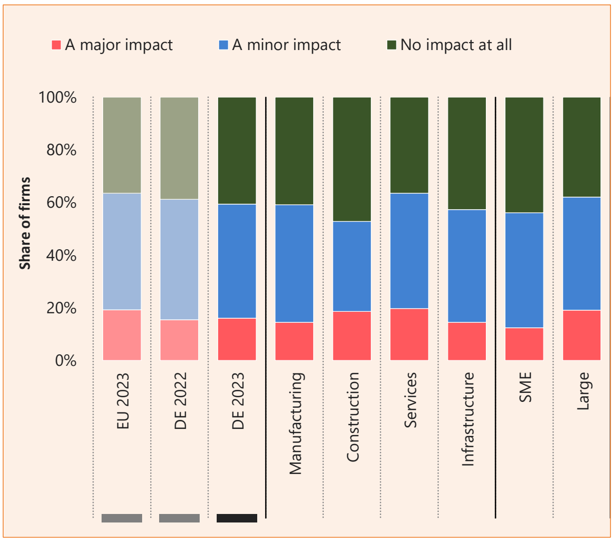
Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

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

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

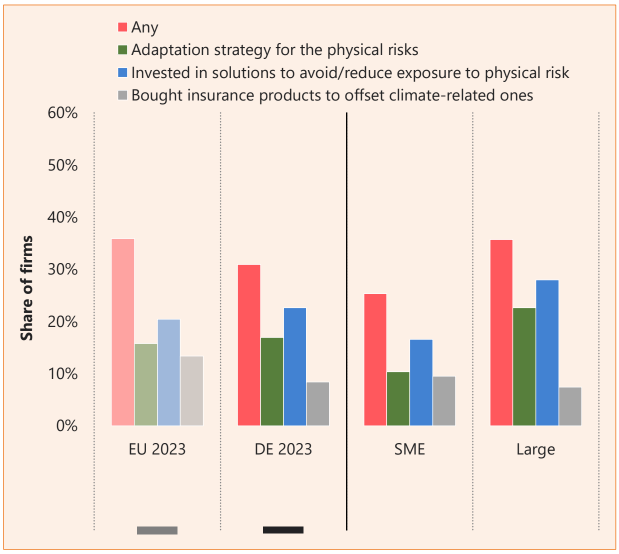
- Climate change is a reality for most German firms with three in five (59%) reporting weather events as having an impact on their business. This is a similar level to EIBIS 2022 (61%) but a little below the current EU average (64%).
- The figures are broadly consistent across all sectors, although construction firms are less likely than others to report weather events as having impacted their business (53%). This compares to 64% of services firms.
- A majority of SMEs (56%) say weather events have impacted their business, and the figure is even higher among large firms (62%).
- Among the service sector (20%) and large firms (19%), one in five say weather events are having a major impact on their business.



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



- Almost a third (31%) of German firms have developed or invested in measures to build resilience to the physical risks to their company caused by climate change. This is similar to the EU average (36%).
- German firms were more likely to invest in solutions to avoid or reduce the exposure to physical risks (23%), than to adapt their strategy (17%). Both figures are similar to the EU average (20% and 16%, respectively).
- Relatively few firms have bought insurance products to offset climate-related losses, and the proportion in Germany is lower than the EU average (8% versus 13%).
- Large firms were more likely than SMEs to have invested in solutions to avoid or reduce exposure to physical risks (36% versus 25%). But they were as likely as SMEs to have bought relevant insurance products (7% versus 9%).

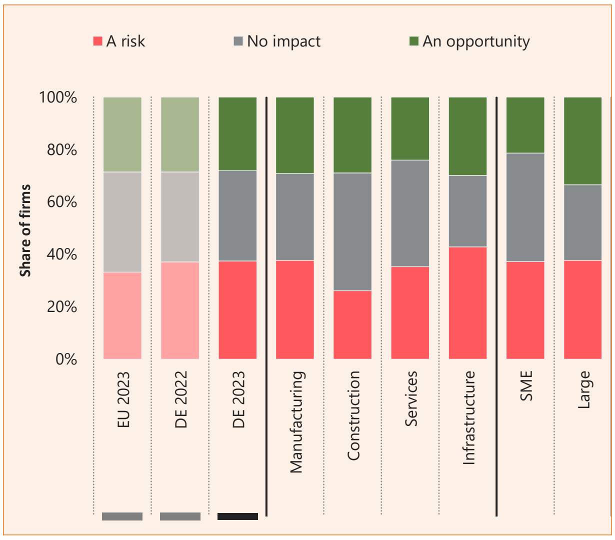
Q. Has your company developed or invested in any of the following measures to build resilience to the physical risks to your company caused by climate change?

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 seeing the transition to stricter climate standards and regulations as a risk is higher than the proportion regarding it as an opportunity (37% and 28%, respectively). This is similar to EIBIS 2022 and broadly in line with the current EU average.
- Construction is the only sector where more firms regard the transition to stricter climate standards and regulations as an opportunity rather than a risk (29% versus 26%). The balance regarding it as a risk rather than an opportunity is highest among infrastructure firms (43% versus 30%).
- Among both large firms and SMEs, businesses are more likely to think the transition represents a risk rather than an opportunity. However, the proportion saying it is an opportunity is higher within large firms than SMEs (34% versus 21%).

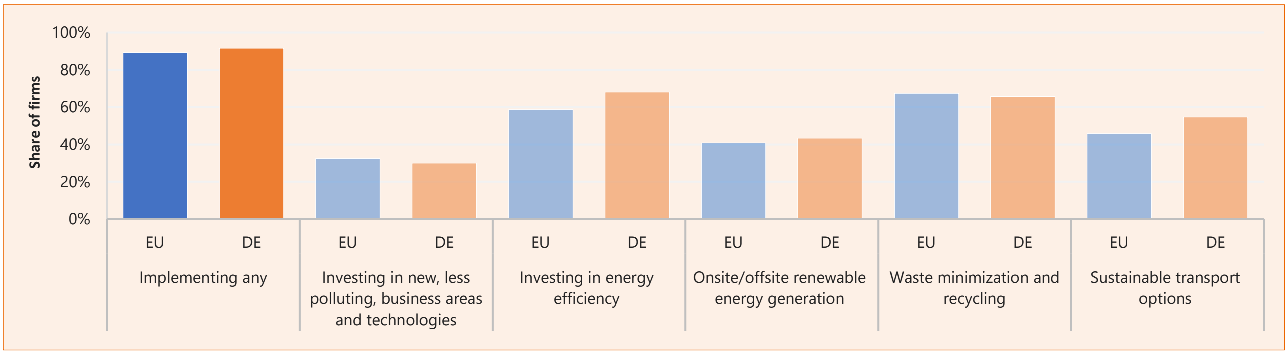


Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

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

ACTIONS TO REDUCE GREENHOUSE GAS EMISSIONS

- In line with the EU average, over nine in ten German firms (92%) are taking actions to reduce Greenhouse Gas (GHG) emissions.
- The main actions taken by German firms are investments in energy efficiency (68%) and waste minimization and recycling (66%). More than a half are also implementing or investing in sustainable transport options (55%).
- The figures for specific actions tend to match the EU average, although compared to the EU as a whole German firms are more likely to be investing in energy efficiency (68% versus 59%) or sustainable transport options (55% versus 46%)



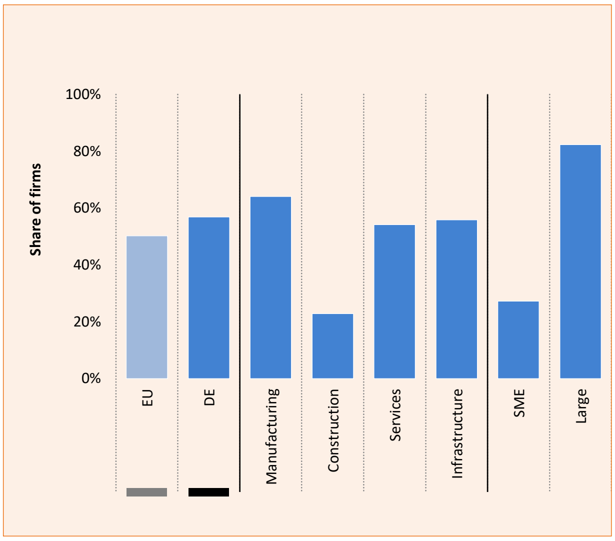
Q. Is your company investing or implementing any of the following, to reduce greenhouse gas (GHG) emissions?

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

Climate change and energy efficiency

ENERGY AUDIT

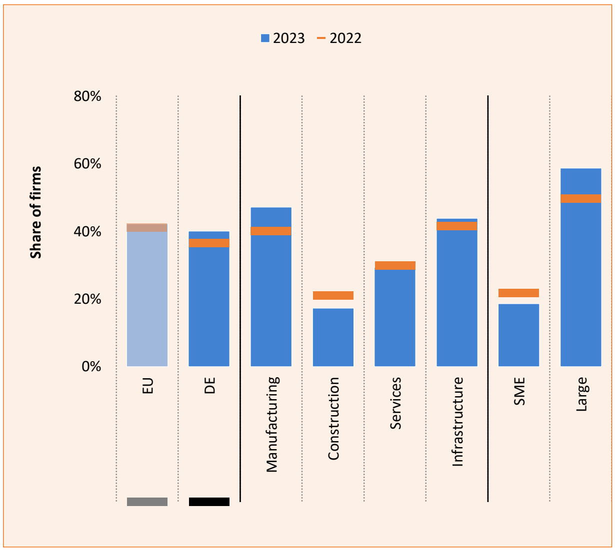
- Nearly six in ten (57%) German firms have had an energy audit in the past three years. That is an assessment of the energy needs and efficiency of their company's building or buildings. This is higher than the EU average (50%).
- Almost two-thirds of German manufacturers (64%) and over half of infrastructure (56%) and services firms (54%) have had an energy audit, but a much lower proportion of construction companies (23%) have taken this action.
- Over eight in ten large firms (82%) have had an energy audit in the past three years. This proportion is three times higher than for SMEs (27%).



Q. In the past three years, has your company had an energy audit (i.e. an assessment of the energy needs and efficiency of your company's building or buildings?

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

CLIMATE CHANGE TARGETS FOR OWN GREENHOUSE GAS EMISSIONS



- Four in ten firms in Germany (40%) report that they set and monitor targets for their own GHG emissions. This is slightly higher than in EIBIS 2022 (36%) and in line with the current EU average (42%).
- Just under half of manufacture firms (47%) set and monitor GHG targets. Meanwhile, construction is the only sector where the proportion of German firms setting and monitoring these targets has fallen slightly since EIBIS 2022 (down from 21% to 17%).
- Large firms are three times as likely as SMEs to say they set and monitor targets for their own GHG emissions (59% versus 19%).

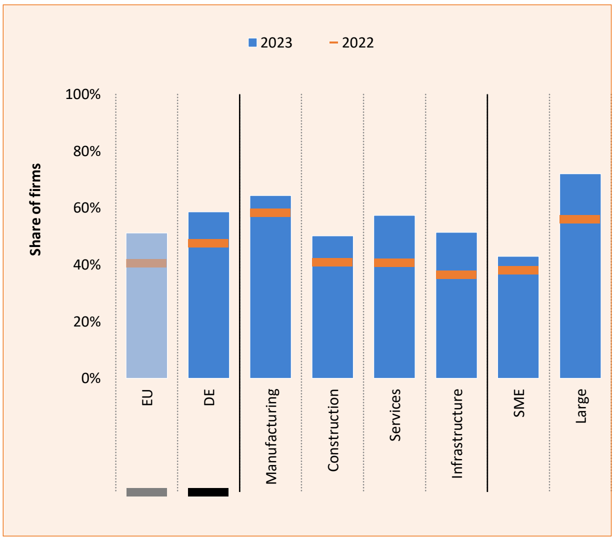
Q. Does your company… sets and monitors targets for its own greenhouse gas (GHG) emissions?

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

Climate change and energy efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- Nearly six in ten (59%) German firms invested in measures to improve energy efficiency in 2022. This is above the EU average of 51%, and an increase compared to the figure recorded for Germany in EIBIS 2022 (48%).
- Manufacturing firms in Germany (64%) were the most likely to be investing in energy efficiency, while construction firms were the least likely to be doing so (50%). In each sector the figure is higher than in EIBIS 2022 with the largest increase seen among service firms (up from 41% to 57%).
- Although the proportion of SMEs investing in measures to improve energy efficiency has increased slightly since EIBIS 2022 (from 38% to 43%), the figure is currently far higher among large firms (72%).

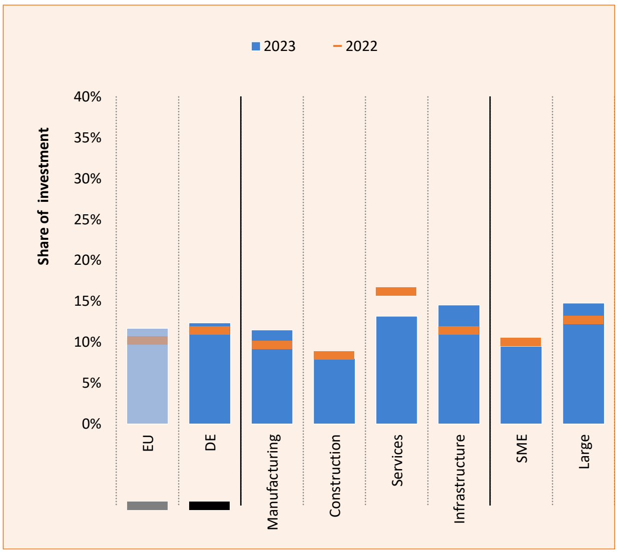


Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- An average of 12% of the investment made by firms in Germany was directed towards measures to improve the organisation's energy efficiency. This is almost the same proportion as in EIBIS 2022 (11%) and identical to the current EU average (12%).
- Infrastructure (15%) and services firms (13%) were using the biggest proportion of their total investment to improve energy efficiency. This represents a slight increase among infrastructure firms (from 11%). Construction firms (8%) were using less than a tenth of their total investment on measures to improve energy efficiency.
- Large firms were using a greater proportion of their total investment than SMEs to improve energy efficiency (15% versus 10%).

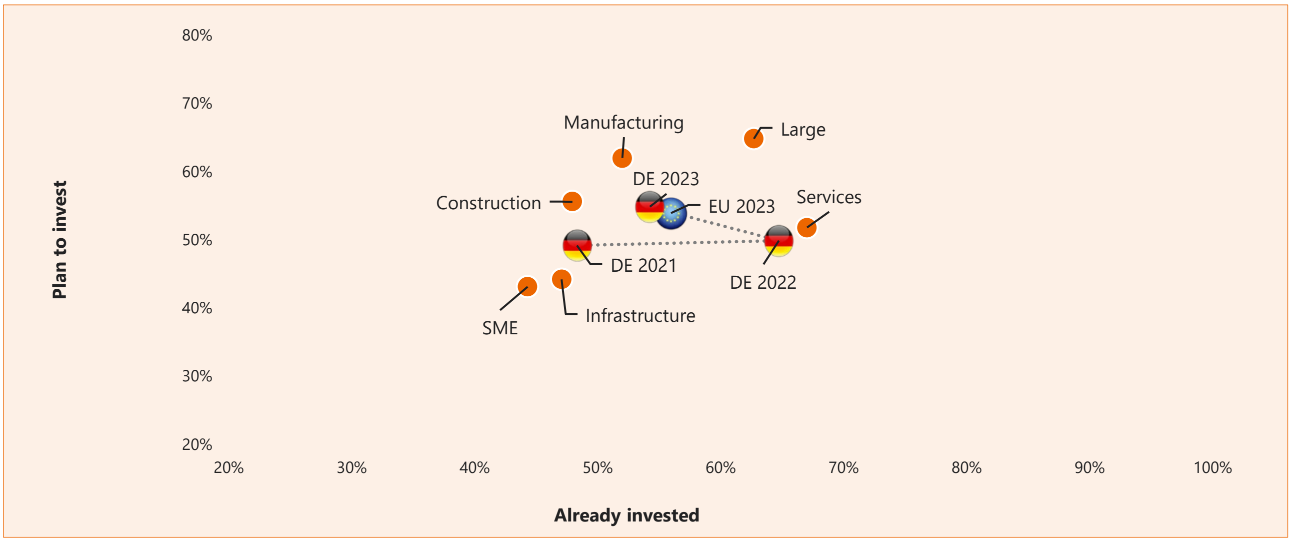


Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

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

Climate change and energy efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT



EIBIS 2022/2023:
Q. Which of the following applies to your company regarding investments to tackle the impacts of weather events and to help reduce carbon emissions?
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?

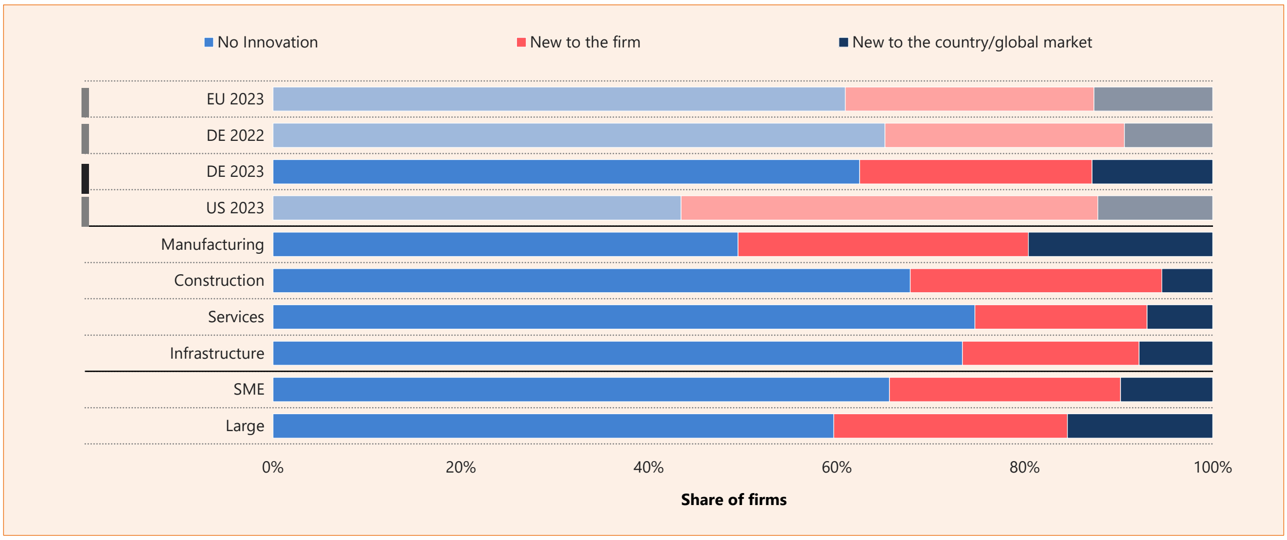
Please note: question change and an additional answer option was included in 2022, this may have influenced the data. Treat comparison to 2021 with caution.

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

- In Germany, 54% of firms have already invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions. This matches the current EU average (56%) but represents a large drop since EIBIS 2022 (65%).
- Over a half of German firms (55%) have plans to invest in these areas in the next three years. This also matches the EU average (54%) and is slightly higher than either EIBIS 2022 (50%) or EIBIS 2021 (49%).
- Services sector has the highest share of firms that have already invested to tackle the impacts of weather events (67%). Manufacturing has the highest proportion that plans to invest (62%), and with the exception of infrastructure (44%), more than a half of firms in every sector say they plan to make such investments.
- Large firms are more likely than SMEs to have already invested (63% versus 44%) and to have plans to invest (65% versus 43%).

Innovation activities

INNOVATION ACTIVITY



Q. What proportion of total investment in the last financial year was for developing or introducing new products, processes or services?
Q. Were the products, processes or services new to the company, new to the country or new to the global market?

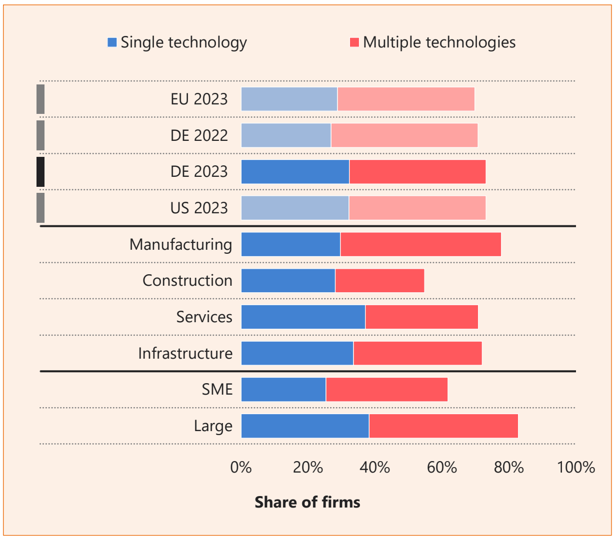
Base: All firms (excluding don't know/refused responses)

- Almost four in ten German firms (38%) developed or introduced new products, processes or services as part of their investment activities in 2022. This is similar to EIBIS 2022 (35%) and the current EU average (39%). By contrast, the majority of US firms (57%) developed or introduced new products, processes or services.
- Over one in ten firms in Germany (13%) report the development / introduction of products, processes or services new to either Germany or global markets. Again, this is similar to EIBIS 2022 (9%) and matches the current EU average (13%). It also matches the USA (12%).
- Manufacturing (51%) had the highest proportion of firms investing in innovation, with a fifth (20%), reporting the development / introduction of products, processes or services new to either Germany or global markets. The lowest investing shares in innovation are observed in services (25%) and infrastructure (27%).
- More large firms invested in innovation than SMEs (40% versus 34%).

Innovation activities

USE OF ADVANCED DIGITAL TECHNOLOGIES

- Almost three-quarters of firms in Germany (73%) used at least one advanced digital technology. This is similar to both the EU average (70%) and EIBIS 2022 (71%).
- Manufacturing firms (78%) are the most likely to have adopted at least one advanced digital technology. Only within construction (55%) fewer than two-thirds of firms used any digital technologies.
- Large firms are more likely than SMEs to have adopted such technologies (83% versus 62%) and are more inclined to use multiple digital applications (45% versus 36%).
- Firms in Germany make more use of robotics (55%) and digital platform technologies (56%) than other digital technologies. Relatively few (11%) have adopted augmented or virtual reality technology and overall their use of specific technologies tends to match that for the EU as a whole.
- Firms in Germany (31%) make greater use of 3D-printing than those across EU (23%) or in the US (17%). Their use of digital platform technologies (56%) is also higher than US firms (43%).



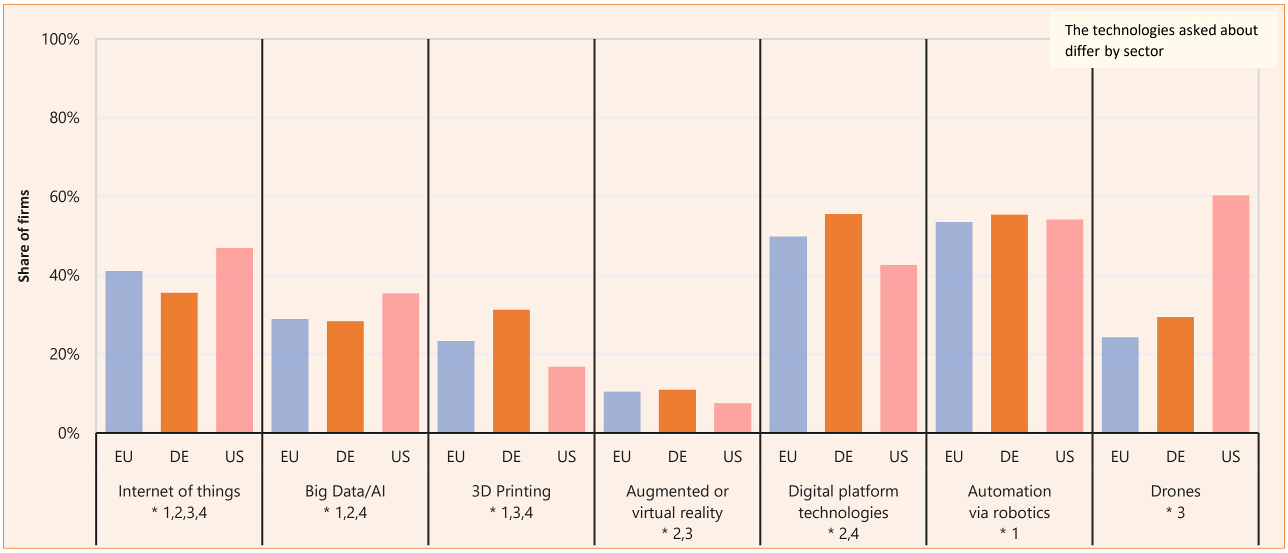
Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business.

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

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 to manufacturing firms, 2 = Asked to services firms, 3 = Asked to construction firms, 4 = Asked to 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.

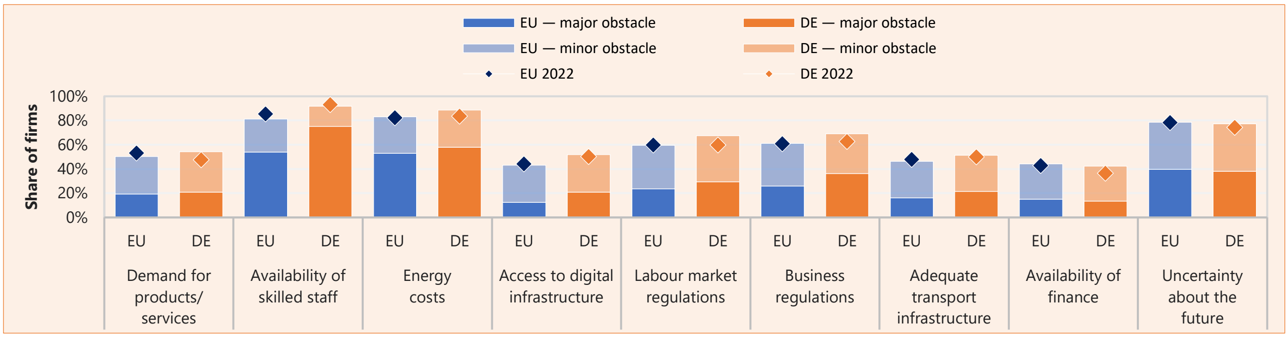
Base: All firms (excluding don't know/refused responses);
Sample size DE: Manufacturing (169); Construction (133); Services (139); Infrastructure (147).

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

Investment impediments

LONG-TERM BARRIERS TO INVESTMENT

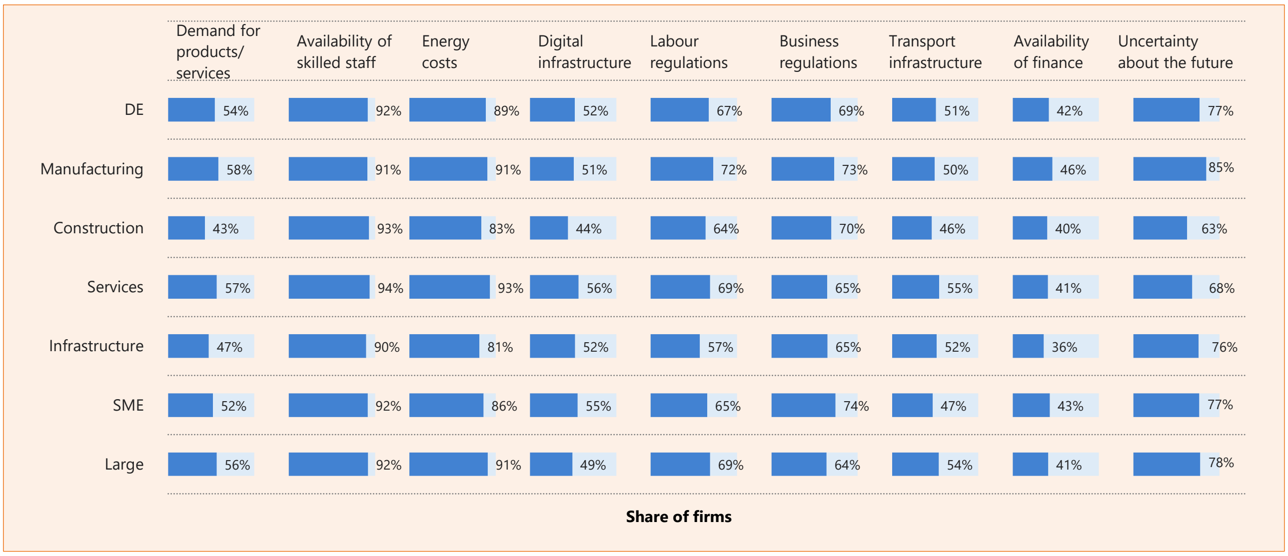
- In Germany, the long-term barriers to investment are considered to be availability of skilled staff (92%), energy costs (89%), and uncertainty about the future (77%). These are also the main barriers for firms across the EU.
- The impact of these barriers is not easing with the findings in Germany very similar to those of EIBIS 2022.
- At least 90% of firms in all sectors regard the availability of skilled staff as a long-term barrier to investment. At least 81% of infrastructure firms say energy costs are barrier and although they may use lower volumes than other firms, this rises to 93% of services firms. Manufacturers (85%) are the most likely to say uncertainty over the future is a barrier to investment.
- In every sector and among both large firms ands SMEs, a minority says availability of finance is a barrier to investment. SMEs (74%) consider business regulations a barrier to a greater extent than large firms (64%).



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 that 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

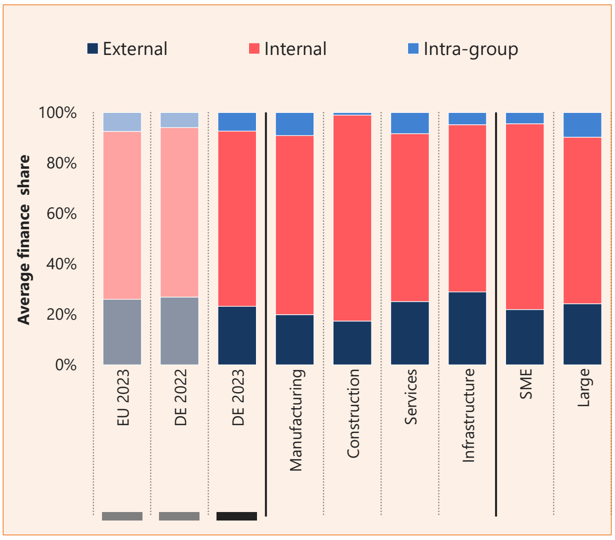
Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

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

Access to finance

SOURCE OF INVESTMENT FINANCE

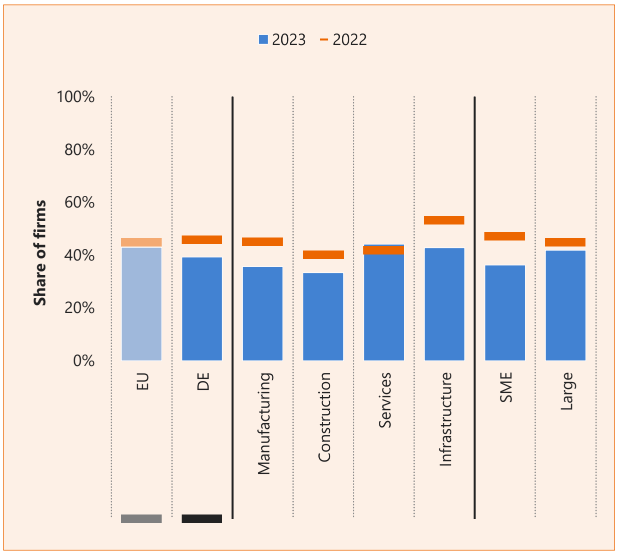
- For firms in Germany, internal sources accounted for the largest share of investment finance (70%). This is followed by external finance (23%) with the remainder (7%) coming from intra-group financing. All proportions are similar to EIBIS 2022 and this pattern of finance is very similar to that for firms across the EU.
- In all sectors at least 66% of investment finance came from internal sources. It rises to 82% for construction firms where there was very little intra-group finance (1%).
- SMEs financed a slightly higher proportion of their investment from internal sources (74%) than large firms (66%). Compared to SMEs (4%), large firms financed a higher proportion through intra-group funding (10%).



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

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

USE OF EXTERNAL FINANCE



- Approximately four in ten German firms (39%) that invested in the last financial year, funded some of this investment through external sources. This similar to the current EU average (43%) but lower than EIBIS 2022 (46%).
- With the exception of services (up from 42% to 44%), in every sector the proportion of firms that used external finance is lower than in EIBIS 2022. In relative terms, the biggest decline is for manufacturers. Construction firms (33%) were the least likely to have secured investment finance from external sources.
- The proportion of SMEs that obtained investment finance from external sources has dropped from 47% to 36%. In contrast, the figure for large firms remains almost unchanged (45% versus 42%).

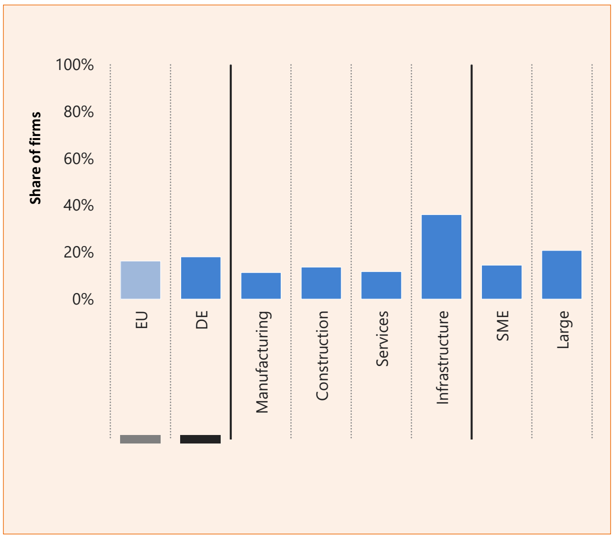
Q. Approximately what proportion of your investment in the last financial year was financed by each of the following

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

Access to finance

SHARE OF FIRMS WITH FINANCE FROM GRANTS

- Almost two in ten firms using external finance in Germany received grants (18%), similar to the EU average (16%).
- Over a third of infrastructure firms (36%) received grants. This is much higher than other sectors where the proportion ranges from 11% to 14%.

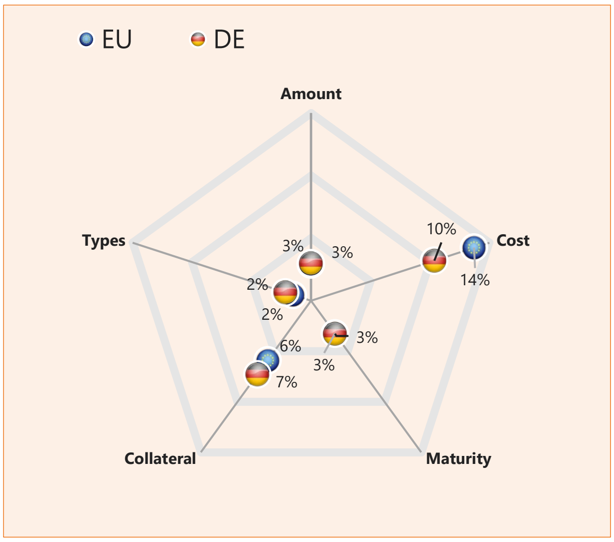


Q. What proportion of your total investment in the last financial year was financed by grants?

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

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED (% of firms)

- One in ten firms in Germany (10%) are dissatisfied with the the cost of external finance, while 7% are unhappy with collateral requirements. There is relatively little dissatisfaction with the amount made available (3%), the maturity terms (3%) or type (2%) of external finance.
- Levels of dissatisfaction in Germany are similar to the EU average, although German firms are a little less unhappy with the cost of external finance (10% versus 14%).



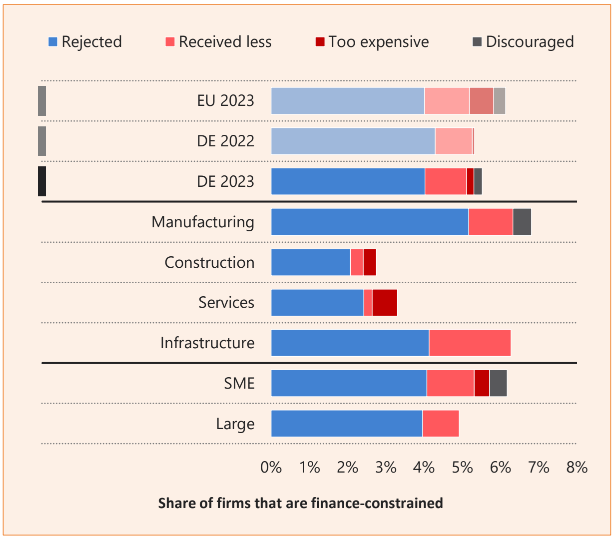
Q. How satisfied or dissatisfied are you with …?

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

Access to finance

SHARE OF FINANCE-CONSTRAINED FIRMS

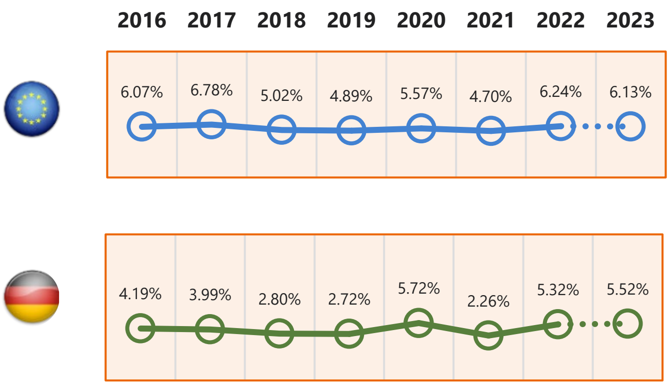
- The share of financially constrained firms in Germany (5.5%) is similar to EIBIS 2022 (5.3%) and the current EU average (6.1%).
- The main constraint reported by firms in Germany is rejection (4.0%), followed by an insufficient amount of finance being received (1.1%).
- The German manufacturing (6.8%) and infrastructure sectors (6.3%) have the biggest proportion of finance-constrained firms. It also appears to be higher among SMEs than large firms (6.2% versus 4.9%).



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 that 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

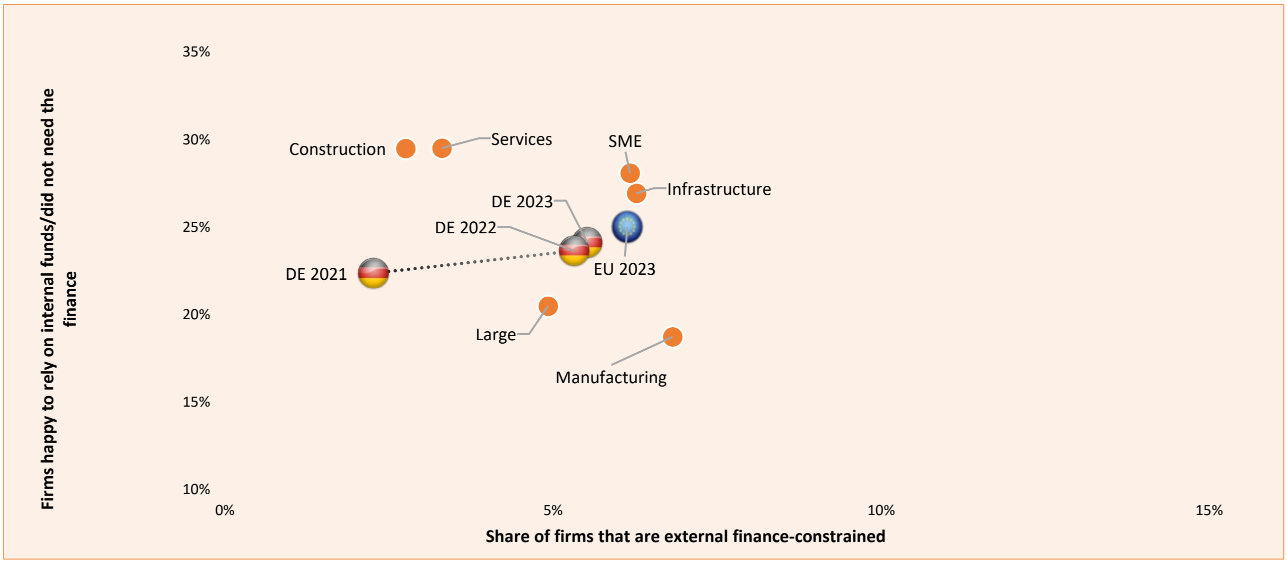


- The proportion of German firms that are finance constrained is almost the same as in EIBIS 2022 (5.5% versus 5.3%). However, with the exception of EIBIS 2020 (5.7%) this is the highest level the survey has recorded in Germany.
- In EIBIS 2021 the proportion of finance constrained firms in Germany was half the EU average. It is now much closer (5.5% versus 6.1%).

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

Access to finance

FINANCING CROSS



Data derived from the financial constraint indicator and firms indicating main reason for not applying for external finance was 'happy to use internal finance/didn't need finance'

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

- While 5.5% of German firms can be considered finance constrained in EIBIS 2023, almost a quarter (24%) report to be happy to rely on internal finance (or did not actually need any external finance). Both figures are very close to those recorded in EIBIS 2022 (5.3% and 24%, respectively). They also align with the latest figures for the EU as a whole (6.1% and 25%, respectively).
- In Germany, manufacturing and infrastructure firms are the most likely to be financially constrained, while manufacturers (19%) are also the least likely to be happy about relying on internal finance. Approximately three in ten construction (29%) and services firms (30%) are happy to rely on internal finance (or did not require any).
- More SMEs than large firms can be considered financially constrained (6.2% versus 4.9%) but they are also more content to rely on internal finance (28% versus 20%).

EIBIS 2023 – 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
	(12030)	(802)	(601)	(170)	(133)	(139)	(148)	(505)	(96)	(12030 vs 601)	(170 vs 133)	(505 vs 96)
10% or 90%	1.1%	3.9%	3.0%	5.1%	5.7%	5.9%	5.6%	2.6%	5.2%	3.2%	7.6%	5.8%
30% or 70%	1.8%	6.0%	4.6%	7.7%	8.8%	9.0%	8.6%	3.9%	7.9%	4.9%	11.7%	8.8%
50%	1.9%	6.5%	5.0%	8.4%	9.6%	9.8%	9.4%	4.3%	8.6%	5.4%	12.7%	9.6%

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 2023 country overview refers interchangeably to 'the past/last financial year' or to '2022'. Both refer to results collected in EIBIS 2023, where the question is referring to the past financial year, with the majority of the financial year in 2022 in case the financial year is not overlapping with the calendar year 2022.

EIBIS 2023 – Country technical details

The country overview presents selected findings based on telephone interviews with 601 firms in Germany (carried out between April and July 2023).

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

Base definition and page reference	EU 2023/2022	US 2023	Germany 2023/2022	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 5 (bottom left), p. 8 (top), p. 8 (bottom), p. 16 (top)	12030/12021	802	601/600	170	133	139	148	505	96
All firms (excluding don't know/refused responses), p. 5 (bottom right)	11624/11682	776	582/572	162	133	132	144	494	88
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 6 (top)	10147/9704	692	497/467	138	113	113	124	416	81
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 6 (bottom)	9948/9501	704	496/501	139	114	111	123	417	79
All firms (excluding 'Company didn't exist three years ago' responses), p. 7 (top)	12015/12005	802	599/598	170	133	138	147	503	96
All firms (excluding don't know/refused responses), p. 7 (bottom)	11880/11814	794	592/576	169	130	136	146	496	96
All firms (excluding don't know/refused responses), p. 9 (top)	11812/NA	782	584/NA	169	130	133	142	490	94
All firms (data not shown for those that said not an obstacle at all/don't know/refused), p. 9 (bottom)	12030/NA	802	601/NA	170	133	139	148	505	96
All firms (excluding don't know/refused responses), p. 10 (top)	11739/NA	786	596/NA	168	131	137	146	500	94
All firms (excluding don't know/refused responses), p. 10 (bottom)	11739/NA	786	596/NA	168	131	137	146	500	94
All firms (excluding don't know/refused responses) p. 11 (top)	11978/11975	800	597/594	168	133	137	148	502	95
All firms (excluding don't know/refused/not applicable responses), p. 11 (bottom)	6692/NA	284	240/NA	113	20	61	42	185	55
All firms (excluding Don't know/refused responses), p. 12 (top left)	11918/NA	797	598/NA	169	132	138	148	503	95
All firms that import (excluding don't know/refused responses), p. 12 (top right)	6151/NA	240	213/NA	100	20	58	32	164	49
All firms (excluding don't know/refused responses), p. 12 (bottom)	10139/NA	717	528/NA	161	112	122	124	440	88
All firms (excluding Don't know / refused responses) p. 13 (top)	11930/11911	797	597/593	167	133	139	147	501	96
All firms (excluding Don't know / refused responses), p. 13 (bottom)	11944/11909	789	599/594	169	133	138	148	504	95
All firms (excluding don't know/refused responses), p. 14 (top)	11433/11172	771	582/565	160	129	135	147	486	96
All firms (excluding don't know/refused responses), p. 14 (bottom)	11956/11964	800	596/595	167	132	138	148	501	95
All firms (excluding don't know/refused responses), p. 15 (top)	11549/NA	766	592/NA	167	131	135	148	498	94
All firms (excluding don't know/refused responses), p. 15 (bottom)	11836/11712	791	590/584	168	132	133	146	497	93
All firms that have invested in the last financial year (excluding don't know/refused responses), p. 16 (bottom)	10210/9752	707	492/479	142	107	112	123	412	80
All firms (excluding don't know/refused responses), p. 17	11721/11685	770	589/584	167	131	134	146	494	95
All firms (excluding don't know/refused responses), p. 18	11738/11735	780	581/573	165	128	135	142	489	92
All firms (excluding don't know/refused responses), p. 19 (top)	12009/11980	801	601/599	170	133	139	148	505	96
All firms (excluding don't know/refused responses), p. 19 (bottom)	11916/11844	800	599/593	169	133	139	147	504	95
All firms (data not shown for those who said not an obstacle at all/don't know/refused), p. 20 (top)	12030/12021	802	601/600	170	133	139	148	505	96
All firms (data not shown for those who said not an obstacle at all/don't know/refused), p. 20 (bottom)	12030/12021	802	601/600	170	133	139	148	505	96
All firms who invested in the last financial year (excluding don't know/refused responses), p. 21 (top)	10517/10051	697	509/493	141	116	116	127	426	83
All firms who invested in the last financial year (excluding don't know/refused responses), p. 21 (bottom)	10517/10051	697	509/493	141	116	116	127	426	83
All firms using external finance (excluding don't know/refused responses), p. 22 (top)	4269/4107	265	180/214	48	40	43	47	145	35
All firms that used external finance in the last financial year (excluding don't know/refused responses), p. 22 (bottom)	4184/3988	264	176/212	47	38	43	46	141	35
All firms (excluding don't know/refused responses), p. 23 (top)	11544/11504	729	569/545	159	130	129	140	483	86
All firms (excluding don't know/refused responses), p. 23 (bottom)	11544/11504	729	569/545	159	130	129	140	483	86
All firms (excluding don't know/refused responses), p. 24	11544/11473	729	569/544	159	130	129	140	483	86

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Overview

EIB INVESTMENT SURVEY
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