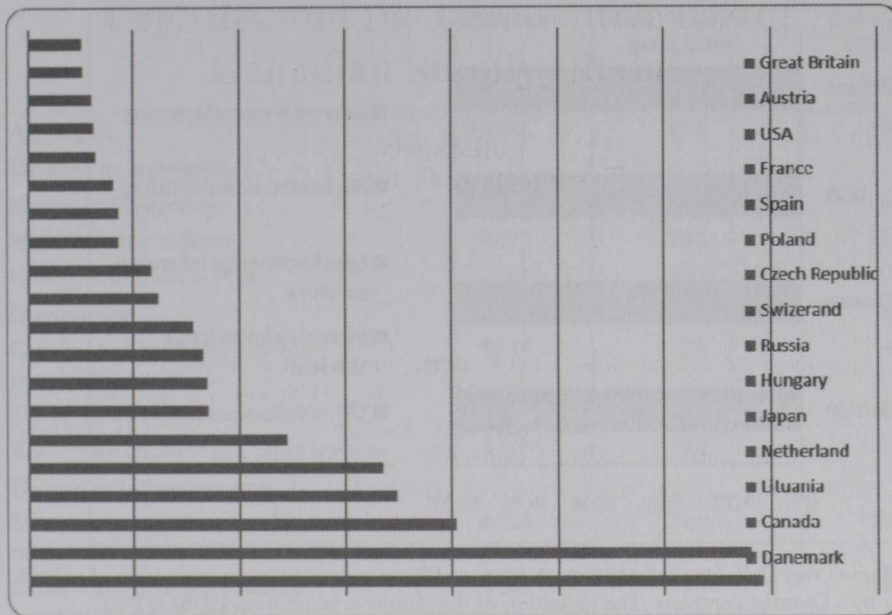


Figure 5: Geographic distribution of German foreign affiliates by destination country (2009)



Sources: Bureau van Dijk, own calculations. A foreign affiliate is defined by an ownership of at least 10 percent by a German company. Only countries with more than 1 percent of total German affiliates are represented.

Accordingly, Figure 5 looks at the location pattern of foreign affiliates of German parents abroad. Similar to Geishecker et al. (2009) we find that many of the most important locations for German affiliates are within the European Union. For example, the figure shows that the UK and Austria are host to roughly 15 percent of German affiliates abroad each. The US is the third most important host country for German firms, while Canada is number 14, followed closely by Mexico. Hence, NAFTA seems to be an important market for German firms. With China, Brazil and Russia there are also three of the most important emerging markets on the list of top locations for German affiliates abroad which point to the global value chains binding German firms with these countries.

Next, we decompose the primary activities of German foreign affiliates in different countries according to four groups: low-technology manufacturing, high technology manufacturing, less knowledge intensive services and knowledge intensive services suggested by Eurostat. Figure 6 provides a flavour of this break down for four different countries with a large German presence.⁵

⁵ Note that for most other countries we do not have adequate information on the activity of German affiliates to disaggregate them according to these four groups.