KPMG

CHKD 德国中国商会
Die Chinesische Handelskammer in Deutschland e. V.

Business Confidence Survey of Chinese Companies in Germany 2026

Confidence amid transformation and growing competitive pressures

November 2026



Foreword

Dear Readers,

The economic relationship between Germany and China is entering a new phase. Companies on both sides are navigating a business environment shaped by geopolitical uncertainty and technological disruption. Therefore, the need for cooperation remains as important as ever.

This second edition of the **Business Confidence Survey of Chinese Companies in Germany**, jointly conducted by the China Chamber of Commerce in Germany (CHKD) and KPMG in Germany, provides a unique perspective of Chinese companies operating in Europe's largest economy.

The findings present a differentiated picture. On the one hand, Chinese companies continue to view Germany as a strategically important market. Germany remains the preferred production destination among surveyed companies and many respondents plan to continue their activities. The importance of Germany as a European headquarters location has also increased further.

On the other hand, the survey also highlights growing concerns regarding Germany's competitiveness. High labor costs, bureaucracy, lengthy approval procedures and rising energy costs are among the most frequently cited challenges. Companies increasingly expect efficient administrative processes, transparent framework conditions and greater planning certainty when making investment decisions.

At the same time, respondents identify considerable business opportunities arising from Germany's transformation agenda. Areas such as digitalization, artificial intelligence, energy transition and infrastructure modernization are expected to create new demand and investment opportunities. The survey also points to growing innovation cooperation between Chinese and German companies, reflecting the complementary strengths of both economies and the potential for deeper technological collaboration.

The study further shows that companies are closely monitoring developments in the regulatory environment. New European and German regulatory initiatives have increased uncertainty for many respondents, even though their practical impact remains limited so far.

Germany and China remain closely connected through trade, investment and innovation. In a period characterized by both opportunities and challenges, constructive cooperation and pragmatic dialogue remain essential. We hope that the findings of this study contribute to a fact-based discussion on how to strengthen Germany's attractiveness as a business location while further developing the economic relationship between Germany and China.

We would like to sincerely thank all participating companies for their valuable contributions and continued engagement.



Dr. CHEN Longjian
Chairman,
CHKD



Andreas Glunz
Managing Partner
International Business,
KPMG in Germany



LI Dong
Co-Chairman,
CHKD



Dr. Holger Lampe
Partner, Tax,
Head of Country Practice China,
KPMG in Germany



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Introductory comments from different perspectives

Our survey shows that Germany continues to attract Chinese investments – not because it is the easiest market, but because it remains one of the most strategically relevant for them.

The willingness of Chinese companies to invest, innovate and grow in Germany highlights their long-term confidence of Germany´s industrial strengths and its role as a gateway to Europe.

But in order to remain economically relevant for Chinese investors, it will be important to further improve its overall business conditions.



Andreas Glunz
Managing Partner
International Business,
KPMG in Germany

Chinese companies are not only investors in Germany, but also important participants and contributors in the German economy and society. We invest and grow our businesses here, create jobs, cooperate with German companies, and build long-term relationships with local employees, customers, suppliers and communities. A stable, open, fair, transparent and predictable business environment is therefore not only essential for the long-term development of Chinese companies in Germany, but also contributes to Germany's ability to attract investment, foster innovation, create employment and further deepen Sino-German economic cooperation.

Although China and Germany differ in their national conditions, they share broad common interests in pursuing high-quality development, promoting technological innovation, creating jobs, improving people's living standards, and advancing the green and low-carbon transition. These shared goals and aspirations provide a solid foundation for China-Germany economic and trade cooperation.

At the same time, we recognize that China and Germany differ in their economic structures, market environments, legal systems, and cultural backgrounds. These differences should be addressed through dialogue and mutual understanding rather than becoming barriers to cooperation. We believe that shared goals can help build consensus for cooperation, open dialogue can enhance mutual understanding, transparent rules can reduce uncertainty, and pragmatic cooperation can turn our respective strengths into opportunities for shared development.



Dr. CHEN Longjian
Chairman, CHKD

Securing the long-term resilience and sustainable development of German industry requires all market participants to collaborate in fostering a fair, open, and non-discriminatory business environment. We look forward to working closely with our local customers and industry partners to leverage our complementary strengths and jointly drive Germany's economic growth, industrial transformation, and long-term competitiveness.



Michael Yang
Vice Chairman, CHKD
CEO, Huawei Germany

We remain committed to Germany and to growing together with our local customers and partners. Truly integrating into the German market takes more than products and investment. It takes people who understand both our business and the local language and rules, and a business network built on long-term trust.



Dr. Rong He
Vice President, China
Hongqiao Group

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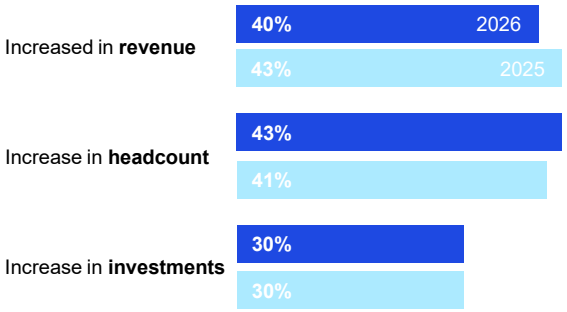
Executive Summary (1/3)

Chinese companies continue to grow, hire and invest in Germany

Business expectations remain stable. Four in ten companies expect revenue growth, 43% plan to increase headcount and three in ten intend to expand investment activity. Expectations are thus similar to those of last year.

Expectations for the next 12 months

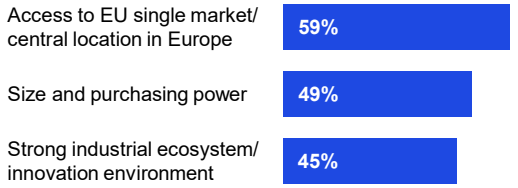


Source: CHKD and KPMG in Germany Business Survey, 2026

EU market access, size & purchasing power underpin Germany's investment appeal

Access to the EU market remains Germany's strongest competitive advantage for Chinese companies. Combined with its purchasing power and industrial ecosystem, these factors continue to support investment interest.

Top three factors making Germany an attractive investment location in the EU

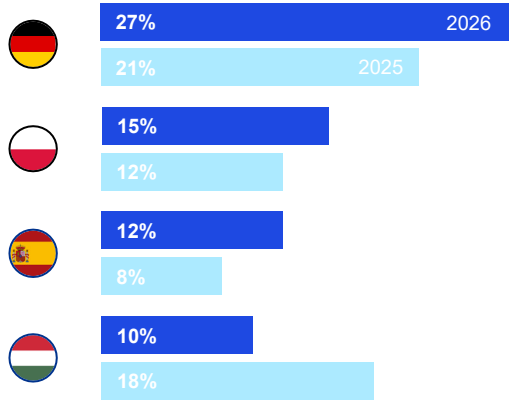


Source: CHKD and KPMG in Germany Business Survey, 2026

Chinese companies in Germany prefer Germany as their production destination

As a single country, Germany ranks as the most attractive production destination among surveyed Chinese companies in Germany, ahead of all other European markets. Hungary lost most as a production destination (-8 pp). By region, Europe leads with 41% of planned investments.

Top foreign countries for Chinese investment



Source: CHKD and KPMG in Germany Business Survey, 2026

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Executive Summary (2/3)

Germany's transformations create attractive business opportunities

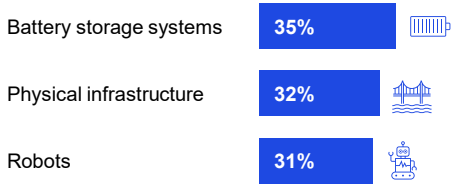
The strongest business opportunities are linked to Germany's economic transformations, particularly technology-driven transformation, climate neutrality and infrastructure modernization.

Battery storage systems, physical infrastructure as well as physical AI/robots are the top three future business fields and are all associated with those transformations.

Largest business opportunity in Germany



Most attractive business fields

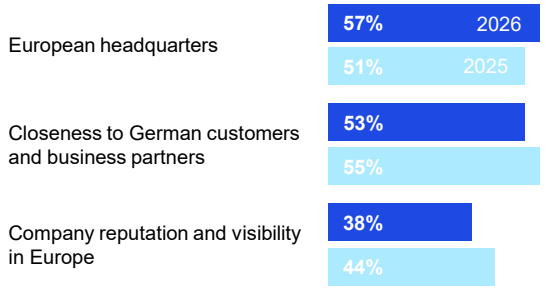


Source: CHKD and KPMG in Germany Business Survey, 2026

Germany is mostly serving as the European headquarters for surveyed companies

More than half of respondents and six percentage points more than in the previous year use their German operations as their European headquarters. Closeness to customers and partners as well as improving their companies' reputation and visibility are further factors to maintain a subsidiary in Germany.

Top three strategic roles of German subsidiaries

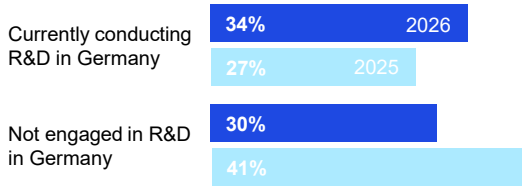


Source: CHKD and KPMG in Germany Business Survey, 2026

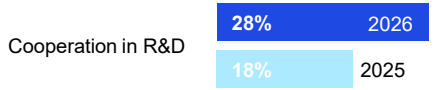
Chinese companies deepen their innovation footprint in Germany

Innovation ties between Chinese and German companies strengthen. More companies are conducting R&D activities in Germany, and collaboration in research and development has also increased compared with the previous year.

R&D activities in Germany



Ways of cooperating with German companies



Source: CHKD and KPMG in Germany Business Survey, 2026

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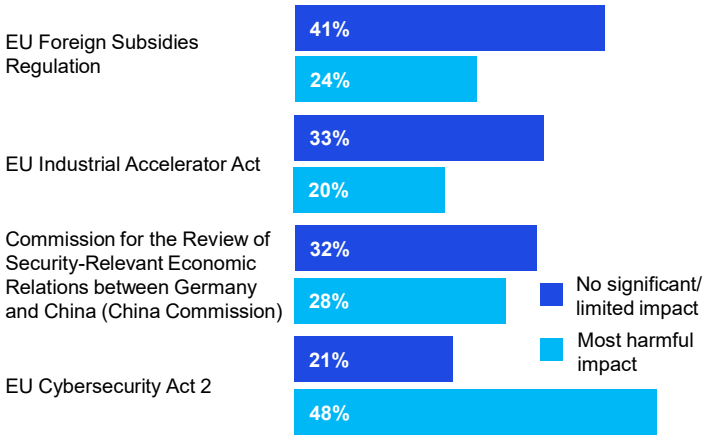
Executive Summary (3/3)

Regulatory environment becomes more challenging for Chinese companies

New EU and German policy initiatives are increasing regulatory uncertainty for the surveyed Chinese companies in Germany, although their impact varies by sector and initiative. Among these, the regulatory pressure arising from the EU Cybersecurity Act 2 is particularly pronounced, with 48% of surveyed companies indicating that this regulation has had the most harmful impact on their business.

Impact of regulations



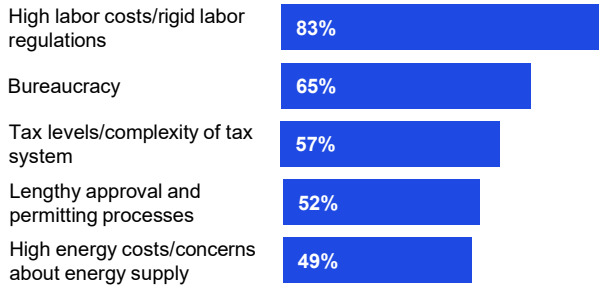
Source: CHKD and KPMG in Germany Business Survey, 2026

Labor costs remain biggest obstacle; Energy costs are rising most as concern

High labor costs and complex labor regulations remain the most significant barriers to investment and are up by 10 percentage points against prior year.

The sharpest increase compared with prior year concerns energy cost (nearly doubled from 25% to 49%) and are caused by the impacts of the Iran conflict.

Top five constraints for investment



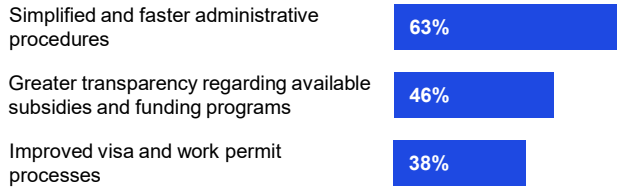
Source: CHKD and KPMG in Germany Business Survey, 2026

Transparent funding access and faster administrative procedures are top demands of Chinese companies

Companies identify administrative simplification, transparent funding access and efficient visa procedures for Chinese employees as the most effective measures for attracting Chinese investment into Germany.

With regard to transparency, companies emphasize that Germany and the EU should ensure that the standards for the implementation of relevant policy measures are transparent and consistent.

Top three measures to attract investment to Germany



Source: CHKD and KPMG in Germany Business Survey, 2026

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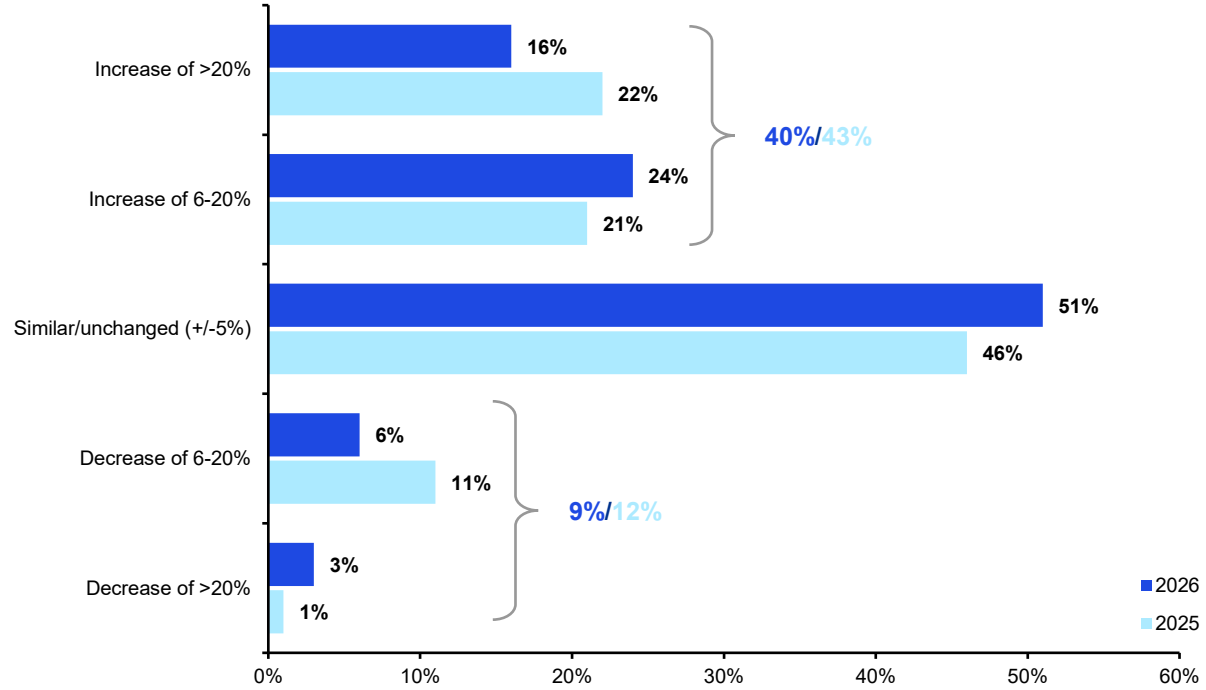
01

Business development and outlook



Revenue outlook remains stable, while growth expectations have softened

Figure 1: **Development of revenues in Germany over the next 12 months**



Source: CHKD and KPMG in Germany Business Survey, 2026 (n=108); 2025 (n=101); rounding differences possible

- Chinese companies continue to view Germany as a growth market, even as economic uncertainty remains elevated
- 40% of respondents expect their revenues in Germany to increase over the next twelve months, down slightly from 43% in the previous survey, while the share forecasting growth of more than 20% has fallen from 22% to 16%
- The majority anticipate stable business development, with 51% projecting revenues to remain broadly unchanged, compared with 46% previously
- Only 9% expect revenues to decline



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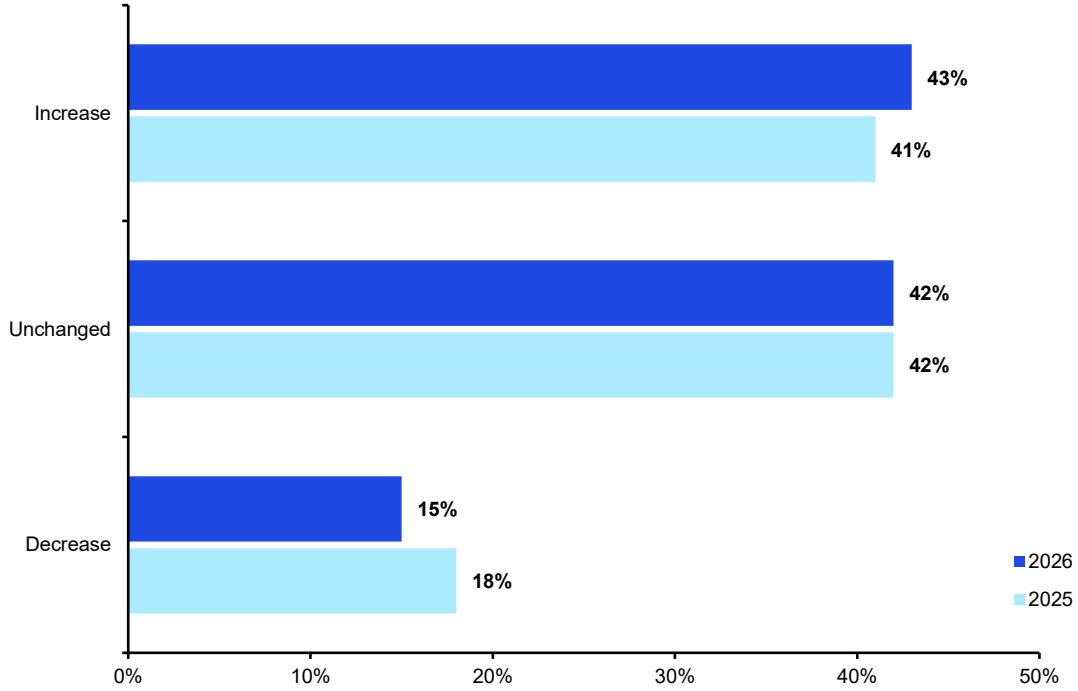
Hiring intentions strengthen despite a cautious business environment

Figure 2: **Development of employee numbers in Germany over the next 12 months**



Source: CHKD and KPMG in Germany Business Survey, 2026 (n=109); 2025 (n=101); rounding differences possible



- Most companies are not scaling back their German operations despite ongoing concerns about costs, regulation and growth prospects
- 43% of surveyed companies plan to expand their workforce in Germany over the next twelve months, up from 41% in the previous survey. This indicates that Chinese companies continue to contribute to employment growth in Germany
- A further 42% expect employee numbers to remain unchanged, indicating broad stability in staffing plans
- The share anticipating workforce reductions has declined from 18% to 15%

Today, more than 2,000 Chinese companies are established in Germany and have created over 100,000 jobs.

Source: Embassy of the People's Republic of China in Germany

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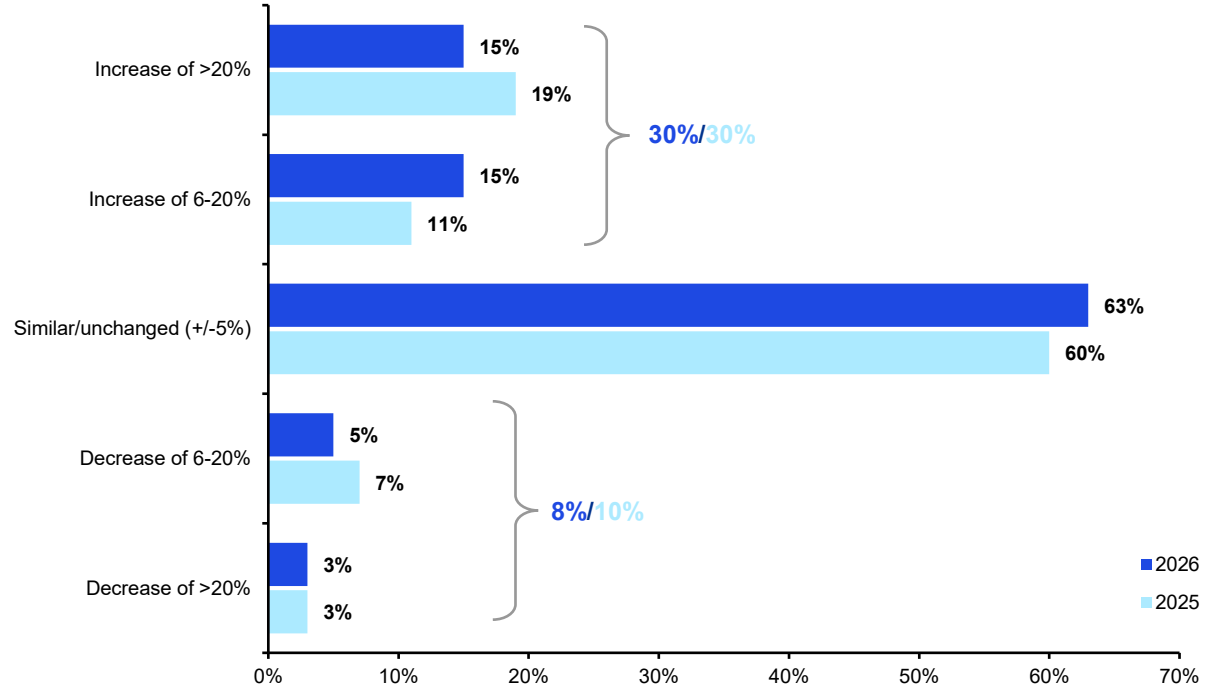
Investment plans remain stable, with three in ten companies planning expansion

Figure 3: **Development of investment in Germany over the next 12 months**



Source: CHKD and KPMG in Germany Business Survey, 2026 (n=109); 2025 (n=101); rounding differences possible

- 63% of respondents expect their investment volume in Germany to remain broadly unchanged over the next twelve months, up from 60%
- 30% plan to increase investment, evenly divided between increases of 6% to 20% and increases of more than 20%
- Only 8% expect to reduce investment, compared with 10% in the previous survey



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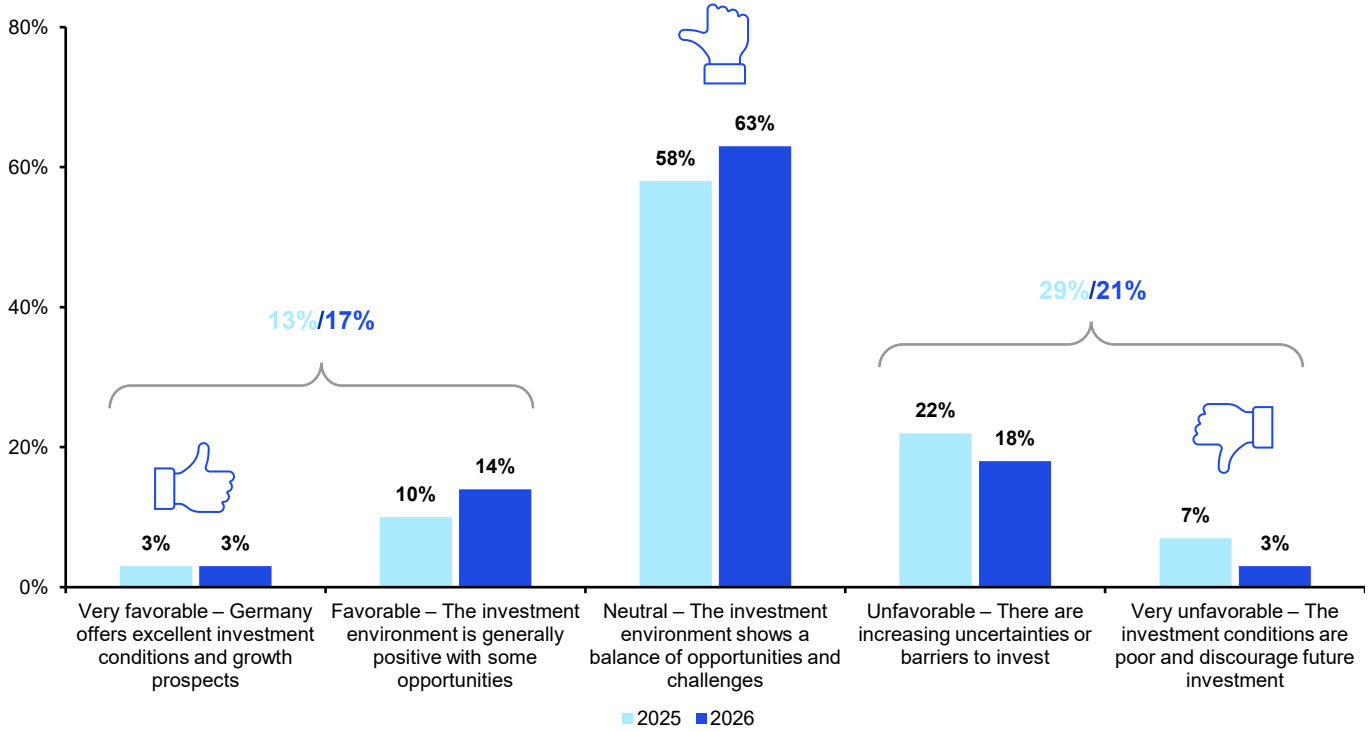
Germany's investment environment is viewed with caution, but sentiment is gradually improving

Figure 4: **Assessment of investment environment in Germany over the next 5 years**



Source: CHKD and KPMG in Germany Business Survey, 2026 (n=107); 2025 (n=101); rounding differences possible



- Positive assessments have increased from 13% to 17%, including 14% rating conditions as favorable, while only 3% rated them as very favorable in both years
- 63% of respondents assess Germany's investment environment over the next five years as neutral, up from 58% in the previous survey
- The combined share of unfavorable assessments has declined from 29% to 21%

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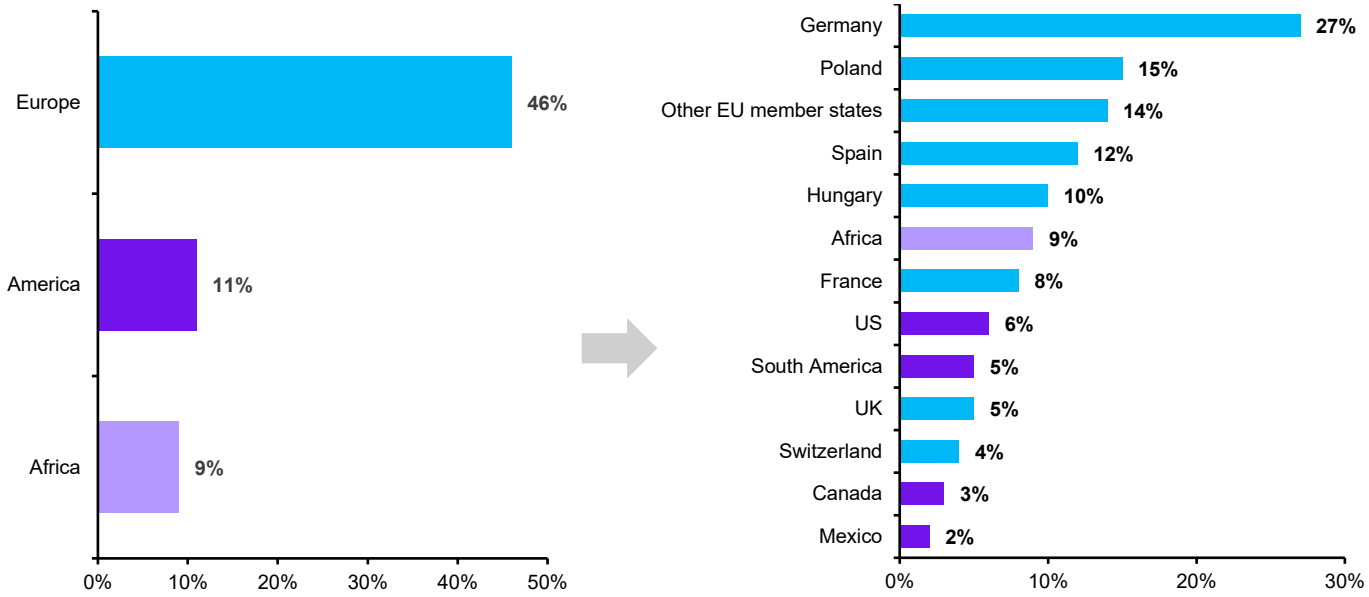
Germany ranks #1 as a production destination among Chinese companies operating in Germany

Figure 5: **Regions/countries where Chinese companies plan to invest in production facilities over the next 5 years**



17%
have no investments in production facilities planned at this time

35%
are undecided

Source: CHKD and KPMG in Germany Business Survey, 2026 (n=105); multiple responses possible



- Among all potential production locations, Germany is the leading investment destination for surveyed companies
- Europe remains the most attractive region overall, cited by 46% of respondents
- Poland attracts 15%, followed by other EU member states at 14% and Spain at 12%
- At the same time, many firms are still evaluating future production footprints, with more than one-third yet to make a final decision and 17% currently have no production investment planned

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02

Opportunities and challenges



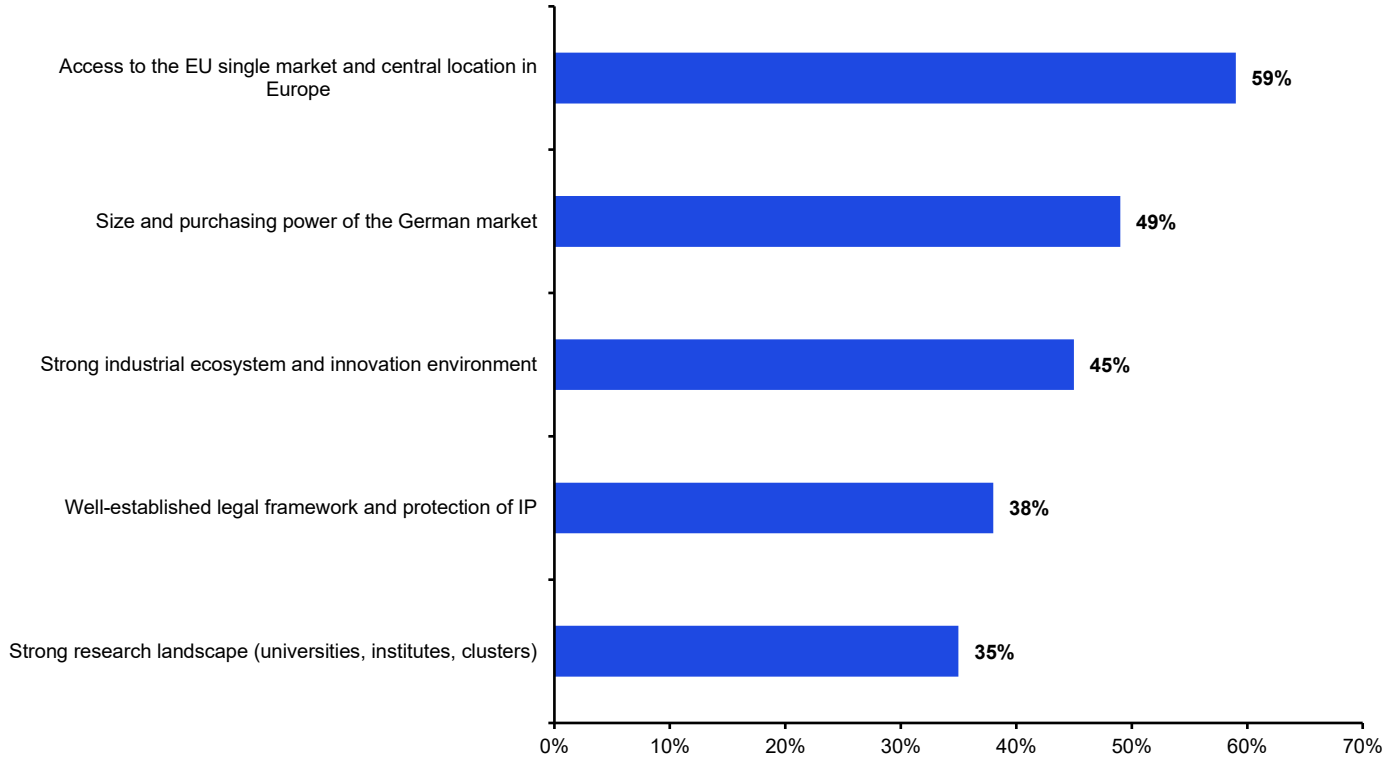
EU market access, size & purchasing power underpin Germany's investment appeal

For the Chinese companies surveyed, Germany's key strengths as an investment location lie in location, market size, industrial ecosystem, legal framework and research landscape.

- Access to the EU single market and Germany's central location in Europe are the country's strongest investment advantages, cited by 59% of respondents. This factor more than doubled compared with previous year (59% vs. 26% previous year)
- Germany's market size and purchasing power rank second at 49%
- 45% value the country's industrial ecosystem and innovation environment
- A well-established legal framework and intellectual property protection are cited by 38%, while 35% highlight Germany's research landscape



Figure 6: **Factors making Germany an attractive investment location within the EU**



Source: CHKD and KPMG in Germany Business Survey, 2026 (n=108), multiple responses possible

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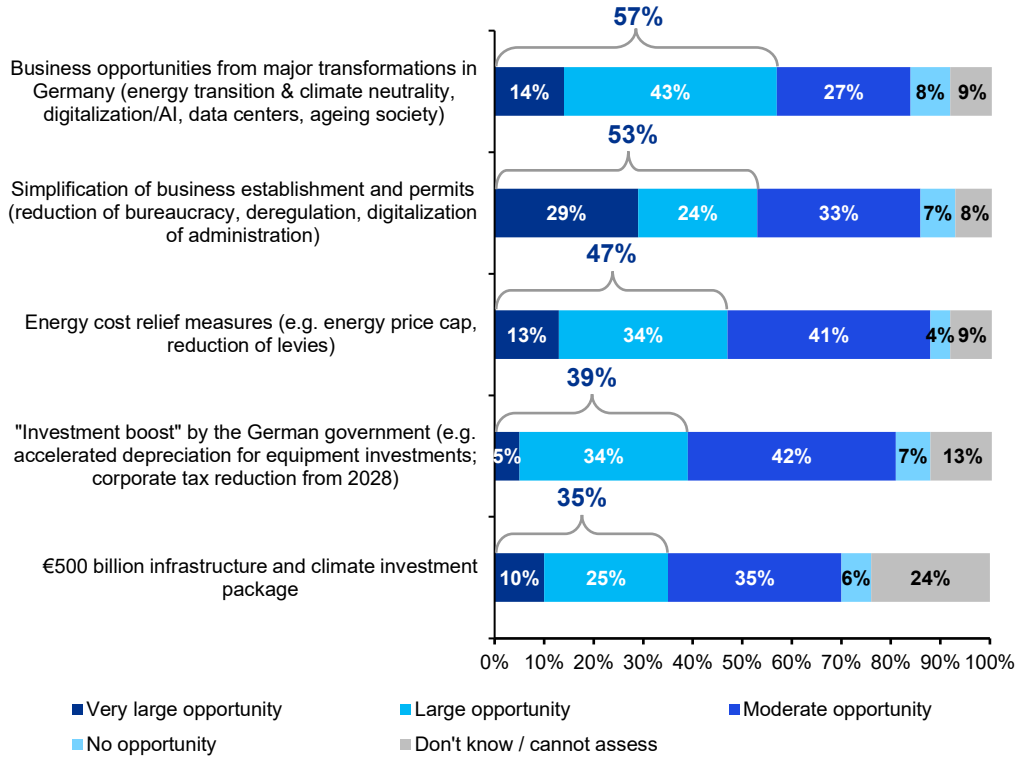
Transformations offer potential opportunities for Chinese investors in Germany

Figure 7: **Assessment of business opportunities and policy initiatives in Germany**



Source: CHKD and KPMG in Germany Business Survey, 2026 (n=104); rounding differences possible

- Companies see the greatest business potential in Germany's ongoing economic transformation. 57% of respondents see large or very large opportunities arising from energy transition, digitalization, AI and demographic change
- Simplifying business establishment and permitting ranks second, with 53% assessing it as a large or very large opportunity
- Energy cost relief measures are viewed positively by 47%, while 39% see significant potential in the government's investment incentives
- 35% identify large or very large opportunities associated with the German EUR 500 billion infrastructure and climate investment package



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Most attractive business fields associated with Germany's transformations

- Battery storage systems are the most frequently cited attractive business field in Germany, selected by 35% of respondents
- Physical infrastructure follows at 32%, reflecting the business potential associated with Germany's investment and modernization needs and **Germany's infrastructure package** of EUR 500 billion
- Industrial and service robots rank third at 31%

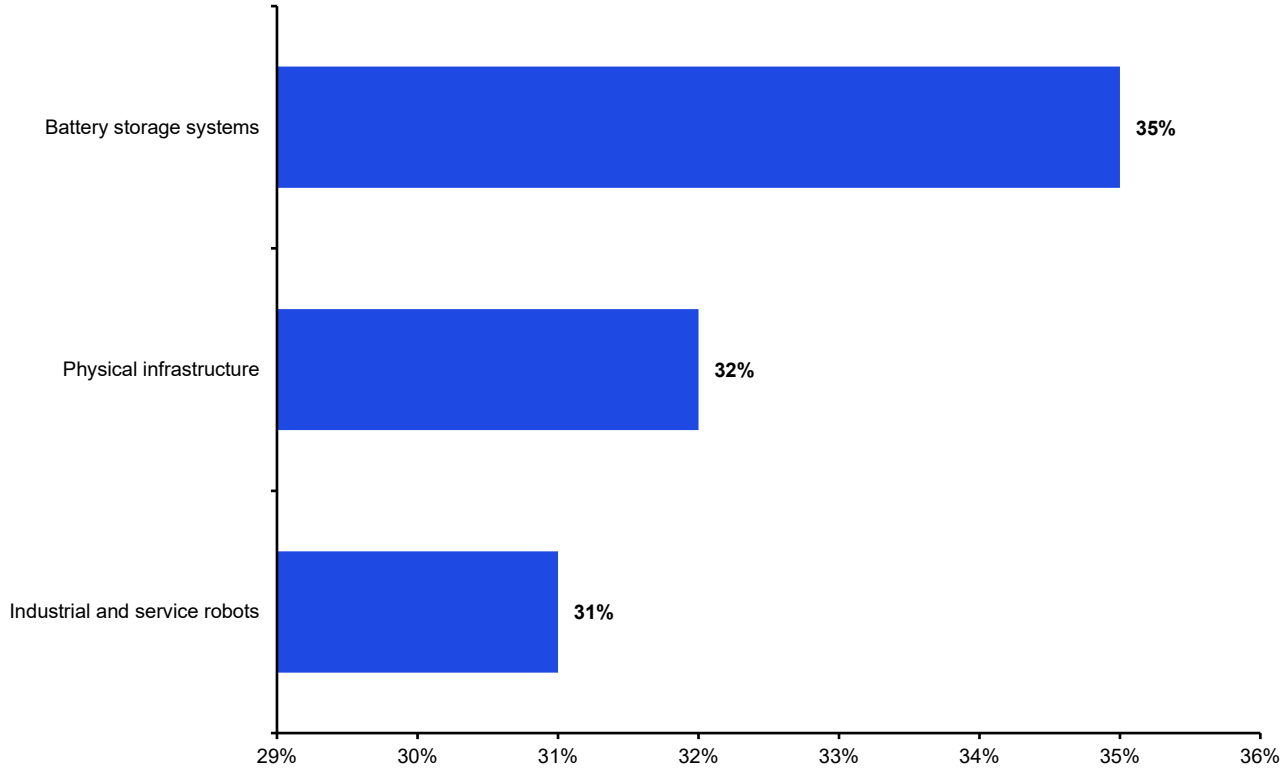
Special fund for infrastructure and climate neutrality

The German federal government's EUR 500 billion investment program aims to foster growth and strengthen the economy. The special fund is allocated as follows:

- EUR 300 billion for federal investments
- EUR 100 billion for the federal states – for investments in their own infrastructure and that of municipalities
- EUR 100 billion is dedicated to climate action, bolstering the Climate and Transformation Fund

Source: Federal Government

Figure 8: **Most attractive business fields in Germany**



Source: CHKD and KPMG in Germany Business Survey, 2026 (n=104); three responses possible

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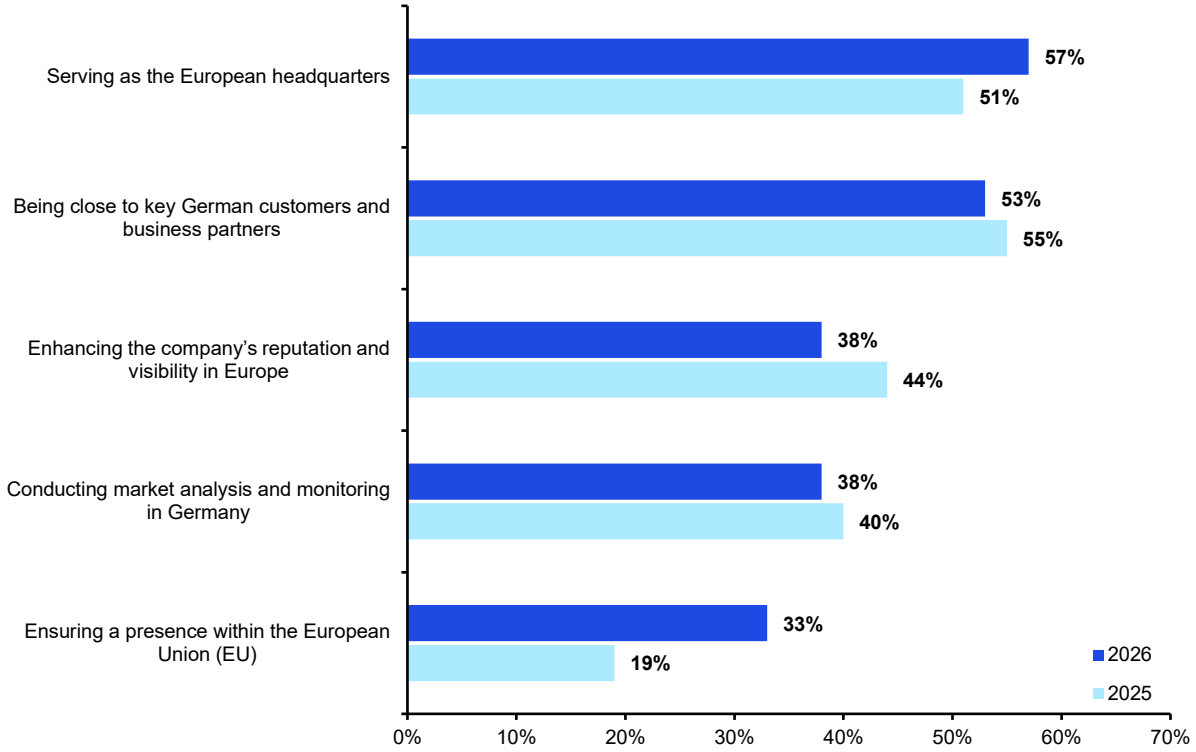
German subsidiaries increasingly serve as European headquarters

Figure 9: **Top five strategic roles of German companies for global Chinese groups**



Source CHKD and KPMG in Germany Business Survey, 2026 (n=104); 2025 (n=98); multiple responses possible



- The role of German operations extends far beyond serving the local market. 57% of respondents use their German subsidiary as their European headquarters, up from 51% in the previous survey
- Proximity to German customers and business partners remains another core function, cited by 53%
- 38% use their German operations for market analysis and monitoring, while the same share seeks to enhance the group's reputation and visibility in Europe
- Ensuring a presence within the EU has gained importance, rising from 19% to 33%

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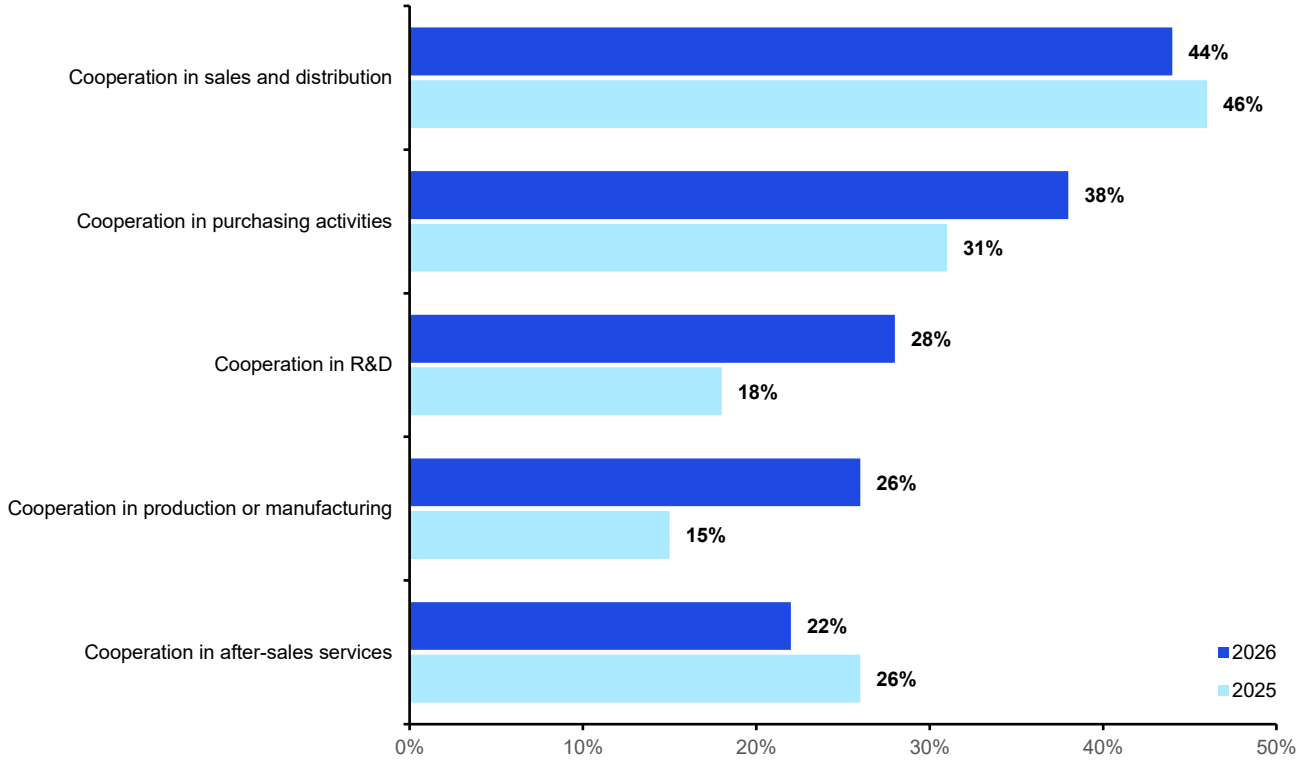
Commercial cooperation remains dominant, while R&D and production ties have strengthened significantly

- Sales and distribution remain the most common form of cooperation with German companies, cited by 44% of respondents
- Cooperation in purchasing activities has increased from 31% to 38%
- R&D partnerships have also gained relevance, rising from 18% to 28%, while production and manufacturing cooperation has increased from 15% to 26%
- Cooperation in after-sales services is reported by 22%, slightly below the previous survey
- Bilateral cooperation is becoming more diversified. Operational and innovation-related partnerships are gaining ground



Figure 10: **Top five current ways of cooperation with German companies**



Source: CHKD and KPMG in Germany Business Survey, 2026 (n=105); 2025 (n=98); multiple responses possible

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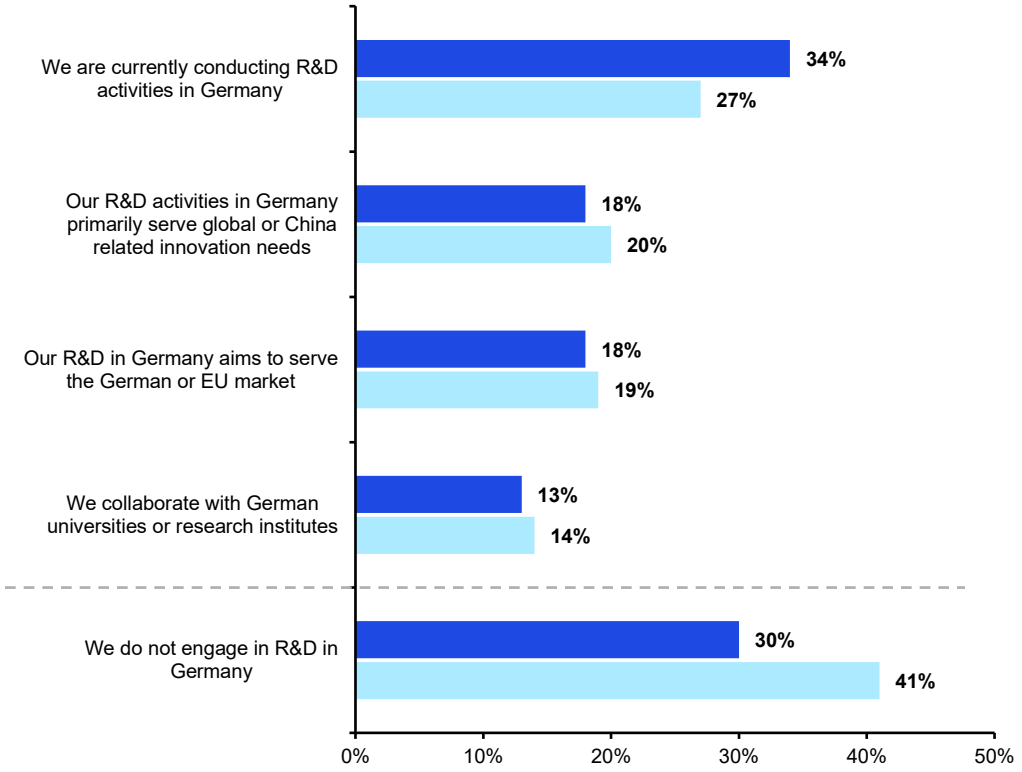
R&D engagement in Germany is expanding

Figure 11: **Top five R&D engagements and objectives in Germany**



Source: CHKD and KPMG in Germany Business Survey, 2026 (n=103); 2025 (n=97); multiple responses possible



- Germany's innovation ecosystem continues to attract companies seeking access to advanced technologies and specialized expertise
- 34% of respondents currently conduct R&D activities in Germany, up from 27% in the previous survey
- The share of companies without R&D activities in Germany has fallen from 41% to 30%
- 18% use German R&D activities to support global or China-related innovation needs, while another 18% focus on the German or wider EU market
- Cooperation with German universities or research institutes remains limited at 13%

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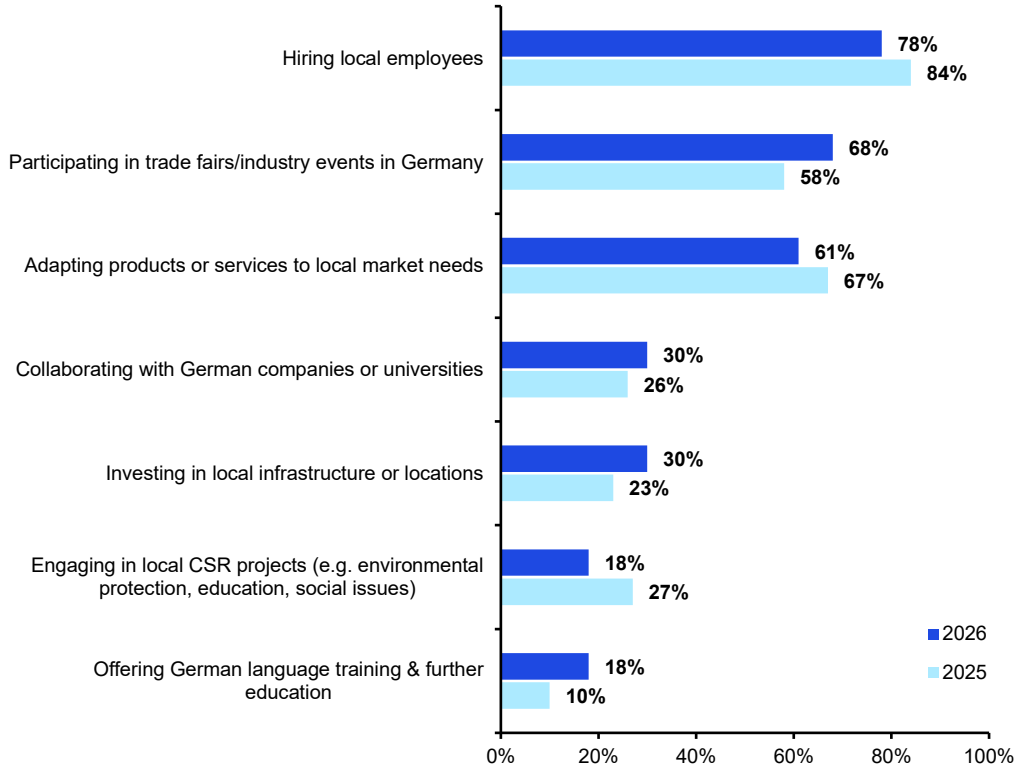
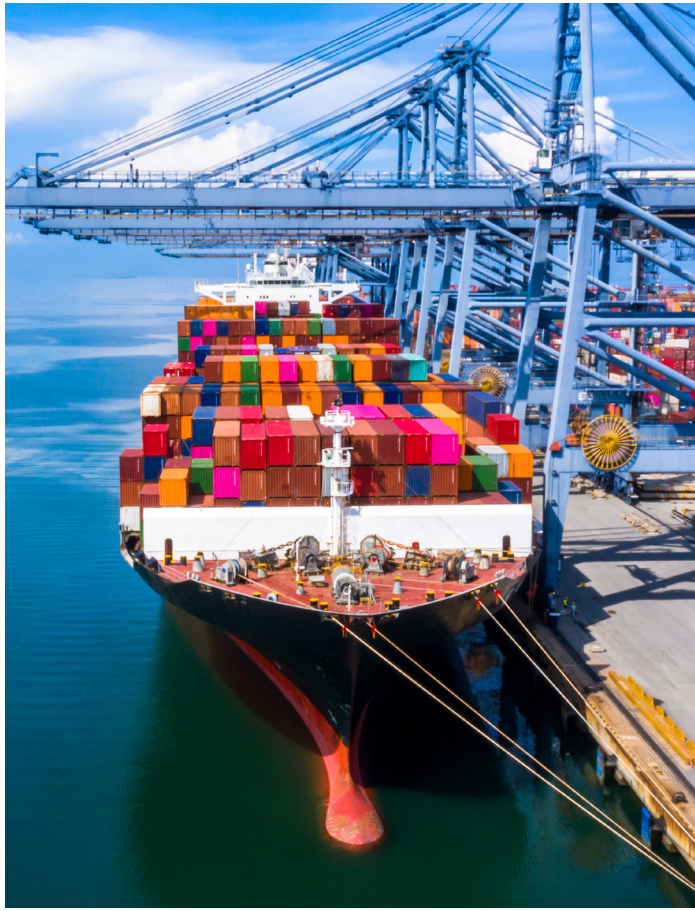
Local employees and business networks are central to successful market integration

Figure 12: **Measures to integrate successfully into the German market**



Source: CHKD and KPMG in Germany Business Survey, 2026 (n=105); 2025 (n=97); multiple responses possible

- Hiring local employees remains the most widely used integration measure, cited by 78% of respondents
- Participation in German trade fairs and industry events has increased from 58% to 68%, highlighting the importance of local networks and visibility
- 61% adapt their products or services to the requirements of the German market
- Collaboration with German companies or universities and investment in local infrastructure are each reported by 30%
- German-language training has become more common, rising from 10% to 18% among those surveyed



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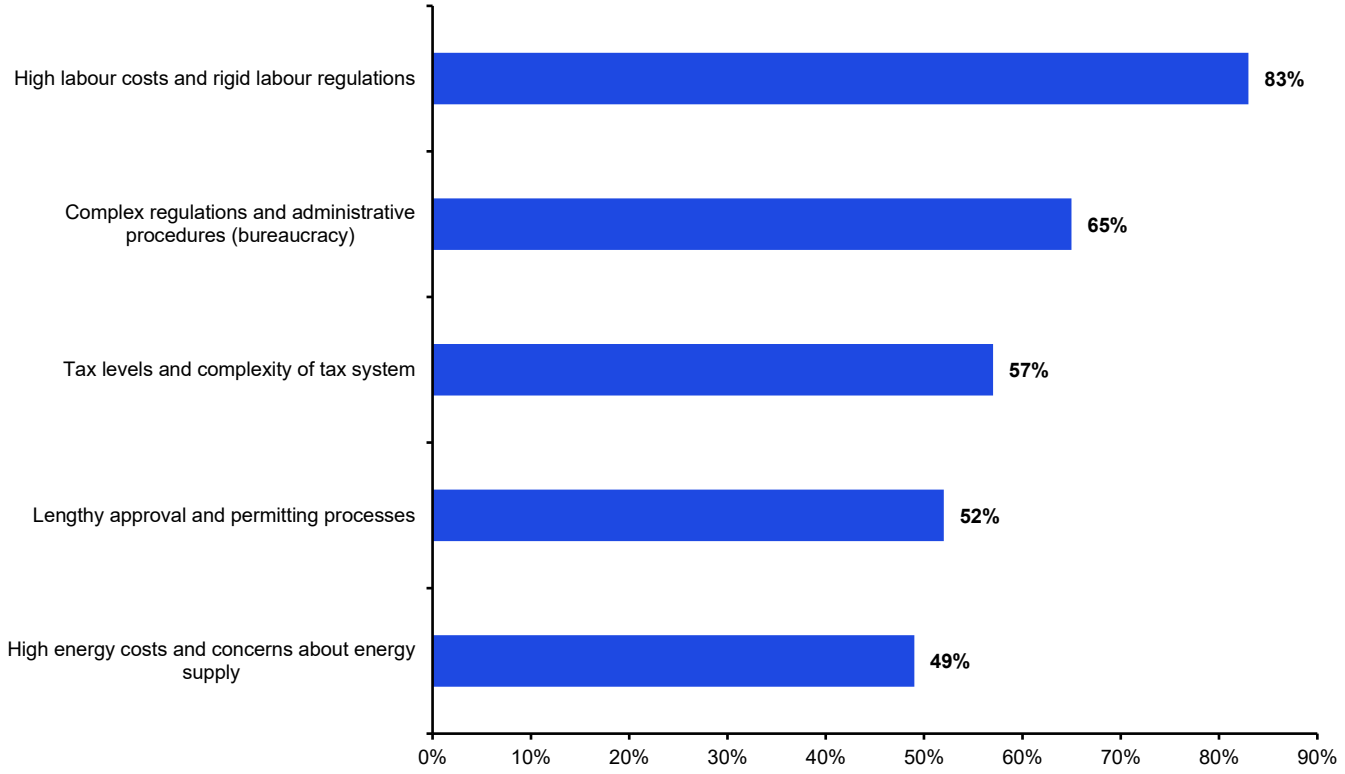
Labor costs and bureaucracy remain the strongest investment constraints

Figure 13: **Main constraints for investment in Germany**



Source: CHKD and KPMG in Germany Business Survey, 2026 (n=107); multiple responses possible



- Companies continue to see Germany's cost environment as the greatest obstacle to expanding their activities
- High labor costs and rigid labor regulations are the most frequently cited constraint, affecting 83% of respondents and up by 10 percentage points as compared with our survey in the previous year
- Complex regulations and administrative procedures rank second at 65% and up by 12 pp compared with prior year
- 57% identify Germany’s tax levels and the complexity of its tax system as an investment barrier
- Lengthy approval and permitting processes are cited by 52%
- 49% point to high energy costs and concerns about energy supply. Due to the closure of the Strait of Hormuz in connection with the Iran conflict, oil prices rose sharply. This is also reflected by the fact that the percentage nearly doubled as compared with the previous year (up from 25% to 49%)

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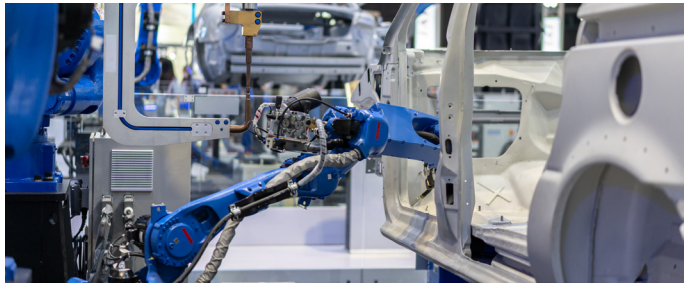
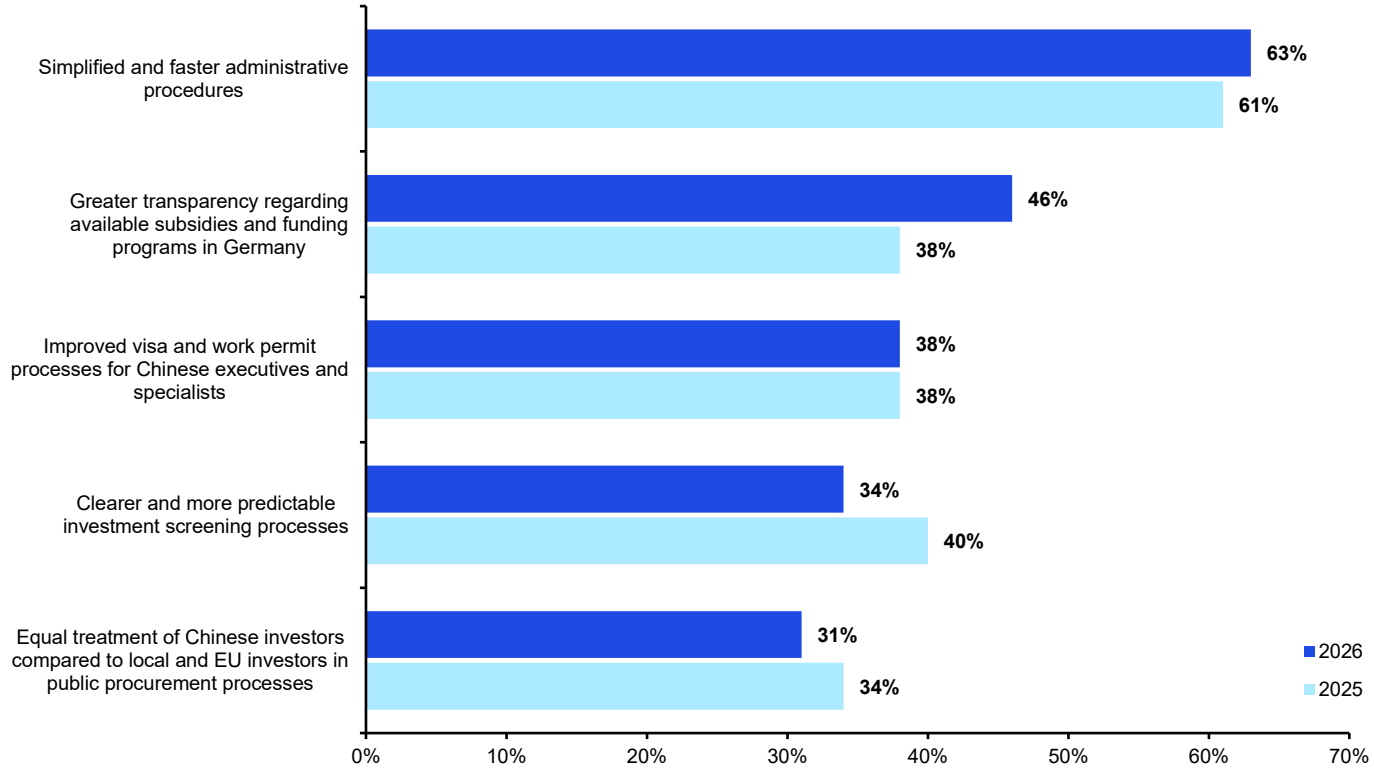
For the companies surveyed, faster administration and transparent financing are crucial for attracting investment



- Simplified and faster administrative procedures remain the most important measure for attracting additional Chinese investment, cited by 63% of respondents
- Greater transparency regarding subsidies and funding programs has gained importance, rising from 38% to 46%
- Improved visa and work permit processes for Chinese executives and specialists are cited by 38%
- 34% call for clearer and more predictable investment screening, down from 40% in the previous survey
- Equal treatment in public procurement remains relevant for 31%, indicating continued demand for transparent and consistent market access

Figure 14: **Top five measures to attract more investments from Chinese companies to Germany**



Source: CHKD and KPMG in Germany Business Survey, 2026 (n=104); 2025 (n=97); five responses possible

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03

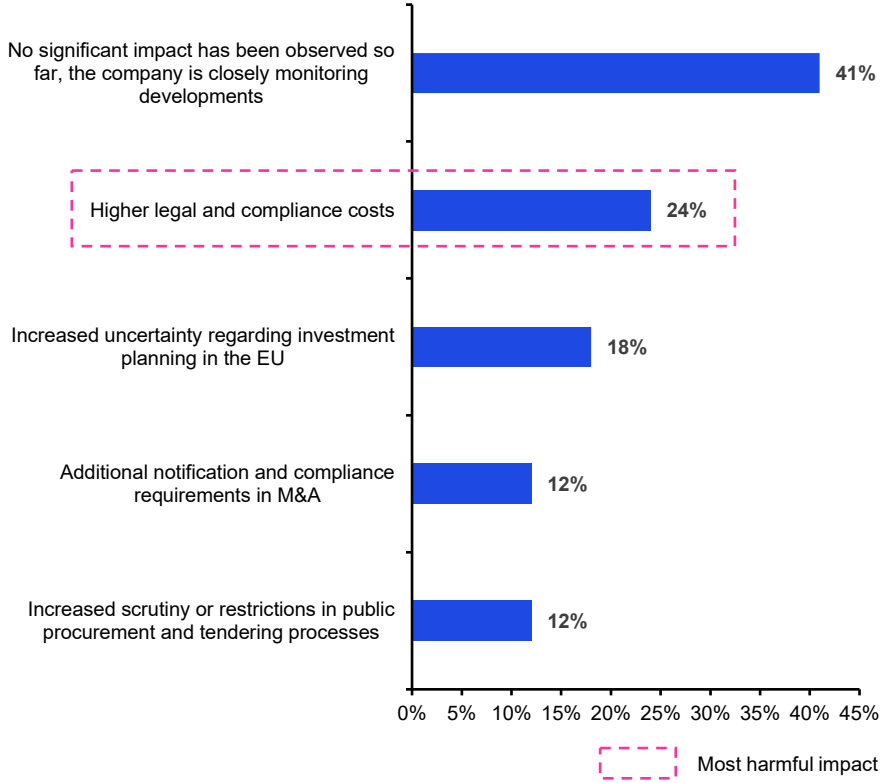
Impact of EU and German policies and regulations on Chinese companies



EU Foreign Subsidies Regulation raises compliance costs and uncertainty



Figure 15: **Top five impacts of the EU Foreign Subsidies Regulation (FSR) on business and investment activities in the EU/Germany**



Source: CHKD and KPMG in Germany Business Survey, 2026; (n=104); multiple responses possible

- 41% of respondents have experienced no significant impact from the Foreign Subsidies Regulation so far and continue to monitor developments
- 24% report higher legal and compliance costs
- 18% indicate greater uncertainty regarding investment planning in Germany and the EU
- Additional notification requirements in M&A and increased scrutiny in public procurement are each cited by 12%

EU Foreign Subsidies Regulation (FSR)

The EU Foreign Subsidies Regulation aims to ensure fair conditions of competition in the EU by addressing potential distortions caused by foreign subsidies. It allows the European Commission ("Commission") to review foreign (non-EU) subsidies that may affect competition in the EU and, where appropriate, impose remedies. While pursuing these objectives, the regulation also introduces additional compliance requirements for companies operating and investing in the EU, which may result in increased administrative and legal costs.

Source: European Commission

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The “Commission for the Review of Security-Relevant Economic Relations between Germany and China” creates uncertainty among Chinese companies

China Commission

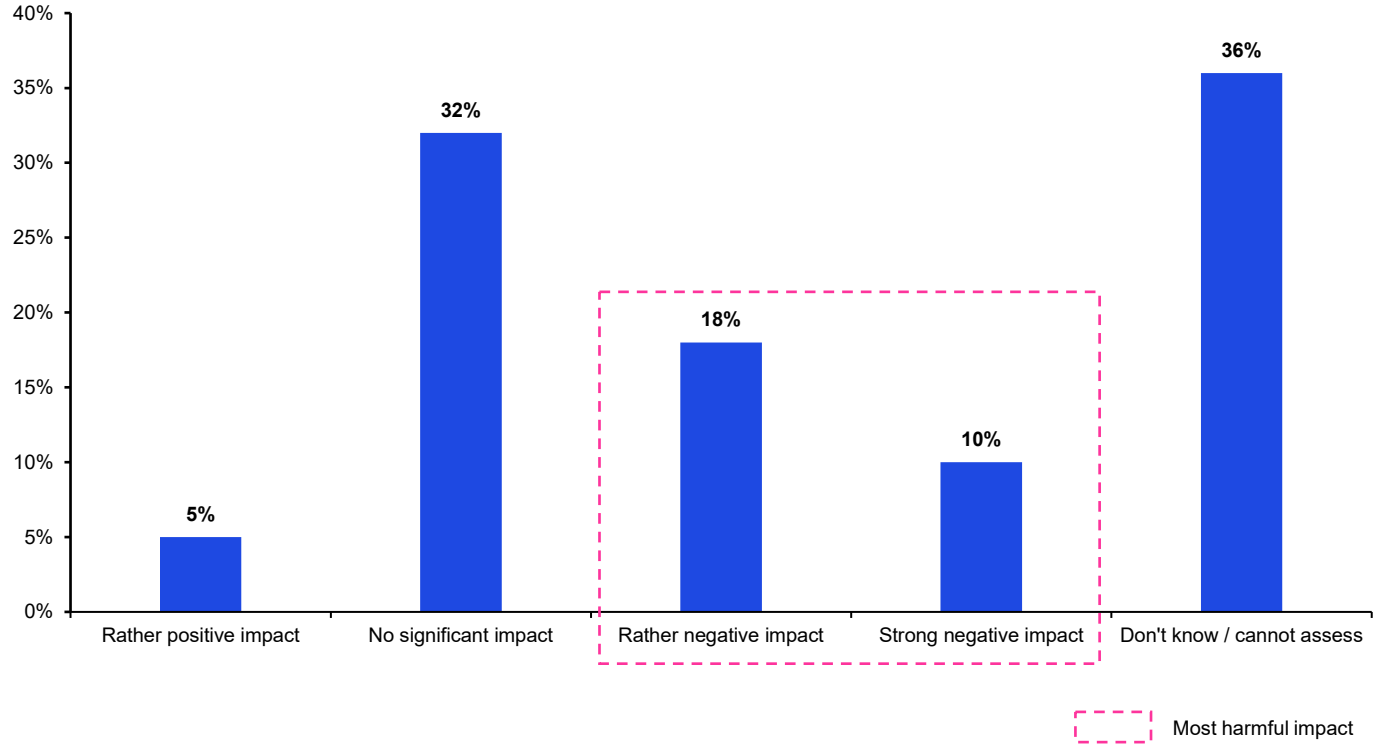
The **“Commission for the Review of Security-Relevant Economic Relations between Germany and China”** (China Commission) was constituted in the Bundestag on 19 March 2026.

The Commission is tasked with examining how German imports of energy and raw materials can be improved and whether changes to foreign trade law are necessary.

Source: German Bundestag

- Most companies have not yet formed a clear view on the practical implications of the newly established China Commission. 36% of respondents are currently unable to assess the impact of the China Commission on their activities and investments in Germany
- 32% expect no significant impact
- 28% anticipate a negative effect, including 10% that foresee a strong negative impact
- 5% expect the Commission to have a positive effect

Figure 16: **Impact of “China Commission” on business activities in Germany and investment**



Source: CHKD and KPMG in Germany Business Survey, 2026; (n=104); rounding differences possible

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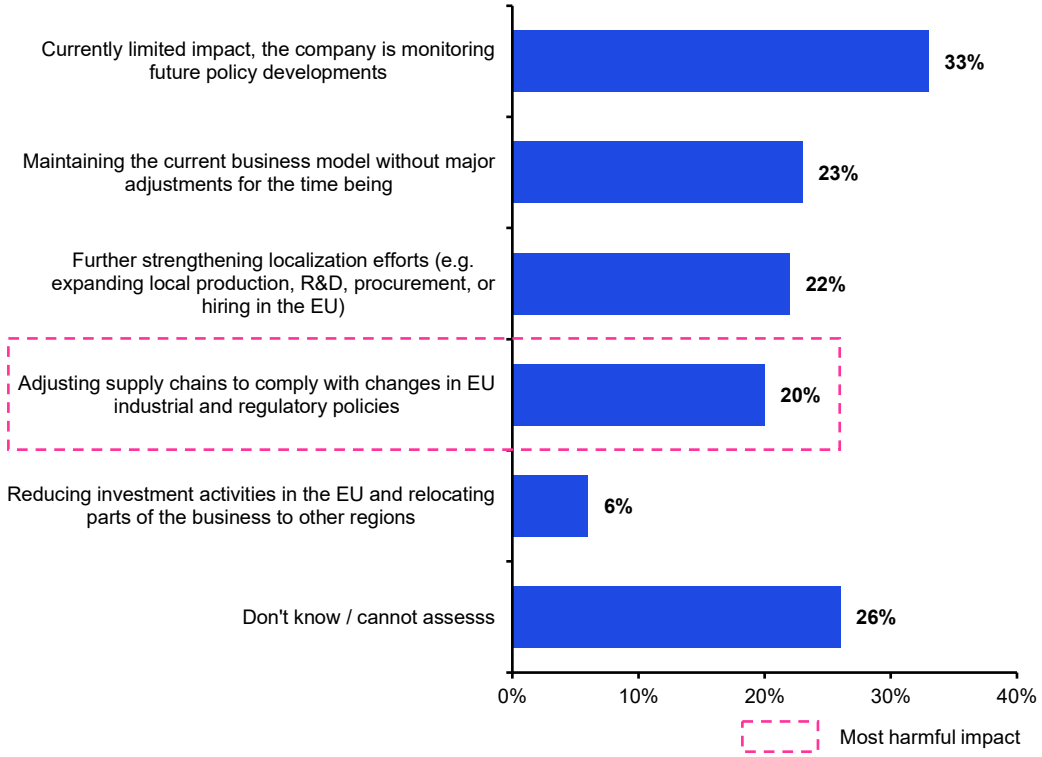
Companies monitor the EU Industrial Accelerator Act as localization requirements evolve

Figure 17: **Measures your company has adopted/is planning to adopt in response to the EU "Industrial Accelerator Act" (IAA)**



Source: CHKD and KPMG in Germany Business Survey, 2026; (n=104); multiple responses possible

- For most respondents, the Industrial Accelerator Act has not yet triggered major strategic adjustments. 33% of respondents report a currently limited impact from the Industrial Accelerator Act and are monitoring further policy developments
- 23% plan to maintain their current business model without major adjustments for the time being
- 22% are considering stronger localization in the EU, including local production, R&D, procurement or hiring
- 20% expect to adjust their supply chains in response to changes in EU industrial and regulatory policy
- Only 6% are considering reducing EU investment or relocating activities, while 26% cannot yet assess the implications

EU Industrial Accelerator Act (IAA)

With the Industrial Accelerator Act (IAA) proposed on March 4, 2026, the European Commission aims to specifically boost demand for technologies and products manufactured in Europe and/or characterized by low CO2 emissions.

Going forward, requirements or preferences regarding content of so-called "Union origin" are to apply in selected strategic sectors, including steel, cement, aluminum, automotive, and net-zero technologies.

Source: European Commission

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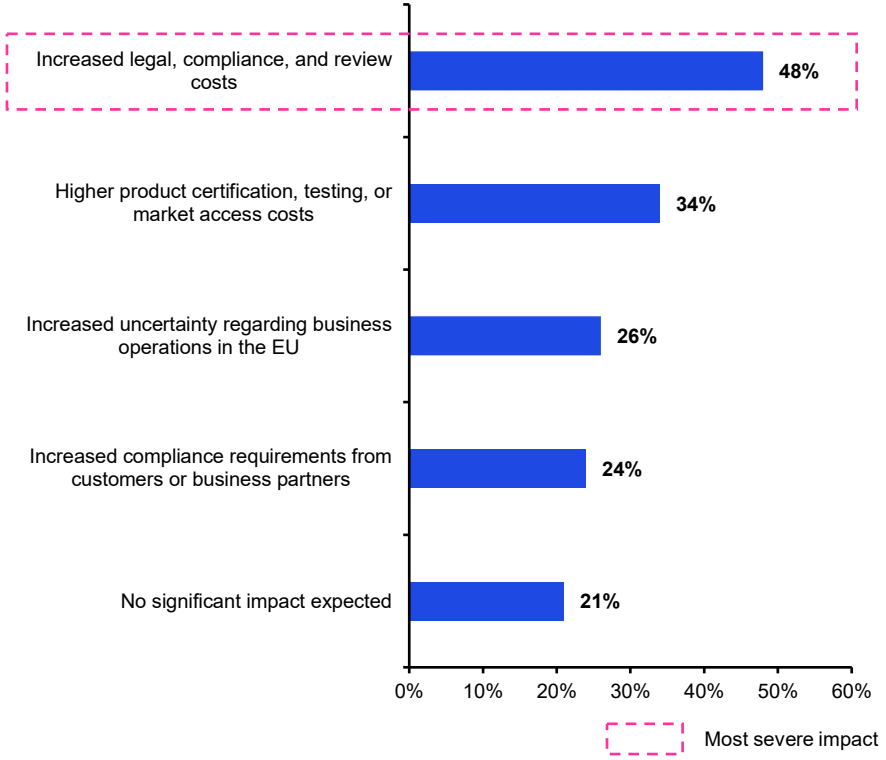
EU Cybersecurity Act revision is expected to drive up compliance and market access costs



Figure 18: **Top five impacts of the draft revision of the Cybersecurity Act (CSA 2) on operations in Germany**



Source: CHKD and KPMG in Germany Business Survey, 2026; (n=104); multiple responses possible

- Chinese companies primarily associate the proposed Cybersecurity Act revision with additional compliance obligations
- 48% expect the revised Cybersecurity Act to increase legal, compliance and review costs
- 34% anticipate higher costs for product certification, testing or market access.26% associate the proposal with greater uncertainty regarding their operations in the EU
- Increased compliance requirements from customers or business partners are expected by 24%
- 21% expect no significant impact

Cybersecurity Act (CSA2)

On 20 January 2026, the European Commission published the revision of the Cybersecurity Act (CSA2) proposal, in a new cybersecurity package to further strengthen the EU's cybersecurity resilience and capabilities in the EU.

The proposal on the Cybersecurity Act 2 includes:

- provisions to empower ENISA to increase EU cybersecurity resilience
- provisions to improve the European Cybersecurity Certification Framework (ECCF) to make products cyber-secure by design through a simpler certification process by:
- provisions to increase security of ICT supply chains in the EU

Source: European Parliament

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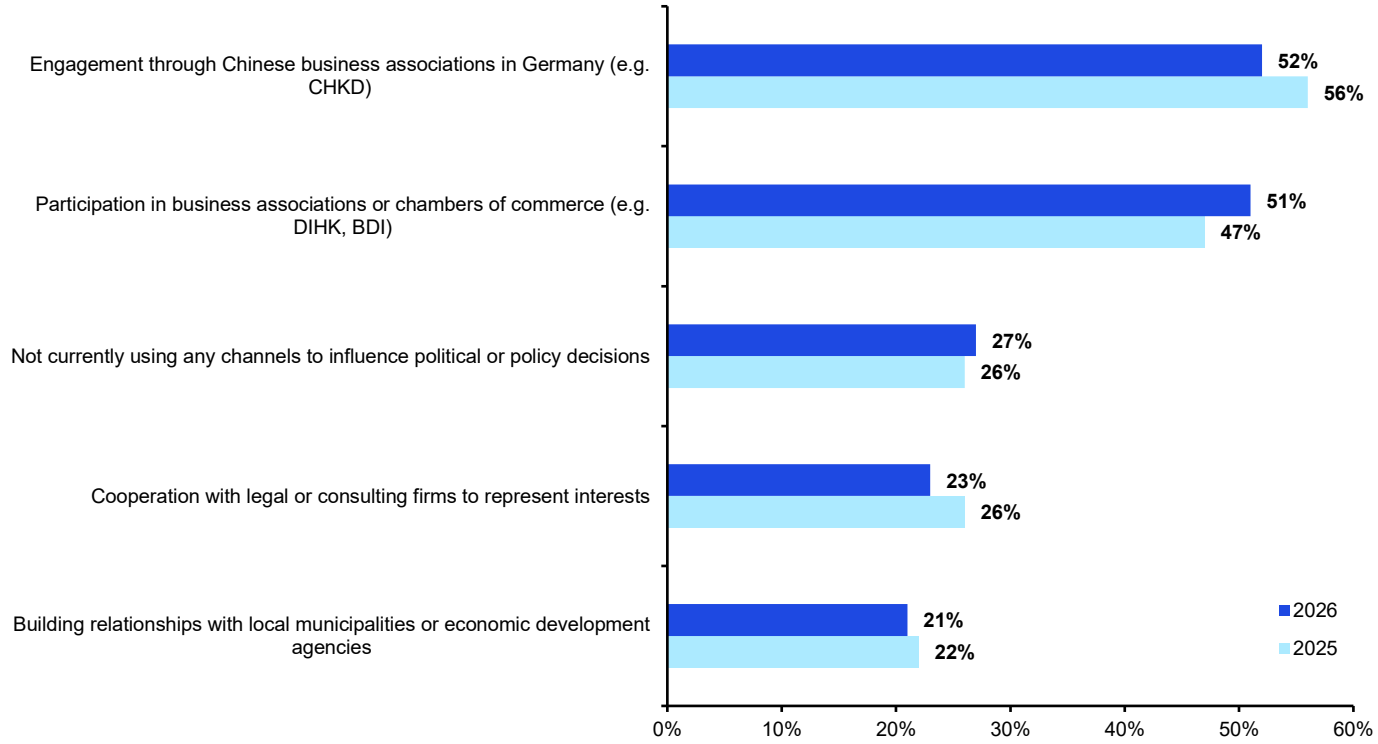
Business associations remain the primary channels for policy engagement

Figure 19: **Top five channels for contributing to political decision-making**



Source: CHKD and KPMG in Germany Business Survey, 2026 (n=104); 2025; (n=97); multiple responses possible



- Chinese business associations in Germany, such as CHKD, remain the most frequently used channel for policy engagement, cited by 52% of respondents
- Participation in German business associations and chambers of commerce has increased from 47% to 51%
- 27% of companies currently use no channels to engage with or influence political and policy decisions
- Cooperation with legal or consulting firms is reported by 23%, while 21% build relationships with municipalities or economic development agencies

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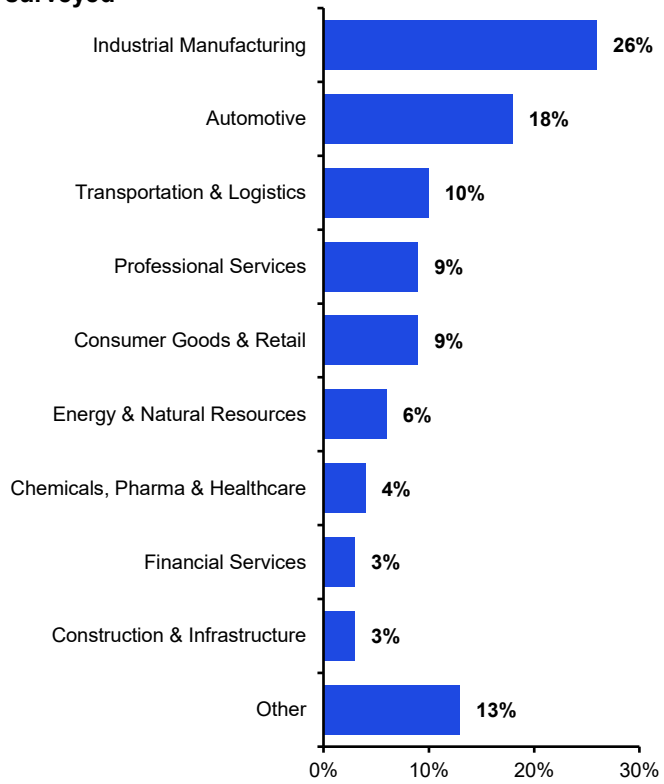
04

Profile of the companies surveyed



Profile of the companies surveyed

Figure 20: **Breakdown by sector of the companies surveyed**



Source: CHKD and KPMG in Germany Business Survey, 2026; (n=114); rounding differences possible

Figure 21: **Breakdown by business activity**



Source: CHKD and KPMG in Germany Business Survey, 2026; (n=113); multiple responses possible



The China Chamber of Commerce in Germany (CHKD) and KPMG in Germany approached German subsidiaries of Chinese corporate groups and companies with operations in Germany for this survey for the second time. A total of 114 companies participated in the survey, which was conducted between August 12 and September 7, 2026.

The questions focused on the economic outlook for Chinese companies in Germany, their views on current developments as well as the challenges and opportunities facing their businesses in Germany.

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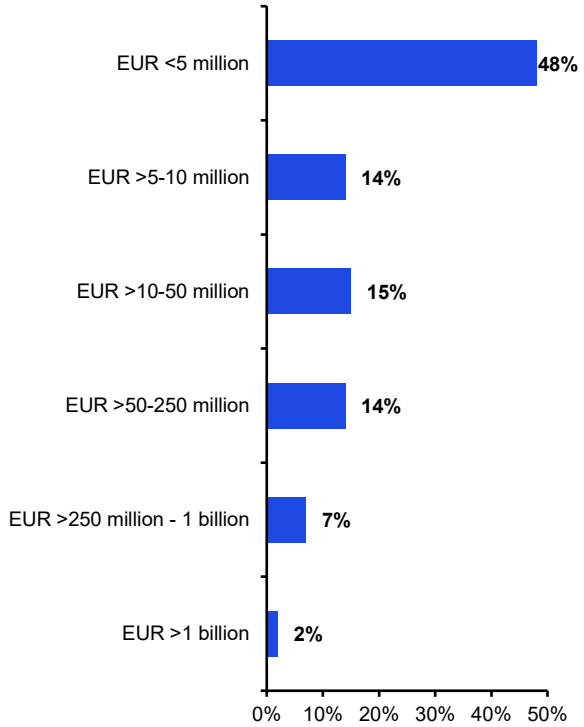
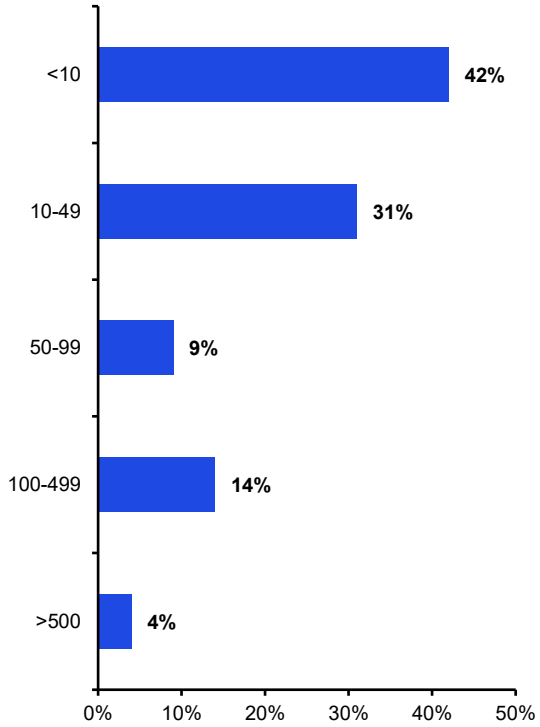
Profile of the companies surveyed

Figure 22: **Annual turnover in Germany**



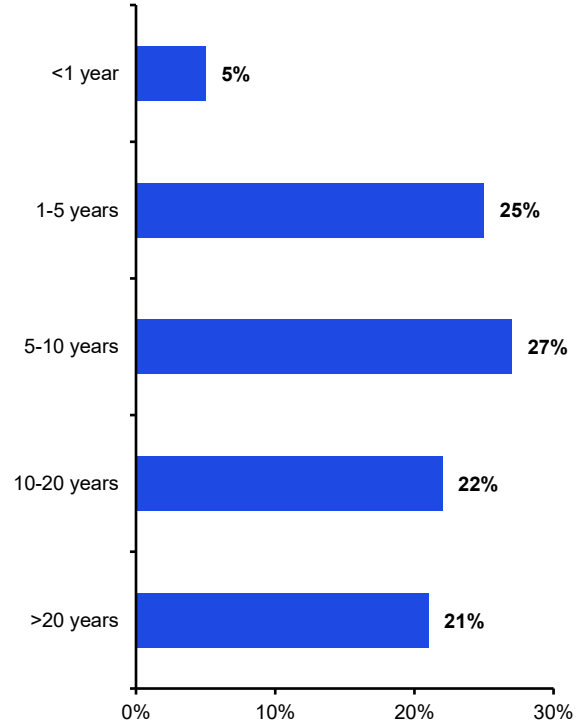
Source: CHKD and KPMG in Germany Business Survey, 2026; (n=111); rounding differences possible

Figure 23: **Number of employees in Germany**



Source: CHKD and KPMG in Germany Business Survey, 2026; (n=113); rounding differences possible

Figure 24: **Duration of activities in Germany**



Source: CHKD and KPMG in Germany Business Survey, 2026; (n=113); rounding differences possible

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05

Macroeconomic overview

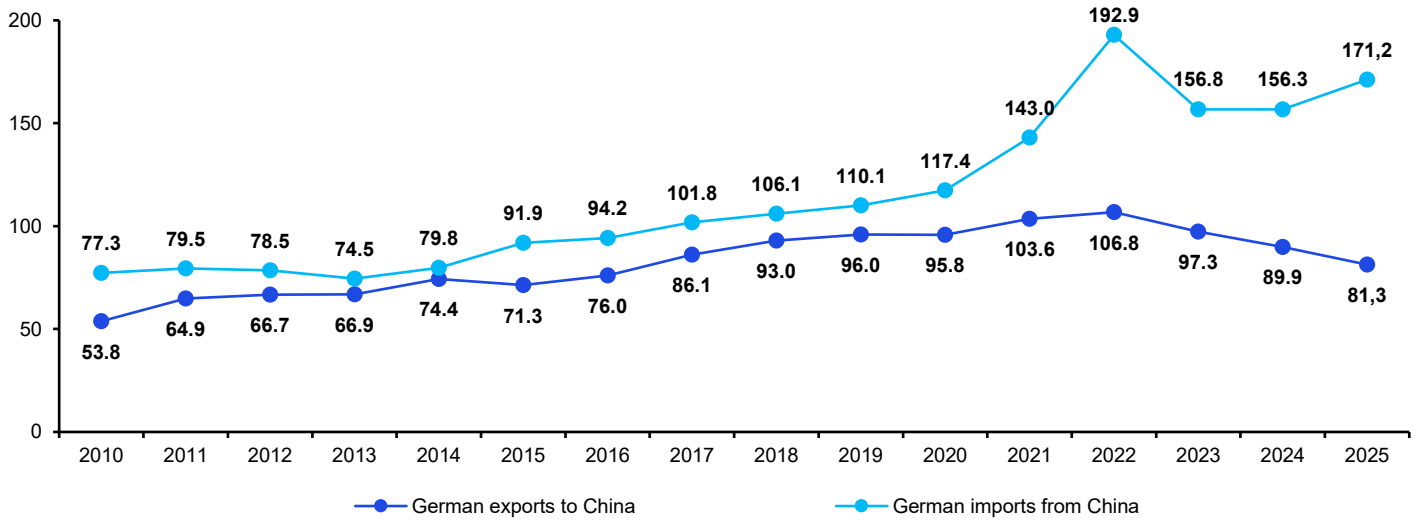


China and Germany remain important trading partners

- Bilateral trade continued to expand in 2025. The trade volume in goods between Germany and China increased by 2.3% compared to 2024 to a total volume of EUR 252.4 billion. German exports to China dropped further by 9.6%, while imports from China increased significantly by 9.1%
- In 2025, China again became Germany's most important trading partner, accounting for 8.1% of Germany's total trade volume. As a sales market, China ranked ninth among Germany's export destinations, while it remained in first place as source market for imports
- Germany was China's eighth most important trading partner, representing 3.3% of China's total foreign trade



Figure 25: **Foreign trade (in EUR billion)**



Source: Federal Statistical Office (Destatis)

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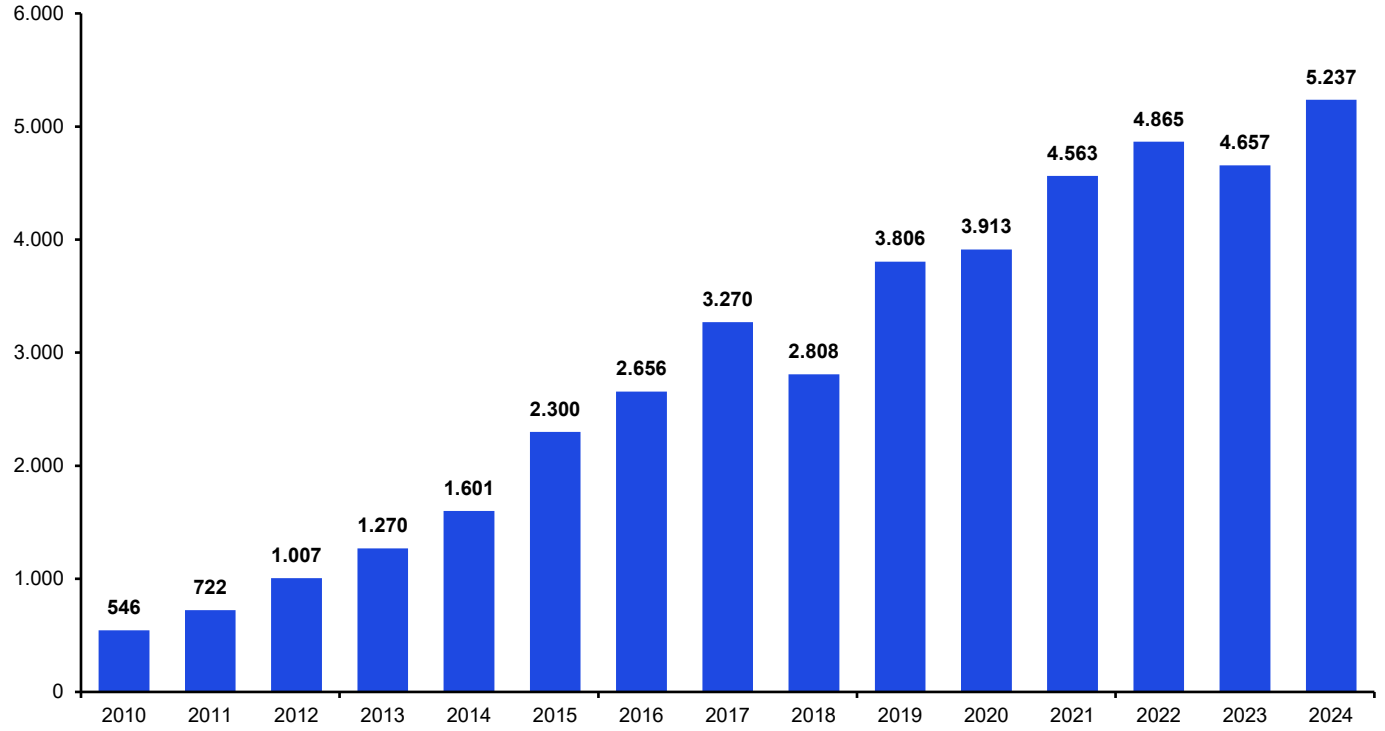
Chinese investment stock in Germany reaches a new all-time high

Figure 26: **Direct investment stocks of Chinese companies in Germany by country of first operating unit (in EUR million)**



Source: Deutsche Bundesbank

- Chinese companies continue to deepen their commitment to Germany. Investment stock in Germany increased again by 16.5% in 2024 to EUR 5.2 billion, marking the highest level recorded to date
- Since 2010, Chinese direct investment stock in Germany has expanded nearly tenfold
- This sustained growth reflects the strategic importance of Germany as a partner and hub for Chinese groups seeking access to the European market



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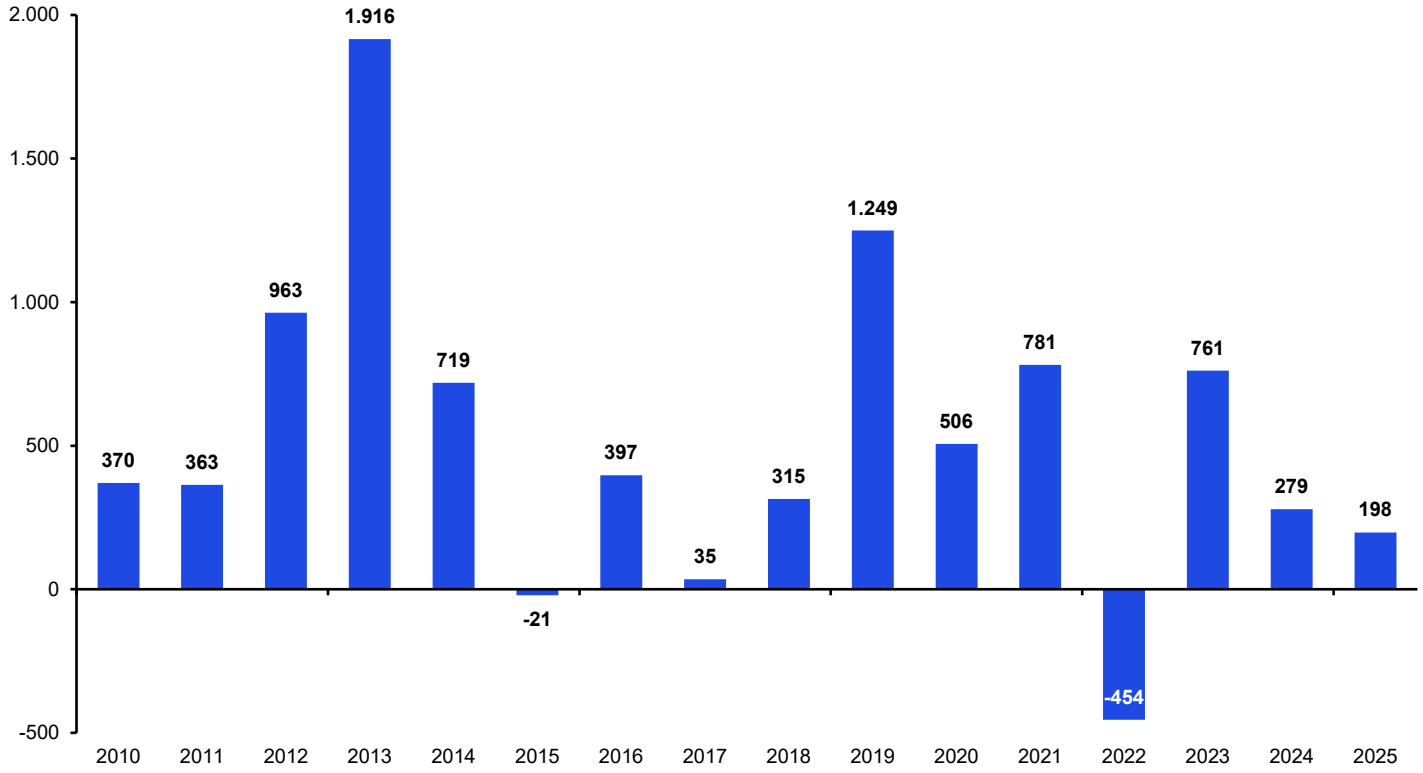
China ranks among top investors in Germany despite recent slowdown

- While annual investment flows fluctuate considerably, Chinese companies continue to maintain a strong presence in Germany's investment landscape
- According to GTAI's FDI Report 2025, China was the largest foreign investor in Germany in 2025, launching 228 foreign direct investment (FDI) projects. That represented 14.5% of all FDI projects undertaken in Germany



Figure 27: **Transaction values of Chinese direct investment in Germany (Extended-Directional-Principle; in EUR million)**



Source: Deutsche Bundesbank, GTAI FDI Report 2025

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Complementary strengths shape the Sino-German economic relationship

Figure 28: **The world's five largest economies in comparison**

	US	China	Germany	Japan	UK
GDP 2025 (in USD billion)	**30,767**	**19,626**	**5,048**	**4,435**	**4,003**
GDP per capita 2025 (in USD)	**89,991**	**13,968**	**60,439**	**35,973**	**57,608**
Population 2025 (in millions)	**342**	**1,405**	**84**	**123**	**69**
Public debt to GDP 2025	**123.9%**	**99.2%**	**62.9%**	**206.5%**	**102.3%**

Source: IMF (Apr. 2026)

- China and Germany rank among the world's largest economies, yet their economic profiles differ significantly in scale, demographics and market structure.
- China's GDP is approximately four times larger than Germany's. At the same time, Germany's GDP per capita is more than four times that of China, highlighting the contrast between overall economic size and individual prosperity
- These differences reflect distinct developments and development models, demographic dynamics and political systems that shape each country's economic outlook

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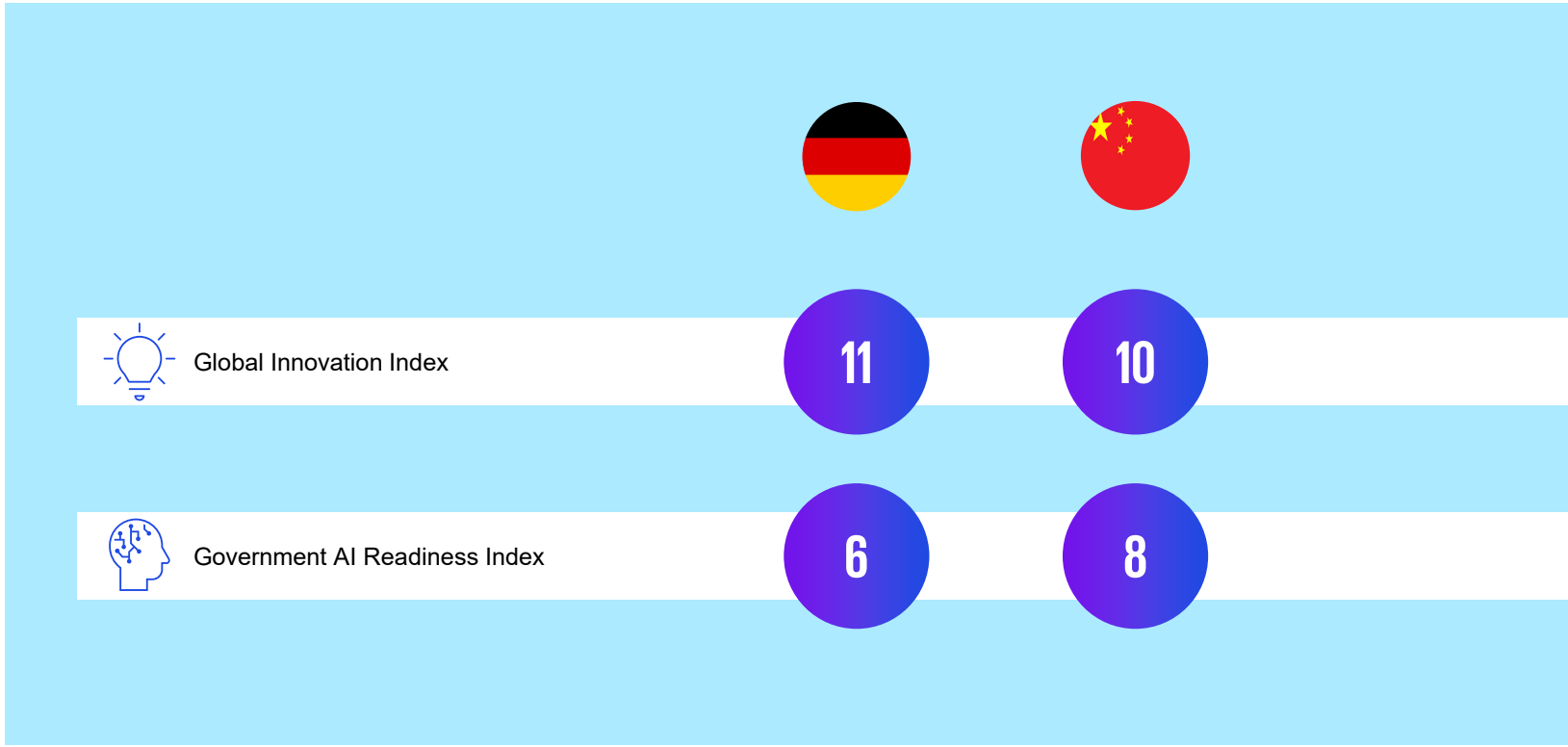
Germany and China rank among the world's leading innovation ecosystems

- In 2025, Germany ranked 11th and China 10th on the World Intellectual Property Organization's (WIPO) **Global Innovation Index (GII)**. The GII uses around 80 indicators, including research and development (R&D) spending, venture capital (VC) transactions, high-tech exports, and intellectual property filings, to assess the innovation performance of nearly 140 economies worldwide
- The **Government AI Readiness Index** assesses 195 governments worldwide by their capacity to harness AI to benefit the public
  - Western Europe is actively strengthening its AI readiness. Particular strengths exist across policy capacity, governance, and resilience. In 2025, with 76.8 points Germany reached 6th place worldwide and 4th place out of the 30 countries in Western Europe
  - China is the highest performing country in the East Asian region (76.2 points). The country did particularly well in the area of Development and Diffusion, ranking 2nd globally. China now has policies in place to attract international AI talent as well as investing internally through higher level training and startup funding. It is also likely the only country globally to be able to challenge US dominance in relation to the AI 'stack'

Figure 29: **Global Innovation Index/Government AI Readiness Index**



Source: World Intellectual Property Organization (WIPO), Oxford Insights

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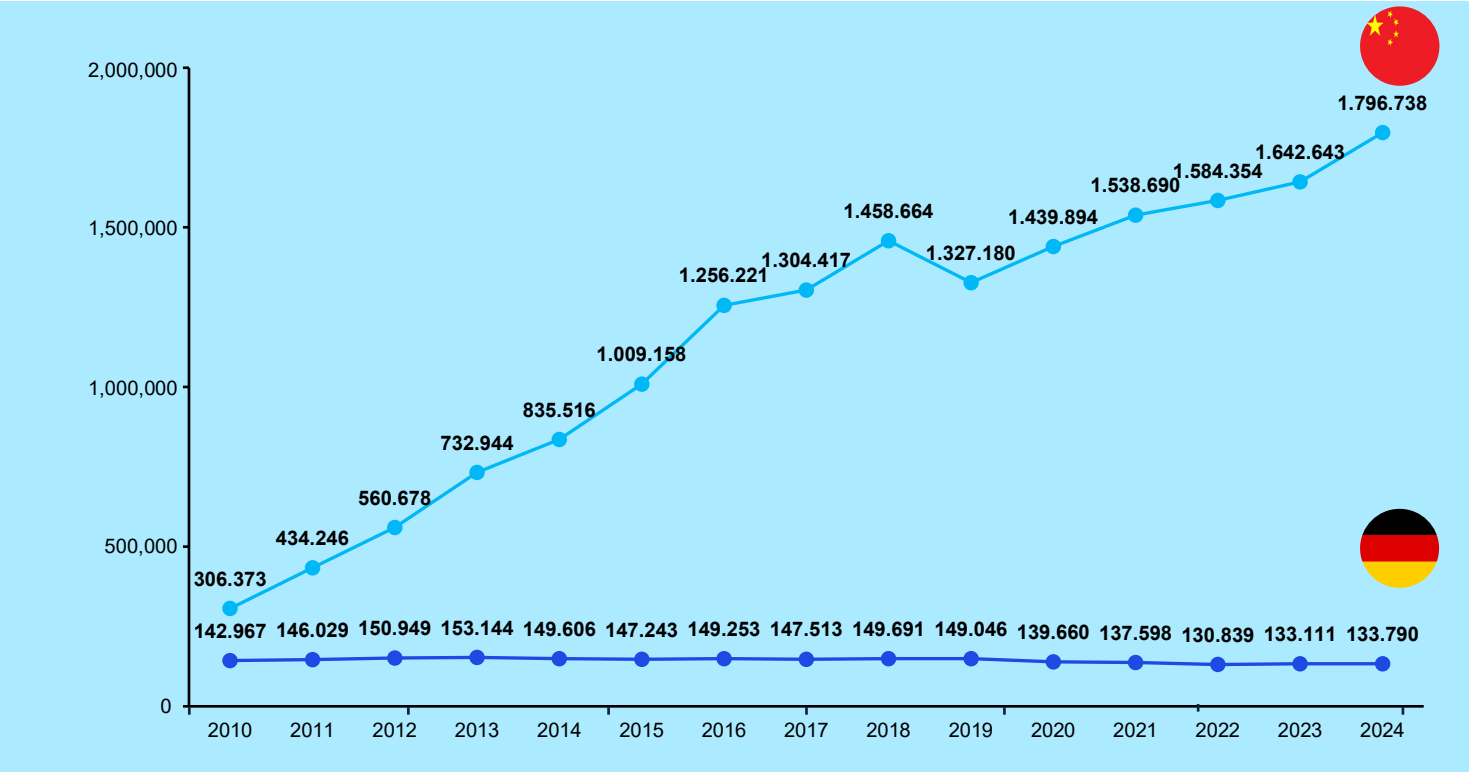
China's innovation scale accelerates while Germany maintains technological depth

Figure 30: **Total number of patent applications**



Source: World Intellectual Property Organization



- Patent activity in China has expanded at an unprecedented pace over the last decade, increasing nearly sixfold to almost 1.8 million applications annually
- In contrast, Germany's patent applications have remained largely stagnant, hovering around 130,000 to 140,000 annually
- The comparison illustrates two distinct innovation models: rapid scaling and commercialization in China versus highly specialized, technology-driven innovation in Germany

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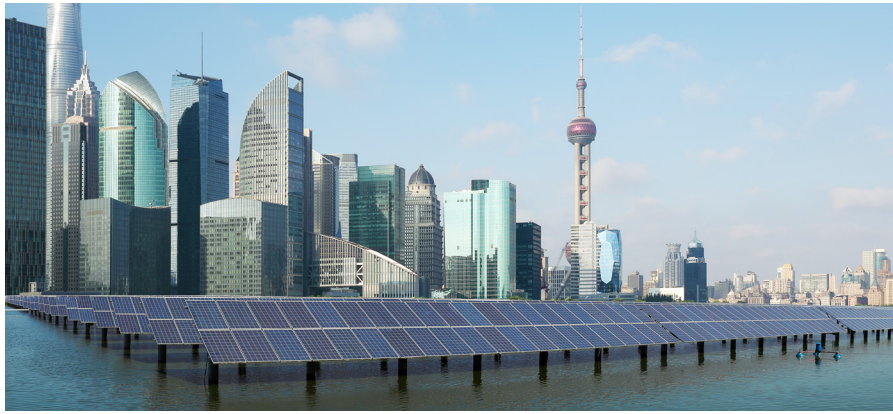
China and Germany are key players in the global energy transition

Figure 31: **KPIs for renewable energies**

	Germany	China
Electricity demand per capita (2025, in kWh)	6,152	7,460
Share of low-carbon sources in electricity generation (2025)	59%	42%
Electric vehicle charging points (Dec. 2025)	0.16 m	20.1 m
Wind installed capacity (2025, in MW)	77,285	691,750

Source: Our World in Data, Destatis, Car News China, World Wind Energy Association



- The share of low-carbon sources in the volume of electricity generated is higher in Germany than in China
- At the end of 2025, China had 20.09 million electric vehicle charging facilities serving nearly 44 million EVs, compared to Germany with 151,718 stations serving 2.03 million EVs

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KPMG in Germany has set up Country Practices for all relevant business corridors between Germany and other countries/regions. All Country Practices are staffed by country experts who know the special characteristics and the regulatory environment of these markets, regularly work in these countries and provide German and global multinational companies with advice on their country/corridor-related questions on a daily basis.

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CHKD

The China Chamber of Commerce in Germany (CHKD) is China's first foreign trade chamber in Europe and the official representative of Chinese business in Germany. The Chamber represents the interests of its more than 300 member companies, approximately half of which are among China's 500 strongest companies, vis-à-vis German politics, business and society.

Its goal is to strengthen economic cooperation between China and Germany. The largest network of Chinese companies in Germany also includes German economic development agencies at state level, chambers of industry and commerce with a focus on China, renowned German companies as supporting members, and other long-standing partners.

www.chk-de.org/de

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