

explain why enhancing competitiveness and reducing labour costs found in table 10 are seen as an important effects of offshoring for German firms.

Table 12: Effects on firms with relocations

Aspect	Effect			
	Negative	neutral	Positive	Not specified
			%	
Competitiveness	/	7.9	84.6	9.9
Cost of labour	(1.2)	13.0	77.4	8.4
Access to new markets	(1.2)	21.0	59.3	18.6
Other costs	4.1	31.6	56.4	8.0
Own know-how	7.9	48.5	22.8	20.7
Access to new knowledge	5.2	47.0	13.0	34.8
Logistic	16.8	35.4	24.5	23.3
Product development	6.7	40.0	11.1	42.3
Other aspects	(0.5)	0.0	2.4	97.0

Source: Statistisches Bundesamt (2008), own translation. “/” means that this number is uncertain and thus not disclosed by the Statistical Office. “(…)” means that the number is not as accurate.

As for possible labour market effects, Table 13 indicates that firms view the relocation of employment as important, irrespective of the skill levels of the employees. However, the skill levels of workers are important for the creation of new jobs in firms that offshore. Indeed, two thirds of firms did not create any new jobs for low skilled workers. By contrast, almost half of the firms indicate that they created new high skilled jobs.

Table 13: Employment effects in firms with relocations

Employment effects by skill level		Employment effects		
		applies	Does not apply	Not specified
		In ... % of the enterprises		
Relocation of employees...	In low skill occupations	61.8	25.0	13.1
	In high skill occupations	62.1	27.2	10.7
Employment creation...	In low skill occupations	15.1	65.6	19.3
	In high skill occupations	46.4	38.4	15.2

Source: Statistisches Bundesamt (2008), own translation.

Table 14 provides even more detailed evidence on job creation and job destruction in firms that relocated activities abroad. Overall, 188,600 jobs were destroyed in Germany, while 105,500 were generated as a result of firm relocations. Hence, the ratio of jobs created to jobs destroyed is 56 percent overall. The picture is however much more positive for high skilled workers. 63,300 lost jobs are balanced by 59,300 newly created positions, yielding a ratio of 94 percent. The table also shows that this pattern in favour of skill