BAVARIA: Your partner in the heart of Europe
NEWS

Munich, Europe’s #1 Tech Hub & the World’s #4 in Quality of Living

#1 European tech hub, as rated by the European Commission
#4 worldwide in overall quality of living, as rated by Mercer

IBM makes Munich its global headquarters for Watson IoT

1,000+ employees in Munich’s HQ
Biggest investment in Europe in two decades
$3 billion investment in Munich’s HQ and 8 other global centers

Why Munich: by Dr. John E. Kelly, SVP, Cognitive Solutions and IBM Research

• unique combination of industrial sector participants
• tremendous technical expertise
• tremendous universities
• tremendous infrastructure

German Federal Ministry of Economy awards Bavaria with 3 digital hubs

Digital Hubs to foster cooperation between German and international founders, researchers, investors and large corporations

Digital Hub for Mobility at Munich’s UnternehmerTUM, Europe’s biggest center for innovation and business creation

Digital Hub for InsurTech at Munich’s Werk.1 Accelerator

Digital Hub for Health at Medical Valley, Bavaria’s medtech cluster and global center for medical excellence in European Metropolitan Region of Nuremberg (Northern Bavaria)
ABOUT BAVARIA

• Bavaria by the numbers
• Bavaria, Europe’s premier high-tech business location
• Bavaria’s economy
• Bavaria’s foreign trade
• Bavaria’s corporate ecosystem
• Bavaria’s labor force
• Bavaria’s education system
• Bavaria’s tax environment
• Bavaria’s world class infrastructure
• U.S. - Bavarian relationship
Bavaria by the numbers:
Area | GDP | Population

- **Area:** 70,550 km$^2$ / 27,241 sq miles
  Germany’s largest Federal State

- **GDP:** €522 billion
  Ahead of 21 of 28 Member States

- **Population:** 12.7 million
  No. 9 in EU
Bavaria by the numbers:
Top rankings

- #1 Large European cities for Economic Potential (Munich)
- #1 European IT location
- #1 Biotech region in Germany
- #1 VC region in Germany
- #1 Insurance region in Germany
- #1 Media location in Germany
- #1 Large European cities – Overall (Munich)
- #4 Quality of living worldwide ranking (Munich)
- #2 German State in GDP

### TOP 10 LARGE EUROPEAN CITIES – ECONOMIC POTENTIAL

<table>
<thead>
<tr>
<th>RANK</th>
<th>CITY</th>
<th>COUNTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Munich</td>
<td>Germany</td>
</tr>
<tr>
<td>2</td>
<td>Stuttgart</td>
<td>Germany</td>
</tr>
<tr>
<td>3</td>
<td>Dresden</td>
<td>Germany</td>
</tr>
<tr>
<td>4</td>
<td>Cologne</td>
<td>Germany</td>
</tr>
<tr>
<td>5</td>
<td>Amsterdam</td>
<td>Netherlands</td>
</tr>
<tr>
<td>6</td>
<td>Dusseldorf</td>
<td>Germany</td>
</tr>
<tr>
<td>7</td>
<td>Oslo</td>
<td>Norway</td>
</tr>
<tr>
<td>8</td>
<td>Frankfurt</td>
<td>Germany</td>
</tr>
<tr>
<td>9</td>
<td>Hamburg</td>
<td>Germany</td>
</tr>
<tr>
<td>10</td>
<td>Hanover</td>
<td>Germany</td>
</tr>
</tbody>
</table>

### TOP 10 LARGE EUROPEAN CITIES – OVERALL

<table>
<thead>
<tr>
<th>RANK</th>
<th>CITY</th>
<th>COUNTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Munich</td>
<td>Germany</td>
</tr>
<tr>
<td>2</td>
<td>Amsterdam</td>
<td>Netherlands</td>
</tr>
<tr>
<td>3</td>
<td>Glasgow</td>
<td>UK</td>
</tr>
<tr>
<td>4</td>
<td>Rotterdam</td>
<td>Netherlands</td>
</tr>
<tr>
<td>5</td>
<td>Birmingham</td>
<td>UK</td>
</tr>
<tr>
<td>6</td>
<td>Lisbon</td>
<td>Portugal</td>
</tr>
<tr>
<td>7</td>
<td>Leipzig</td>
<td>Germany</td>
</tr>
<tr>
<td>8</td>
<td>Wroclaw</td>
<td>Poland</td>
</tr>
<tr>
<td>9</td>
<td>Katowice</td>
<td>Poland</td>
</tr>
<tr>
<td>10</td>
<td>Bordeaux</td>
<td>France</td>
</tr>
</tbody>
</table>

Source: fDi 2014, European Commission, Invest in Bavaria
Bavaria: Europe’s premier high-tech business location

- Easy access to 500 million EU-consumers (12% German speaking) with a GDP of EUR 1.4 trillion
- Economic hub for international trade
- Gateway to Central and Eastern Europe
- Close to high performing regions in Austria, Switzerland and Northern Italy
Bavaria’s economy:
Dynamic and strong

- **Prosperous**
  - GDP per Capita: €39,691
  - 1st in Germany

- **Stable**
  - Unemployment rate: 3.8%
  - Germany: 6.7%

- **Productive**
  - GDP: €522 billion
  - 17.9% of German total

- **Dynamic**
  - 125,730 businesses founded
  - 17.4% of German total

- **Growth oriented**
  - GDP Growth rate: 1.8%

- **Competitive**
  - Export volume: €167.8 billion

- **Innovative**
  - 15,550 patent applications
  - 32% of Germany
Bavaria’s economy: Primary industries

- Trade, Transport & Tourism: 25.7%
- Manufacturing: 20.5%
- Public & Private Service Providers: 28.2%
- Information Technology, Professional Services, Finance, Real Estate: 16.4%
- Agriculture / Forestry / Fishery: 6.1%
- Construction: 2.0%
- Other: 1.0%
Bavaria’s foreign trade: Strong exports for years

Source: Bayerisches Landesamt für Statistik and Datenverarbeitung | 2013
Bavaria’s foreign trade: Key exports

- Vehicles: 32%
- Electrical products: 17%
- Machinery: 16%
- Chemicals, Plastics, Pharmaceuticals: 11%
- Metal and Iron Goods: 4%
- Semi-finished goods: 4%
- Textiles, Clothing: 1%
- Paper and Printing Industry: 2%
- Food Industry: 5%
- Other: 7%
Bavaria’s foreign trade:
Leading trading partners

### The 20 Main Foreign Export Partners of Bavaria | Germany in 2014

<table>
<thead>
<tr>
<th>Country</th>
<th>exports in mio. EUR</th>
<th>% change to 2013</th>
<th>Country</th>
<th>exports in mio. EUR</th>
<th>% change to 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>19.685</td>
<td>4.1</td>
<td>Germany</td>
<td>96.077</td>
<td>7.5</td>
</tr>
<tr>
<td>China</td>
<td>16.432</td>
<td>6.4</td>
<td>China</td>
<td>74.504</td>
<td>11.4</td>
</tr>
<tr>
<td>Austria</td>
<td>12.974</td>
<td>-2.6</td>
<td>Austria</td>
<td>56.234</td>
<td>-0.1</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>12.723</td>
<td>17.6</td>
<td>United Kingdom</td>
<td>84.067</td>
<td>11.4</td>
</tr>
<tr>
<td>France</td>
<td>11.414</td>
<td>-1.5</td>
<td>France</td>
<td>102.067</td>
<td>2.1</td>
</tr>
</tbody>
</table>

### The 20 Main Foreign Import Partners of Bavaria | Germany in 2013

<table>
<thead>
<tr>
<th>Country</th>
<th>imports in mio. EUR</th>
<th>% change to 2013</th>
<th>Country</th>
<th>imports in mio. EUR</th>
<th>% change to 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>14.974</td>
<td>1.2</td>
<td>Austria</td>
<td>36.432</td>
<td>-1.0</td>
</tr>
<tr>
<td>China</td>
<td>12.044</td>
<td>2.7</td>
<td>China</td>
<td>79.349</td>
<td>6.4</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>10.645</td>
<td>11.3</td>
<td>Czech Republic</td>
<td>36.880</td>
<td>11.7</td>
</tr>
<tr>
<td>Italy</td>
<td>10.448</td>
<td>1.9</td>
<td>Italy</td>
<td>48.487</td>
<td>3.3</td>
</tr>
<tr>
<td>USA</td>
<td>9.481</td>
<td>2.5</td>
<td>USA</td>
<td>48.600</td>
<td>0.0</td>
</tr>
</tbody>
</table>
Bavaria’s corporate ecosystem: Local players are global players

Over 25% of German DAX 30 listed companies are located in Bavaria
Over 20% of Germany’s global market leaders are from Bavaria

- **Allianz** - World’s leading insurance company
- **SIEMENS** - World’s leading company in industry, energy and health sectors
- **BMW** - World’s leading premium car manufacturer
- **MAN** - World market leader for diesel engines
- **EADS** - Second-biggest aerospace manufacturer in the world
- **THE LINDE GROUP** - World market leader in gas and engineering sectors
- **WACKER** - World market leader in the development of cyclodextrins (ring-shaped sugar molecules)
- **adidas** - Second-biggest sportswear manufacturer in the world
- **PUMA** - World’s third-largest sporting goods manufacturer
- **infineon** - Global market leader in power semiconductors
Bavaria’s corporate ecosystem:
Home to 1,200+ US companies
Bavaria’s labor force: Highly skilled employees

- Outstanding school education and excellent universities
- World renowned dual system of professional education and training
- 4,400 ICT (Information & Communication Technology) university graduates per year
- Leading companies in R&D are attracting top researchers from around the world

“Bavaria has a great pool of talents. That’s partly thanks to the industry in Bavaria that attracts people from outside the state as well, but it’s also thanks to its great universities. [They] are leaders in academic research, and in educating top, top people – nationwide […]. You might even go on a global scale and say that you wouldn’t find many universities like the ones in Bavaria that have the same level of quality in the education of young engineers.

– Dr. Carlos Härtel, CEO, GE Germany & GE European Research Center
Bavaria’s outstanding education system:
88 universities and research institutions

- **11** Universities
- **2** Elite Universities: LMU & TU
  + **3** further successful Universities within the Initiative for Excellence (Wurzburg, Bayreuth, Erlangen-Nuremberg)
- **24** Universities of Applied Sciences
- **13** Max Planck Institutes
- **3** Institutes of the Helmholtz association
- **8** Institutions of the Fraunhofer Society
- **10** Research and transfer centres
- **14** Research associations
Bavaria’s labor system: Social security and costs

Social Security Contributions in Germany

<table>
<thead>
<tr>
<th>Social Security Insurance Components ¹ (in % of gross wage)</th>
<th>Employer/Employee Share (in % of gross wage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.9% pension insurance</td>
<td>9.45% employer</td>
</tr>
<tr>
<td></td>
<td>9.45% employee</td>
</tr>
<tr>
<td>15.5% health insurance</td>
<td>7.3% employer</td>
</tr>
<tr>
<td></td>
<td>8.2% employee</td>
</tr>
<tr>
<td>3.0% unemployment insurance</td>
<td>1.5% employer</td>
</tr>
<tr>
<td></td>
<td>1.5% employee</td>
</tr>
<tr>
<td>2.05% nursing care insurance</td>
<td>1.025% employer</td>
</tr>
<tr>
<td></td>
<td>1.025% employee</td>
</tr>
<tr>
<td>1.3% accident insurance</td>
<td>1.3% employer²</td>
</tr>
<tr>
<td></td>
<td>1.3% employer³</td>
</tr>
</tbody>
</table>

¹ plus minor allocations
² plus additional contribution
³ childless employees aged above 23 years pay an extra 0.25% nursing care insurance. Specific regulations apply in the federal state of Saxony.

4 average accident insurance contribution 2013 according to the German Social Accident Insurance (DGUV)

Labor Cost Growth in Total Economy 2004-2013 (annual average growth in percent)

<table>
<thead>
<tr>
<th>Country</th>
<th>2004-2013 Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>1.7%</td>
</tr>
<tr>
<td>France</td>
<td>1.9%</td>
</tr>
<tr>
<td>Spain</td>
<td>2.4%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2.6%</td>
</tr>
<tr>
<td>UK</td>
<td>3.0%</td>
</tr>
<tr>
<td>Czech Rep.</td>
<td>4.5%</td>
</tr>
<tr>
<td>Hungary</td>
<td>5.0%</td>
</tr>
<tr>
<td>Slovak Rep.</td>
<td>5.2%</td>
</tr>
<tr>
<td>Poland</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

Source: Germany Trade & Invest 2014, Eurostat 2013
Bavaria’s tax environment: Competing with low tax countries in Europe and overseas

- One of the most competitive tax systems among big industrialized countries
- Germany’s overall corporate tax burden for companies = average of 29.83%
- Bavaria’s Corporate lowest tax burden is 23.88%
- Corporate taxation in Germany
  - corporate income tax 15% nationwide
  - solidarity surcharge 0.825% nationwide
  - trade tax (municipal tax) 7%-14%
Bavaria’s world class infrastructure: Gateway to the world

**International Airport Munich**
- **World’s #4 best** Airport, World Airport Awards (2017)
- **Germany’s #2 largest** Airport
- **240 Destinations in 68 Countries**
- **42 million** Passengers (2016)
- **380,000** Aircraft Movements (2016)
- **12 cities in North America** connected non-stop to Munich
  - Atlanta
  - Boston
  - Charlotte
  - Chicago
  - Los Angeles
  - New York
  - Montreal
  - Philadelphia
  - San Francisco
  - Toronto
  - Washington
U.S. – Bavarian relationship:
The United States in Bavaria

• **Largest U.S. community** in Germany (23,00 Americans in Bavaria)
• **31 city partnerships** between Bavaria and the USA
• **243 university partnerships** between Bavaria and the USA
• **6 U.S. State representative offices** in Bavaria (CO, FL, GA, SC, VA, WV)
• **U.S. Consulate General**, Munich: [www.munich.usconsulate.gov](http://www.munich.usconsulate.gov)
• **U.S. – German organizations in Bavaria:**
  – German-American Institute, Nuremberg: [www.dai-nuernberg.de](http://www.dai-nuernberg.de)
  – Bavarian-American Academy, Munich: [www.amerika-akademie.de](http://www.amerika-akademie.de)
  – Council of American States in Europe, Munich: [www.case-europe.com](http://www.case-europe.com)
  – American Chamber of Commerce in Germany, Munich: [www.amcham.de](http://www.amcham.de)
  – Bavarian-American Center, Munich: [www.amerikahaus.de](http://www.amerikahaus.de)
  – American-German Business Club, Munich: [www.agbc.de](http://www.agbc.de)
  – Bavaria-California Technology Center, Erlangen: [www.bacatec.de](http://www.bacatec.de)
ABOUT INVEST IN BAVARIA

• Tailored services for your business expansion
• Making the right connections
• Growing internationally from Bavaria
• Companies we have helped to successfully expand
• Invest in Bavaria’s representative offices around the world
• Your contact at Invest in Bavaria
Invest in Bavaria:
Tailored services for your business expansion

Planning and Preparation
• Information on market and business environment for your company
• Information on relevant sector and technology networks
• Overview of fundamental legal and taxation issues
• Brokering of contacts to (industry) experts and service providers
• Overview of support and financing instruments for your company

Site Search
• Development of project-related location criteria
• Presentation of ideal locations in Bavaria and organization of site visits
• Identification of suitable commercial properties and spaces
• Identification and brokering of contacts to the relevant support institutions

Implementation
• Coordination with all project partners
• Brokering of contacts to sector/technology networks, support and financing partners
• Communication with authorities and local economic promotion agencies
• Assistance with human resources issues (e.g. Federal Employment Agency)

Grow in Bavaria and Beyond
• Information on programs and networking (e.g. trade shows, international cooperation, R&D)
• Worldwide network of Bavarian representatives abroad for your internationalization plans
• Information about useful company databases and sector networks which serve your purposes
Invest in Bavaria:
We help you make the right connections
Invest in Bavaria:
We help you grow internationally from Bavaria

Participation in overseas Trade Fairs

Bayern – Fit for Partnership

Sector-specific (overseas) business trips to key markets

Go International

Official outgoing and incoming trade delegations

www.bayern-international.de/en

Funding and financial support via LfA Förderbank Bayen
Invest in Bavaria:
Companies we have helped to successfully expand
Invest in Bavaria with 24 representations. We are there for you locally worldwide.
Your contact at Invest in Bavaria:
We look forward to discussing your opportunities

Jan Danisman
Executive Director - East Coast

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