Global Results

AHK World Business Outlook Spring 2020

“The global economy and thus the business of German companies abroad are in a substantial crisis.

Two thirds of the more than 4,000 companies surveyed by the AHKs worldwide expect the economy to deteriorate in the respective countries. Especially in Europe and North America, German companies are assuming a dramatically worsened economic development. Half expect their businesses to decline in the next twelve months. Many want to reduce their investments and cut personnel.

As a direct consequence of the spread of the corona virus, 80 percent of German companies abroad expect their sales to decline. 15 percent of the companies even assume that their annual sales will more than halve. The lower demand for the products and services, but also travel restrictions, the cancellation of trade fairs or the cancellation of orders are a problem for the companies.

The greatest risk for companies in the next twelve months is the demand for goods and services. After around half of the companies in the preliminary survey in autumn 2019, there are now more than two thirds who see this as a major challenge for the further development of the business. However, the economic policy framework and the topic of financing - due to many business closings and the currently high and growing need for liquidity - are high business risks for German companies abroad.”

(AHK World Business Outlook Spring 2020)

Source: https://www.dihk.de/resource/blob/23018/e93433e0616986269d609a6df48b4c8f/ahk-world-business-outlook-fruehjahr-2020-englisch-data.pdf
The AHK World Business Outlook is based on a regular DIHK survey of the member companies of the German Chambers of Commerce Abroad, delegations and representative offices (AHKs). In spring 2020, it collected feedback from more than 4,000 German companies, branches and subsidiaries, as well as companies closely related to Germany.

- 38 percent of the responding companies come from the industrial and construction sector
- 41 percent from the service sector and
- 21 percent are trading companies.

- Smaller companies with fewer than 100 employees account for 52 percent of the answers. 24 percent of the companies employ 100 to 1,000 people. Large companies with more than 1,000 employees also account for 24 percent of the respondents.

In Saudi Arabia we collected feedback from 30 German companies, branches and subsidiaries, as well as companies closely related to Germany. For Bahrain, unfortunately, the number of responses have not been sufficient to draw conclusions.

- 47 percent of the responding companies come from the industrial and construction sector
- 43 percent from the service sector and
- 10 percent are trading companies.

- Smaller companies with fewer than 100 employees account for 26.7 percent of the answers. 23.3 percent of the companies employ 100 to 1,000 people. Large companies with more than 1,000 employees account for 50 percent of the respondents.

Source: https://www.dihk.de/resource/blob/23018/e93433e0616986269d609a6df48b4c8f/ahk-world-business-outlook-fruehjahr-2020-englisch-data.pdf
Saudi Arabia

Business Outlook for German Companies

**Question 1**
Current situation of the company

- 58% Good
- 27% Satisfactory
- 15% Bad

About one third of the surveyed companies worldwide see the current business situation as bad.

**Question 2**
Expected business development in the next 12 months

- 58% Better
- 32% Unchanged
- 10% Worse

Half of the surveyed companies worldwide expect a worse business development for the next 12 months.

**Question 3**
Expected medium-term economic development in Saudi Arabia

- 56% Better
- 41% Unchanged
- 3% Worse

In comparison with Saudi Arabia, companies in the UAE seem to be slightly more pessimistic about the local economic development (with 72% expecting a worse economic development).

After China, the expectations in the MENA region are the most positive ones compared to regions in the rest of the world.

Delegation der Deutschen Wirtschaft für Saudi–Arabien, Bahrain und Jemen
German–Saudi Arabian Liaison Office for Economic Affairs (GESALO)
Saudi Arabia

Business Outlook for German Companies

Question 4
Expected investments in the next 12 months

- Higher: 24%
- Unchanged: 24%
- Lower: 13%
- No investments: 2%

Worldwide, more than half of the surveyed companies is planning to lower the investments in the next 12 months.

Question 5
Expected change in the number of employees over the next 12 months

- Higher: 50%
- Unchanged: 37%
- Lower: 13%

Worldwide, only 35% of the surveyed companies is planning to employ less persons in the next 12 months.
The major risks expected by businesses in Saudi Arabia are demand (67% of surveyed), economic policy (45%), trade barriers and the preference of domestic companies (35%), as well as financing (35%).

Worldwide, the major risks expected are demand (69%), economic policy (45%), financing (37%), followed by trade barriers and the preference of domestic companies (23%).

While the answers for Saudi Arabia are in line with the global average, the risk of trade barriers and the preference of domestic companies scores visibly higher in Saudi Arabia than globally.
Changes in sales as a result of Covid-19

72% of the surveyed companies in Saudi Arabia expect lower sales as a result of Covid-19, while this number reaches 79% worldwide. Smaller companies are expected to be impacted to a larger degree. Worldwide, 20% of the surveyed small companies with less than 100 employees expect a decline in sales of more than 50%.
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