MARKET SNAPSHOT

Germany has a population of 82 million people and is the European Union’s most populous nation, making up around 16 per cent of the total EU-28 population of 512 million and 21 per cent of the EU-28 GDP (GTAI). As a result, Germany plays a leading role in the continent’s economic, political and security affairs.

Germany is the world’s fourth-largest economy with a GDP of EUR3.26 trillion in 2017. It is also the globe’s third-largest exporter, with an estimated value of around EUR1.27 trillion in 2017.

German industry has a history of advanced manufacturing and innovation, particularly in sectors such as automotive, aviation, defence, digital/ICT, life sciences and agribusiness. Germany is a leader in Industry 4.0, which is the increased use of automation and data exchange – also called “The Internet of Things” - in manufacturing.

Germany has a decentralised economy: Frankfurt is the country’s financial heart; Munich and Stuttgart have high-tech automotive industries; Southern Germany is well-known for ICT, biotechnology and medtech; Düsseldorf and Hamburg are telecommunications and media hubs; Munich and Hamburg for aviation and aerospace industries; and Berlin is one of the leading global startup locations. Many of these strengths and sectors overlap with the Australian Government’s priority industry sectors.

Exports are driven by highly innovative small and medium-sized enterprises (SMEs). These constitute 99.6 percent of all companies that employ almost 60 percent of all employees in Germany. Many of these SMEs are world market leaders in their respective niche segments (“hidden champions” or ‘the mittelstand”). Together with internationally leading companies - such as Bayer, BASF, Daimler, Volkswagen, and Siemens to name but a few - they make up Germany’s manufacturing industrial base.

Austrade’s Frankfurt Post has responsibility for Germany, the Netherlands, Austria and Switzerland.

Austrade is in regular contact with key German companies and hidden champions, including: Bosch, SAP, and Siemens.
GERMANY–AUSTRALIA RELATIONSHIP

There are at least 50 Australian businesses active in Germany. Major Australian investors in Germany include: CSL Behring (pharma/blood products); Quickstep Technologies (composite materials manufacturer); Bishop Technology Group (precision engineering); Sonic Healthcare (health sciences); and Macquarie Group (financial services). CSL Behring and Sonic Healthcare alone employ around 7000 people. German statistics show there were 662 German businesses operating in Australia in 2016 with 89,000 employees and a combined annual turnover of EUR 45.6 billion.

OPPORTUNITIES AND HIGHLIGHTS

**Austrade’s Frankfurt** office network extends across Germany, covering key centres of business and innovation such as Berlin, Munich, Hamburg, Frankfurt, Stuttgart and Hannover. These cities are key centres of opportunity for businesses and entrepreneurs alike.

**Germany’s R&D landscape** is characterized by a close cooperation between science and economy. It is based on the dense and decentralized network of more than 400 universities and technical colleges. The application-oriented research communities, Fraunhofer-Gesellschaft and Leibniz-Gemeinschaft, provide mainly small and medium-sized companies with access to top research. Fundamental research is undertaken by Max-Planck-Gesellschaft and Helmholtz-Gemeinschaft.

**Berlin** is a globally recognised hub for innovation and start-ups, and is a location for one of the five Australian Government Landing Pads. The Berlin landing pad based at Betahaus provides increased business insights and customer connections for Australian entrepreneurs during their time in Europe. While Berlin provides essential opportunities for B2C, Munich and Stuttgart start-up clusters are the centre of attention for B2B.

**Belectric**, a subsidiary of the German company RWE, has begun construction on the largest solar project to date in Australia, the Limondale Solar Farm located near Balranald in New South Wales. The project, whose capital expenditure is estimated at A$327 million, is planned to be fully operational in 2020 and will have an installed capacity of 349 megawatts peak (MWp). The farm will create employment opportunities for 300-400 contractors and will generate enough electricity to power up to 105,000 homes each year.

**Bayreuth University**, a top German educational institution with strengths in Advanced Manufacturing, graphene-related technologies and 3-D printing has opened a new gateway office in the Australian-German Energy Transition Hub at the University of Melbourne. The new office will support both German researchers and students in Australia as well as assisting Australian students and researchers wishing to visit Bayreuth. Such collaboration will increase Australia’s competitiveness and participation in the global marketplace.

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NUMBERS AT A GLANCE

**RANKED 5TH IN INNOVATION**

Germany is ranked 5th for innovation and 5th overall in the World Economic Forum Competitiveness Report 2017-2018.

**$13 BILLION**

Australia was Germany’s 28th largest export market in 2017, worth A$13.7 billion.

**HOME OF 12 LEADING UNIVERSITIES**

The Times Higher Education’s World University Rankings 2019 lists 12 Germany universities among the top 125. Leading universities include: Ludwig Maximilian University of Munich, Heidelberg University, Technical University of Munich, Humboldt University of Berlin, University of Freiburg and Aachen University.

**54 FORBES 2000 GLOBAL PUBLIC COMPANIES**

based in Germany, some of whom are major investors in Australia including: Volkswagen, Allianz, Daimler, BMW Group, Siemens, Deutsche Telekom, BASF, Bayer, SAP, Continental, Deutsche Post, E.ON, Fresenius, Munich RE, Henkel, Merck, RWE Group, Linde, Deutsche Lufthansa, Adidas, Deutsche Bank, HeidelbergCement, Talanx, EnBW-Energie Baden and Evonik.

**TOP 10 SOURCE OF FDI**

Germany has been one of the top 10 sources of FDI into Australia since 2003.