

# Foreign Trade, Foreign Direct Investment and Location Marketing



## WORDS OF WELCOME



**MARTIN ZEIL, MdL**  
Member of the Bavarian Parliament  
Bavarian Minister of Economic  
Affairs, Infrastructure, Transport and  
Technology and Deputy Minister-  
President of Bavaria

Bavaria is one of the strongest business and investment locations in the world. With a per-capita GDP of € 34,397 in 2009, the State of Bavaria ranks high up among the leaders worldwide. Foreign trade is and will continue to be one of the most important success factors for growth, prosperity and jobs. Bavaria is strongly integrated in the global economy.

In 2008, Bavarian industry succeeded in setting its 15th export record in succession with exports totaling some € 155.7 billion. But the Bavarian economy was also hit hard by the global recession. In the maelstrom of the international economic and financial crisis, Bavarian companies were unable to escape the worldwide fall in demand, with the result that 2009 saw a 20.4 percent slump in exports compared with the previous year to € 123.99 billion.

In the meantime the global economy is slowly stabilizing again. Export sales have finally bottomed out. In the first half of 2010, exports in Bavaria have perceptibly recovered from the sharp inroads of last year and were well above the level of crisis year 2009. Major Bavarian export markets like China in particular are sending out positive economic signals. If the global economy continues to pick up, Bavaria will carry on expanding at an above-average rate thanks to its strong position in the export sector and the highly innovative goods and services it offers.

In Bavaria, a proactive foreign trade policy means maintaining and enhancing our front-line position in the field of exports. For the Bavarian State Government, foreign trade policy is therefore focused first and foremost on a pro-SME policy that compensates for the size-related disadvantages and risks incurred by small and medium-sized enterprises.

Internationalization offers companies new opportunities. But it also poses special challenges especially for small and medium-sized enterprises and the liberal professions. That is why the Bavarian SMEs need greater efforts in the foreign trade policy sector.

In close cooperation with its partners in industry – particularly the chambers and various business associations – and of course Bayern International, the Bavarian State Government helps companies based here to take advantage of the opportunities still being offered by globalization. Support instruments and activities tailored to the specific needs of small and medium-sized enterprises help to open up new markets abroad, build up contacts with international partners and transact business.

In the other direction, Bavaria is an attractive investment location for foreign companies. Invest in Bavaria, the Business Promotion Agency of the Bavarian Ministry of Economic Affairs, offers investors a broad range of assistance aimed at making it as easy as possible to set up new facilities.

This brochure gives you an outline of the Bavarian foreign trade, foreign direct investments and location marketing services offered by the Bavarian Ministry of Economic Affairs.

[We invite you to take full advantage of these services!](#)



**KATJA HESSEL, MdL**  
Member of the Bavarian Parliament,  
Vice-Minister, Bavarian Ministry  
of Economic Affairs, Infrastructure,  
Transport and Technology

## BAVARIA'S FOREIGN TRADE IN NUMBERS

### MASTERING THE CRISIS!

During the years from 2000 to 2008, Bavaria's exports went up by about 75 % from some € 90 billion to nearly € 156 billion. But in 2009, the global economic crisis triggered a sharp slump in Bavarian exports by 20.4 %. At close on € 124 billion, they plummeted to the level of 2005. In the first six months of 2010, however, exports have already noticeably recovered from the downward trend of 2009 with an export plus of 16.4 %.

In the manufacturing industries, the export share has increased from 40.3 % in 2000 to 48.8 % in 2009. After overcoming the global economic crisis, the export share in June 2010 was already 52.7 %. This means that more than one out of every two Euros is earned abroad.

### BAVARIAN COMPANIES CONTINUE TO BE WELL REPRESENTED IN ALL MARKETS AROUND THE WORLD.

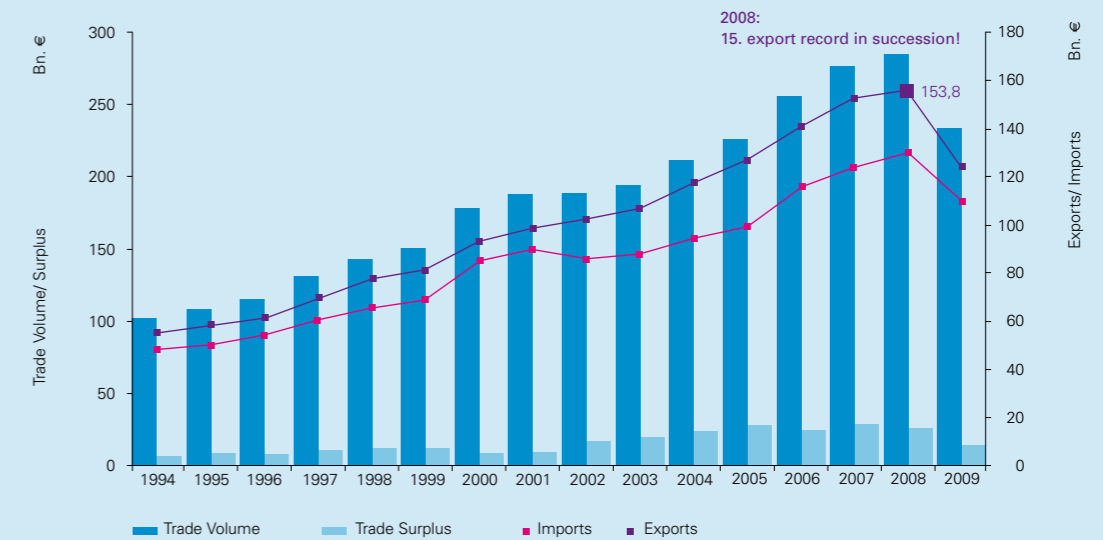
Austria is still the Number One trading partner with a 10.3 % share of total trade, followed by the USA (8.1 %) and Italy (8 %). Economic relations with China in particular are promising. Contrary to the global trend, exports to this country surged by 6.8 % in 2009, which also meant that China took over fourth place among Bavaria's most important trading partners (with 7.8 %). Bavarian exports to the People's Republic of China, the fastest expanding economy in the world and hence the market with the highest future potential, have risen by some 250 % in the last 10 years. In the first half of 2010 alone, exports to China were 70% up on the same period of the previous year.

A major cornerstone in stabilizing Bavaria's foreign trade during the crisis was the single European market: 59.52 % of all exports went to EU countries in 2009. The enlargement of the EU proved to be the driver of Bavaria's export business with the countries of Central and Eastern Europe. Bavarian exports to the new member states have nearly doubled just in the period from the EU enlargement to the East in 2004 to the global economic crisis in 2008. In the crisis year 2009, they accounted for some 14 % of Bavaria's exports worldwide. But the booming BRIC or MENA countries also suggest a positive trend in Bavarian foreign trade. In 2009, exports to India, Brazil and Russia only dropped by a below-average amount. What is more, despite a severe slump in 2009 Russia is still one of Bavaria's most important trading partners, claiming 5 % of total exports. Altogether the volume of trade with the BRIC states has more than doubled in the last eight years.

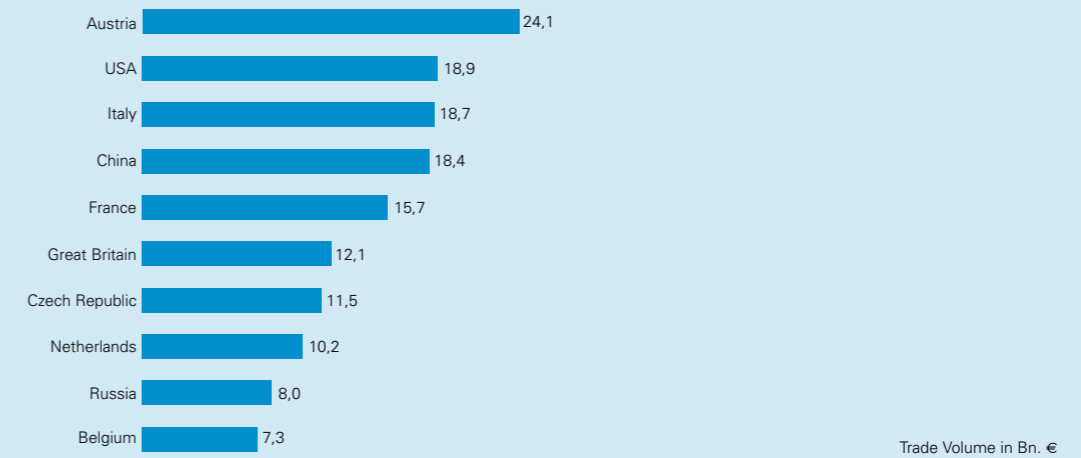
The MENA region was not hit so badly by the crisis as the rest of the world and Bavarian exports to the region could hold up well. In view of the high future significance of this market due to demographic changes and the continuing strong demand for capital goods, the potential for Bavarian companies is immense.



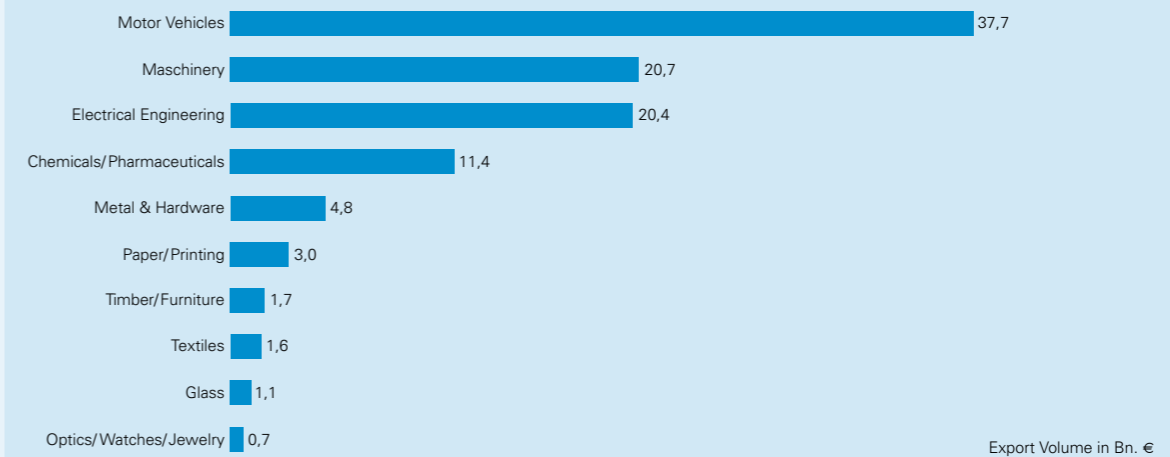
### BAVARIA'S FOREIGN TRADE 1994 - 2009

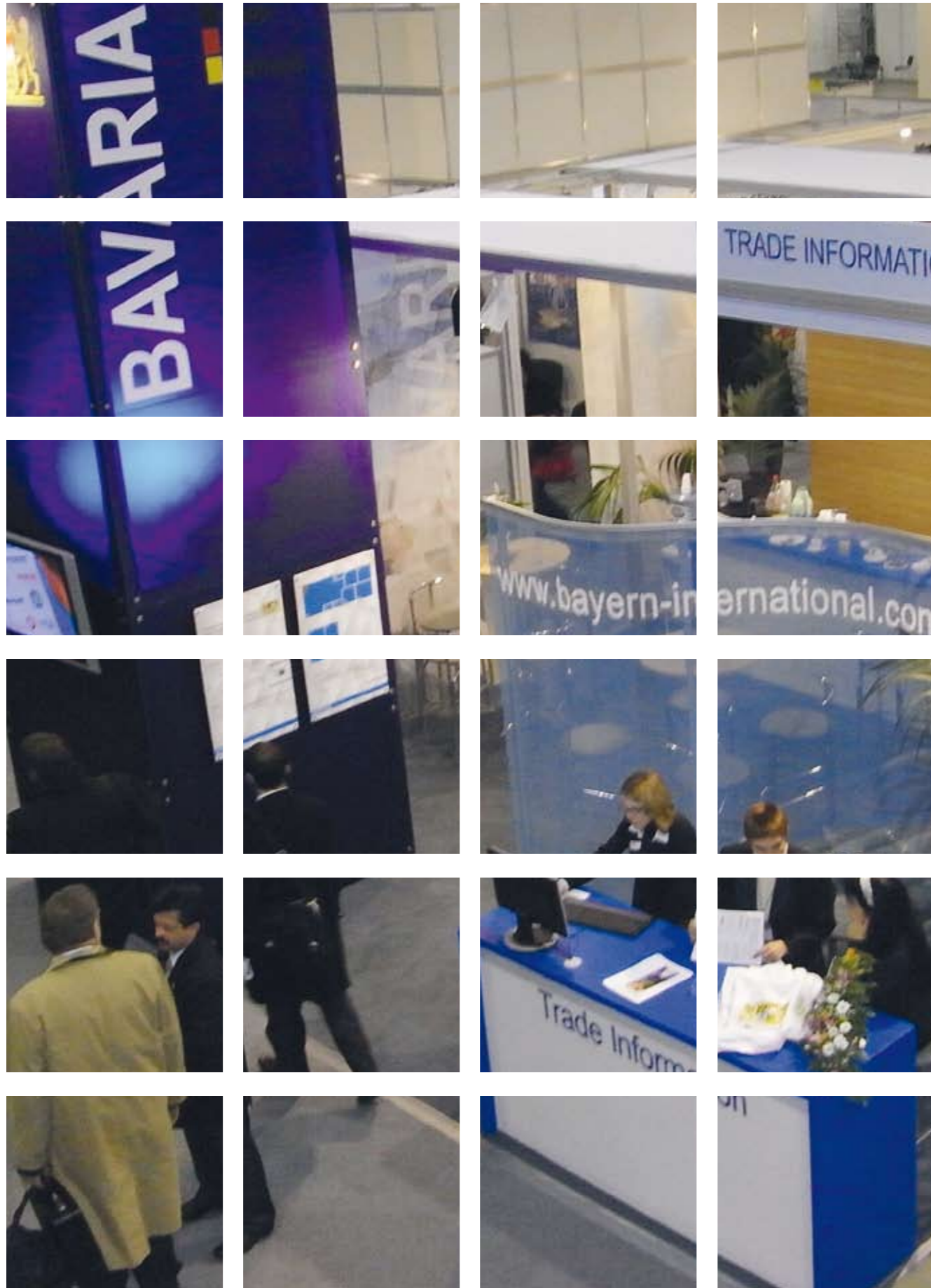


### BAVARIA'S MOST IMPORTANT TRADE PARTNERS 2009



### BAVARIA'S MOST IMPORTANT EXPORT GOODS 2009





## FOREIGN TRADE IN BAVARIA



BAVARIA is firmly integrated in the global economy. Thanks to a wide range of import and export products, direct investment activities and international cooperations, Bavarian companies play a major role and make invaluable partners in the world markets.

### THE PRINCIPAL AIM

of Bavarian foreign trade policy is to secure and further enhance the foreign trade successes and accomplishments achieved by Bavarian companies. This means:

- **maintaining and further boosting market shares** in countries where Bavaria already has a strong economic presence, such as the USA and the EU;
- opening up **new growth markets** for Bavarian companies, especially in Eastern Europe, Asia and the Middle East.



### IN CLOSE COLLABORATION

with our partners – in particular the Bavarian chambers and business associations – and with the cooperation of Bayern International, **we proactively assist companies** based in Bavaria in exploring and opening up new markets abroad.



### WE OFFER

a **customized set of support instruments**, tailored specifically to the needs and individual requirements of small and medium-sized enterprises ([www.stmwivt.bayern.de/pdf/wirtschaft/Erfolgreich\\_im\\_Ausland\\_englisch.pdf](http://www.stmwivt.bayern.de/pdf/wirtschaft/Erfolgreich_im_Ausland_englisch.pdf)).

### OUR CONTACTS

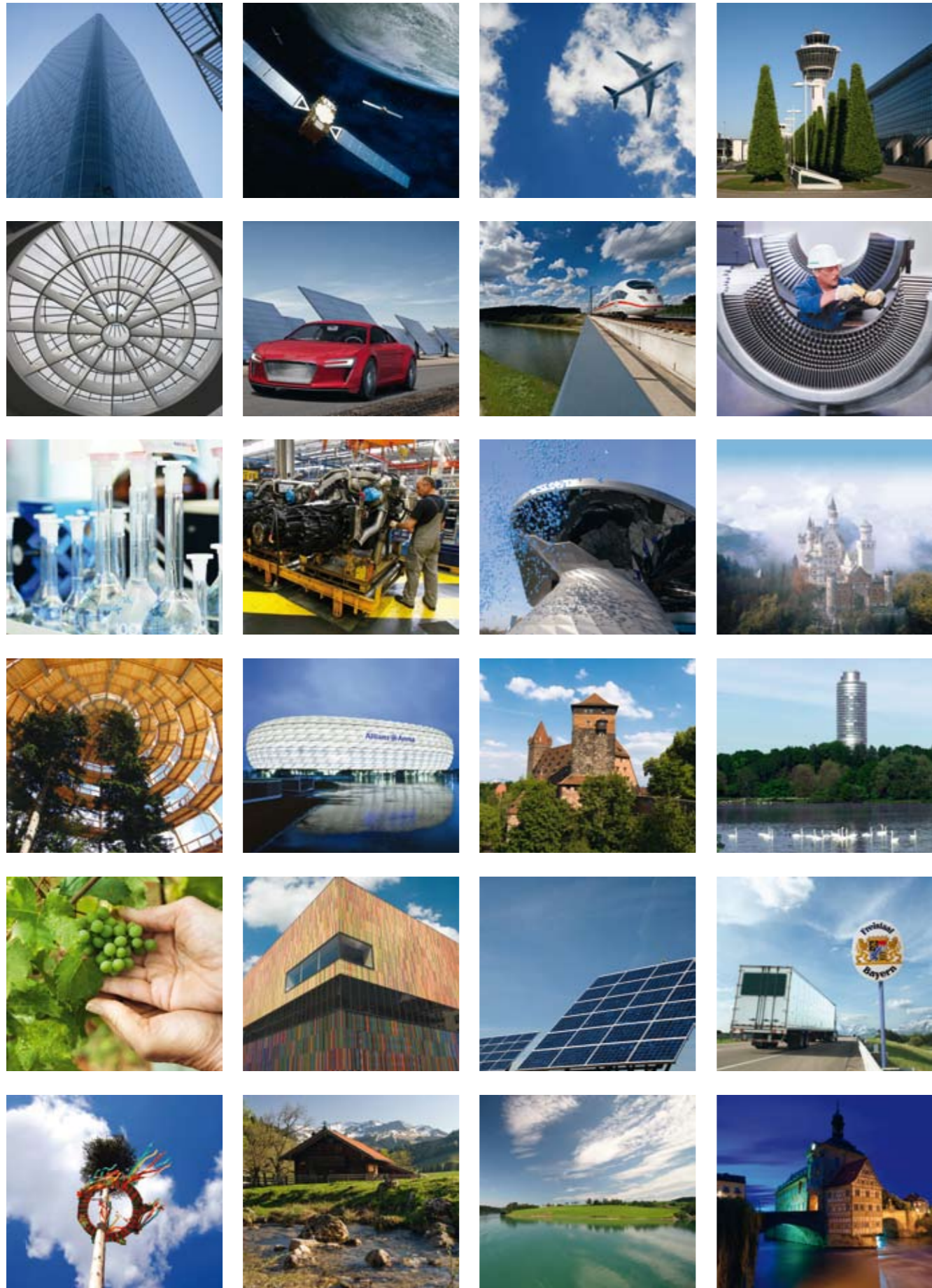
and the **networks** of chambers and business associations in Germany and abroad, help Bavarian companies to find suitable business partners and platforms for successfully representing their organizations:



- In cooperation with Bayern International, we organize **business delegations** enabling companies to establish valuable contacts in target countries while providing political support.
- We **host delegations** from all over the world.
- Bavaria's many **foreign representations** offer advice and information and can provide helpful contacts. Their services are placed at the disposal of Bavarian companies as local contacts and offer support to potential investors in collaboration with "Invest in Bavaria".

Please visit our website for further information: [www.foreigntrade.bavaria.de](http://www.foreigntrade.bavaria.de)





## INVEST IN BAVARIA – INVESTOR SUPPORT AND LOCATION MARKETING

*Invest*  
in Bavaria

**INVEST IN BAVARIA** ([www.invest-in-bavaria.com](http://www.invest-in-bavaria.com)) is the Business Promotion Agency of the Bavarian Ministry of Economic Affairs and Bayern International GmbH. Our international team gives you confidential assistance with setting up or expanding your business operations in Bavaria.

### COMPREHENSIVE ONE-STOP SHOP

Our services range from the initial steps of setting up a business operation and identification of the optimal location to investments in plant expansions. We provide interested companies with business data and information on public funding schemes. Invest in Bavaria facilitates initial contacts with relevant public administration departments, industry and business associations as well as key networks. Our service is of course free-of-charge.

### INTERNATIONAL OUTLOOK FOR THE BENEFIT OF OUR CUSTOMERS

One indicator of Invest in Bavaria's international outlook is our language capability: besides German, the team offers fluency in English, French, Spanish, Chinese, Japanese, Indonesian, Russian and Polish. Our multilingual website provides information and data on Bavaria in German, English, French, Spanish, Japanese, Chinese, Russian and Portuguese. Moreover, 22 Bavarian representative offices worldwide, from Moscow to San Francisco and from Bangalore to Tokyo, assist Bavarian companies abroad and foreign companies interested in Bavaria.

### PROMOTING A STRONG LOCATION

Aside from the acquisition and support of inward investors, Invest in Bavaria also promotes and markets Bavaria as a top business location. We take part in major trade fairs and conferences, are present in the Internet, organize seminars, company and location visits for investors and initiate targeted promotion campaigns as well as journalists' briefings to promote Bavaria – and Invest in Bavaria's range of free services. With great success: major investment projects such as the research centers of Olympus and Google, Linde's group headquarters, the GE Healthcare Commercial Center or the company headquarters of Sandoz, testify to the competence and commitment of our team.



# REASONS FOR BAVARIA

## 01\_TOP LOCATION AT THE HEART OF EUROPE

Bavaria's ideal geographical position and its role as a key hub for international trade affords quick and easy access to all of Europe's markets. Located at the very heart of the European Economic Area (EEA) with nearly half a billion consumers, companies based in Bavaria are ideally placed to open up new sales markets.

## 02\_GATEWAY TO CENTRAL AND EASTERN EUROPE

For centuries, Bavaria has been cultivating close political and economic relations with the countries in Central and Eastern Europe. Especially since the enlargement of the EU to the East, Bavaria has established itself as a turntable between East and West.

## 03\_STATE-OF-THE-ART INFRASTRUCTURE

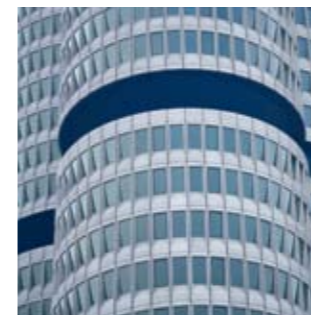
Bavaria's advanced infrastructure offers investors maximum mobility and flexibility. Be it rail, road, water or air – Bavaria guarantees the speediest possible transport of passengers and freight. Efficient, reliable data and information exchange is ensured by innovative information and communications technologies.

## 04\_HIGHLY QUALIFIED AND MOTIVATED WORKFORCE

Only highly qualified and motivated skilled personnel with ideas and commitment are in a position to produce top quality of worldwide repute. Bavaria's excellent universities and its system of dual vocational education combining theory with on-the-job training in trades requiring an apprenticeship ensure maximum employee competence.

## 05\_RENOWND UNIVERSITIES & RESEARCH INSTITUTIONS

11 universities, 17 universities of applied sciences, 11 Max Planck Institutes and 9 institutes of the Fraunhofer Society make Bavaria a world leader in research. It also hosts 3 of the 15 German Helmholtz research centers. Bavaria therefore offers the ideal prerequisites for developing new technologies and services, a reason for its top ranking in German patent registrations.



## 06\_FORWARD-POINTING HIGH-TECH CLUSTERS

Bavaria enjoys a leading position – both nationally and internationally – in key technology sectors ranging from information and communications through biotechnology all the way to energy and medical technology as well as satellite navigation. The State Government's Cluster Initiative "Cluster Offensive Bayern" promotes intensive networking of industry and academia and gives high-tech companies the opportunity to share know-how and develop innovative solutions.

## 07\_STRONG ENTREPRENEURIAL PARTNERS

Bavaria is the home of such global players as Adidas, Audi, BMW, EADS, MAN and Siemens. Nine of the companies listed in the DAX share index are based in Bavaria. In addition, there is a dense network of small and medium-sized industrial, trade and service companies throughout the State – thus providing a broad spectrum of innovative component suppliers, customers and potential partners for every investor.

## 08\_WORKING WHERE OTHERS GO ON VACATION

Bavaria is Germany's favorite holiday and tourist destination and enjoys worldwide appeal. Its breathtaking scenery, rich culture and the proverbial Bavarian way of life attract even the most discriminating, sophisticated businessmen and top professionals. Investing, working and living where others go on vacation – that is Bavaria.

## 09\_ACTIVE ECONOMIC POLICY

"New products, new firms, new markets" is the guiding principle of Bavarian economic policy. In the global arena of competition, it relies on pro-SME administration, attractive employment conditions and reliability in partnership with the business community.

## 10\_TARGETED SUPPORT FOR INVESTORS

Invest in Bavaria is the central single-stop point of contact in the Bavarian Ministry of Economic Affairs for all companies interested in setting up businesses and expanding their facilities in Bavaria. Our team responds quickly to their specific information, advisory and support requirements.

GATEWAY TO CENTRAL AND EASTERN EUROPE

STATE-OF-THE-ART INFRASTRUCTURE

THE HEART OF EUROPE

HIGHLY QUALIFIED AND MOTIVATED WORKFORCE

UNIVERSITIES & RESEARCH INSTITUTIONS

ACTIVE ECONOMIC POLICY

HIGH-TECH-CLUSTERS

STRONG ENTREPRENEURIAL PARTNERS

WORKING WHERE OTHERS GO ON VACATION

SUPPORT FOR INVESTORS

## YOUR CONTACTS



**Dr. Ulrike Wolf**  
Department of Foreign Trade,  
Foreign Direct Investment and  
Location Marketing  
+49 89 2162-2362  
ulrike.wolf@stmwivt.bayern.de



**Armin Schwimmbeck**  
Division for Asia, Pacific, Trade Fairs  
+49 89 2162-2654  
armin.schwimmbeck@stmwivt.bayern.de



**Michael Gotschlich**  
Division for Foreign Trade Policy and  
Europe (excl. CEE), North America  
+49 89 2162-2664  
michael.gotschlich@stmwivt.bayern.de



**Georg Reichl**  
Division for Africa, Latin America,  
Middle East, Turkey, Economic Cooperation  
with Developing Countries  
+49 89 2162-2434  
georg.reichl@stmwivt.bayern.de



**Martin Grossmann**  
Division for CEE States, CIS States  
+49 89 2162-2639  
martin.grossmann@stmwivt.bayern.de



**Dr. Johann Niggel**  
Invest in Bavaria  
+49 89 2162-2642  
johann.niggel@stmwivt.bayern.de

