

in the newly industrializing BRIC countries, with one exception. The only country that has a higher, and still growing, manufacturing share is China. Its manufacturing sector accounted for roughly one-third of Chinese economic activity in the last few years. Also, while there has been a downward trend in the share of manufacturing in GDP in most OECD countries, this does not appear to have been the case to the same extent in Germany.¹

Table 1: Manufacturing value added as percentage of GDP

	2005	2006	2007
Germany	22.5	22.6	..
Canada	16.2	15.5	14.9
China	32.8	33.6	34.1
Brazil	18.1	17.4	17.4
India	15.8	16.3	16.3
Russian Federation	19.0	18.2	19.0
United Kingdom	13.5
France	13.2	12.7	12.2
United States	14.1	13.9	..

Source: World Bank, World Development Indicators

Table 2 depicts some vital statistics for the German manufacturing industry overall. It shows in the same table the number of firms and employees in all manufacturing sub-sectors. German firms and employees are active within the whole range of manufacturing activities, as expected from an economy of the size of Germany. In 2007, there were roughly 37,000 manufacturing firms which employed about 6.2 million employees. By far the largest sectors in terms of employment are "Machinery" and "Motor Vehicles", the two German flagship manufacturing sectors. These two sectors alone account for about 30 percent of employment in all manufacturing industries.

The "Machinery" sector is not only a key industry in terms of employment, but is also important in terms of actual firm numbers. Other sectors that boast substantial numbers of firms are "Fabricated Metals" and "Food & Beverages", but these employ relatively fewer workers. This is best reflected in the average number of employees per firm, which is quite low in these three sectors compared to "Motor Vehicles". It points to the importance of the German small and medium sized firms, also known as the *"Mittelstand"*, within the spectrum of German firms. These are often small firms (less than 1000 employees), family owned and active in the German manufacturing sector. These firms are often described as being at the core of German industrial structure and behind the export success of Germany.

¹ One argument why Germany keeps this current constellation and the resulting stable share of manufacturing in value added is that German firms produce highly sophisticated goods less inclined to foreign competition from emerging countries. Figure 1 below shows that highly skilled industries (with high wage rates) are less exposed to foreign competition from low-wage countries.