COVID 19: Impact on the German Economy

Our Speakers

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GTAI

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DIHK

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Chief Executive on Foreign Trade
DIHK
COVID 19: Impact on the German Economy

8th April 2020
ALL RESPONDENTS ARE IMPACTED, AND THE IMPACTS ARE COMPREHENSIVE AND SEVERE: MAIN EFFECTS

Please specify how your business in China has been affected by the novel coronavirus outbreak so far. (n=574, multiple answers possible)

- Decreased demand for products/services: 56%
- Inability to meet contractual delivery deadlines due to disruptions to logistics: 47%
- Staff shortages: 47%
- Manufacturing delays due to shortage of supplies: 45%
- Uncertainty and inability to make business and investment decisions: 44%
- Cash flow challenges: 36%
- Costs of HR compliance: 30%
- Increased demand for products/services: 7%
- Lay-offs: 4%
ALL RESPONDENTS ARE IMPACTED, AND THE IMPACTS ARE COMPREHENSIVE AND SEVERE:
BUSINESS REVENUE AND OUTLOOK

To what extent will the novel coronavirus outbreak and the resulting prevention- and-control measures impact your company's revenue in the first half of 2020? (n=566)

**Expected Impact on Revenue in H1 2020**

- No impact: 3%
- Decrease of less than 10%: 21%
- Decrease of up to & more than 20%: 48%
- Too early to state: 24%

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Do you plan to adjust your company's 2020 business performance target? (n=569)

**Business Outlook 2020**

- I don't know: 3%
- Too early to say: 28%
- Raise the target (moderate/significantly): 46%
- Maintain the target: 22%
- Lower the target (moderately/significantly): 1%

Source: Flash Survey Results | Beijing, 2/27/2020
STILL FAR AWAY FROM NORMAL – BUT ON THE WAY BACK

STAFFING RATE & PRODUCTION CAPABILITIES

By when do you expect your company's business operations to return to normal?
(n=292, per row, only one answer possible)

Staffing rate

- Already returned to normal
- End of Q2 16%
- End of Q3
- Too early to state
- Not applicable

Production & Manufacturing capabilities*

- Already returned to normal
- End of Q2 30%
- End of Q3
- Too early to state

* n/a: 22% (non-manufacturing companies)

Source: Flash Survey 2.0 Results | Beijing, 4/2/2020
STILL FAR AWAY FROM NORMAL – BUT ON THE WAY BACK
BIGGEST CHALLENGES ALONG THE WAY

Please specify how your business in China is currently affected by the COVID-19 epidemic.
(n=293, multiple answers possible, per frequency)

- Travel restrictions (e.g. quarantine measures, domestic and international travel disruptions) 245
- Decreased demand for products/services 211
- Disruptions to global supply chains 137
- Uncertainty and inability to make business and investment decisions 112
- Manufacturing delays due to shortage of supplies 109
- Cash flow challenges 109
- Inability to meet contractual delivery deadlines due to disruptions to domestic logistics 62
- Staff shortages 48
- Costs of HR compliance 43
- Increased demand for products/services 26
- Lay-offs 14

Source: Flash Survey 2.0 Results | Beijing, 4/2/2020

new item in March poll
unchanged from February poll
down from February poll

Source: AHK

GERMAN CHAMBER
of Commerce in China
中国德国商会
## Impact of COVID 19 on companies’ business

<table>
<thead>
<tr>
<th>Sector</th>
<th>Standstill of Business</th>
<th>Missing goods and services</th>
<th>Reorganization of supply chains</th>
<th>Shortfall of production</th>
<th>Logistical Bottlenecks</th>
<th>Losses due to missing employees</th>
<th>Less demand for products and services</th>
<th>Cutting back investment</th>
<th>Liquidity bottlenecks</th>
<th>Cancellation of orders</th>
<th>Risk of Insolvency</th>
<th>No effects</th>
<th>No estimate possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>26%</td>
<td>40%</td>
<td>12%</td>
<td>20%</td>
<td>41%</td>
<td>43%</td>
<td>65%</td>
<td>51%</td>
<td>37%</td>
<td>42%</td>
<td>9%</td>
<td>2%</td>
<td>6%</td>
</tr>
<tr>
<td>Construction</td>
<td>18%</td>
<td>34%</td>
<td>6%</td>
<td>6%</td>
<td>31%</td>
<td>46%</td>
<td>50%</td>
<td>43%</td>
<td>33%</td>
<td>41%</td>
<td>9%</td>
<td>3%</td>
<td>10%</td>
</tr>
<tr>
<td>Retail</td>
<td>68%</td>
<td>30%</td>
<td>6%</td>
<td>3%</td>
<td>22%</td>
<td>18%</td>
<td>62%</td>
<td>32%</td>
<td>51%</td>
<td>30%</td>
<td>21%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Wholesale</td>
<td>28%</td>
<td>45%</td>
<td>9%</td>
<td>5%</td>
<td>43%</td>
<td>27%</td>
<td>72%</td>
<td>42%</td>
<td>42%</td>
<td>44%</td>
<td>14%</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Transportation and storage</td>
<td>27%</td>
<td>22%</td>
<td>4%</td>
<td>3%</td>
<td>23%</td>
<td>34%</td>
<td>66%</td>
<td>41%</td>
<td>40%</td>
<td>53%</td>
<td>13%</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Travel</td>
<td>82%</td>
<td>9%</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>6%</td>
<td>60%</td>
<td>29%</td>
<td>55%</td>
<td>80%</td>
<td>38%</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>Hospitality</td>
<td>91%</td>
<td>6%</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td>8%</td>
<td>46%</td>
<td>36%</td>
<td>59%</td>
<td>66%</td>
<td>40%</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>35%</td>
<td>37%</td>
<td>7%</td>
<td>7%</td>
<td>28%</td>
<td>38%</td>
<td>51%</td>
<td>25%</td>
<td>35%</td>
<td>32%</td>
<td>15%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Person-related Services</td>
<td>50%</td>
<td>11%</td>
<td>2%</td>
<td>1%</td>
<td>5%</td>
<td>18%</td>
<td>65%</td>
<td>25%</td>
<td>35%</td>
<td>46%</td>
<td>16%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Business-related services</td>
<td>34%</td>
<td>14%</td>
<td>2%</td>
<td>3%</td>
<td>9%</td>
<td>20%</td>
<td>69%</td>
<td>37%</td>
<td>38%</td>
<td>54%</td>
<td>17%</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>43%</strong></td>
<td><strong>24%</strong></td>
<td><strong>5%</strong></td>
<td><strong>6%</strong></td>
<td><strong>20%</strong></td>
<td><strong>25%</strong></td>
<td><strong>63%</strong></td>
<td><strong>38%</strong></td>
<td><strong>41%</strong></td>
<td><strong>48%</strong></td>
<td><strong>18%</strong></td>
<td><strong>2%</strong></td>
<td><strong>4%</strong></td>
</tr>
</tbody>
</table>

Source: Corona Survey, DIHK 2020, 3/27/2020
Impact of COVID 19 on companies’ business

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less demand for my products and services</td>
<td>62.9%</td>
</tr>
<tr>
<td>Cancellation of orders</td>
<td>47.6%</td>
</tr>
<tr>
<td>Standstill of business</td>
<td>43.4%</td>
</tr>
<tr>
<td>Liquidity bottlenecks</td>
<td>41.3%</td>
</tr>
<tr>
<td>Investments are being cut back</td>
<td>37.5%</td>
</tr>
<tr>
<td>Losses due to missing employees</td>
<td>25.4%</td>
</tr>
<tr>
<td>Missing goods and services</td>
<td>24.0%</td>
</tr>
<tr>
<td>Logistical bottlenecks</td>
<td>20.4%</td>
</tr>
<tr>
<td>Risk of insolvency</td>
<td>17.6%</td>
</tr>
<tr>
<td>Shortfall of production</td>
<td>6.1%</td>
</tr>
<tr>
<td>We are planning or have reorganized our supply chains</td>
<td>5.2%</td>
</tr>
<tr>
<td>No estimate possible at present</td>
<td>4.5%</td>
</tr>
<tr>
<td>No effects</td>
<td>1.9%</td>
</tr>
</tbody>
</table>
Development of the employment plans due to the Corona pandemic

- Employing additional personnel: 2%
- Unchanged personnel: 60%
- Reducing personnel: 38%

Source: Corona Survey, DIHK 2020, 3/27/2020
[link](#)
### Support measures of particular relevance from a business perspective

<table>
<thead>
<tr>
<th>Measure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency aid in the form of grants</td>
<td>68.7%</td>
</tr>
<tr>
<td>Short-time compensation</td>
<td>67.6%</td>
</tr>
<tr>
<td>Tax deferral / reduction of advance payments</td>
<td>60.5%</td>
</tr>
<tr>
<td>Loans (KfW or promotional banks of the federal states)</td>
<td>31.2%</td>
</tr>
<tr>
<td>Bank loans</td>
<td>15.6%</td>
</tr>
<tr>
<td>Guarantees</td>
<td>12.1%</td>
</tr>
<tr>
<td>No state support necessary</td>
<td>6.3%</td>
</tr>
<tr>
<td>Other support measures</td>
<td>5.2%</td>
</tr>
<tr>
<td>Export credit insurance</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

Source: Corona Survey, DIHK 2020, 3/27/2020 [link](#)
Share of companies feeling a negative impact of Covid-19 on their business by sector

- Hospitality industry: 99.9%
- Travel industry: 99.5%
- Person-related services: 94.6%
- Transportation and storage: 94.4%
- Retail: 93.3%
- Total: 92.4%
- Wholesale: 91.5%
- Business-related services: 91.2%
- Industry: 88.9%
- Healthcare industry: 88.0%
- Construction: 86.8%

Source: Corona Survey, DIHK 2020
Local certification requirements
Sanctions
High safety requirement levels
High tariff levels
Local content
Others
Limited access to public tenders
Limitation for the free movement of services in the EU
Conditions for technology transfer

Source: Going International, DIHK 2020, 4/7/2020
(Multiple answers possible)

Rising Trade Barriers

Source: Going International, DIHK 2020, 4/7/2020
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8th April 2020