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Invest Facts and *in Bavaria* Figures



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Invest A state and *in Bavaria* its economy



Bavaria: portrait of a state

Bavaria: part of Europe

Bavaria is located in the heart of central Europe. As such, it forms the nexus of the trading routes linking the western, eastern, northern and southern reaches of the continent. This location and these transport arteries put all of the continent's business centers in easy reach. The location and arteries thus constitute a potent asset for the state's businesses.

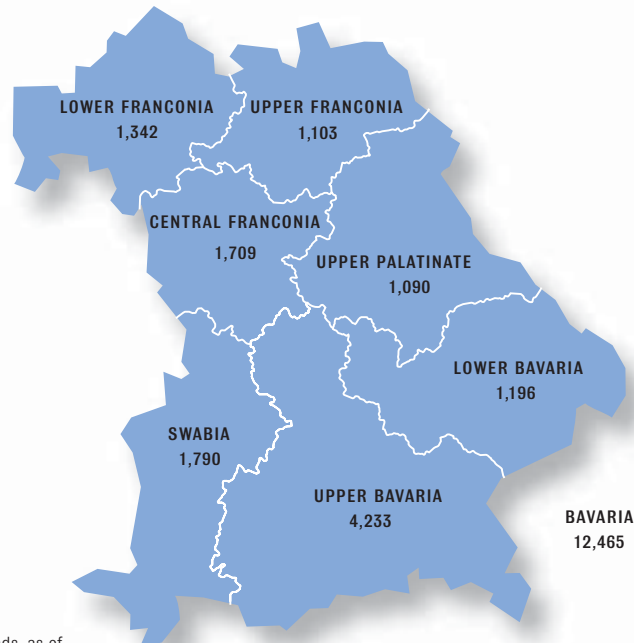


Bavaria: part of Germany

Bavaria covers 70,549 km². This makes it the largest of Germany's states. Bavaria is considerably larger than such EU member countries as Estonia, Denmark, the Netherlands, Belgium and Slovenia—and about the same size as Ireland.



Bavaria's administrative regions: population



in thousands, as of September, 2005

Bavaria: its government and its people

Its constitution sets up Bavaria as a state adhering to cultural and societal ideals, and governed by democratic principles and by a body of laws. These laws are formulated and passed by the Landtag, Bavaria's parliament, acting in its capacity as the representative of the people. Bavaria's state government is the administrative body executing the laws passed by the Landtag, and guiding the affairs of state. The government is comprised of the prime minister (governor), the ministers and the state secretaries. The state chancellery assists the governor and the rest of the state government in the carrying out of their constitutional duties. The work of the state government is divided into nine individual areas of responsibility, each handled by a ministry headed by a minister.

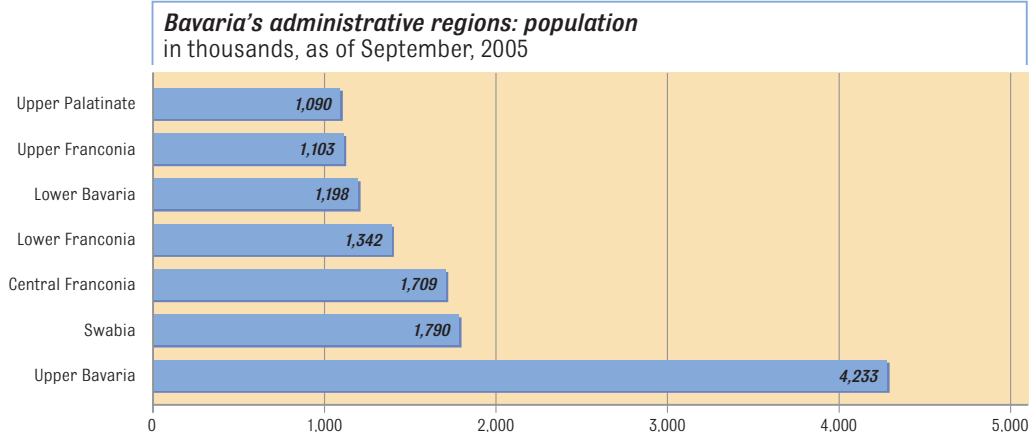
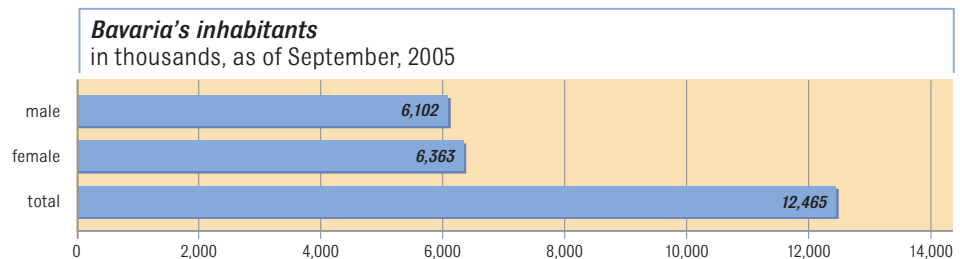
To provide a state-wide, regional level of governmental service, seven administrative regions were set up: Upper Bavaria, Lower Bavaria, Upper Palatinate, Upper Franconia, Central Franconia, Lower Franconia and Swabia.

The local level of the state government consists of 71 district boards and 25 city councils, each with considerable administrative autonomy.

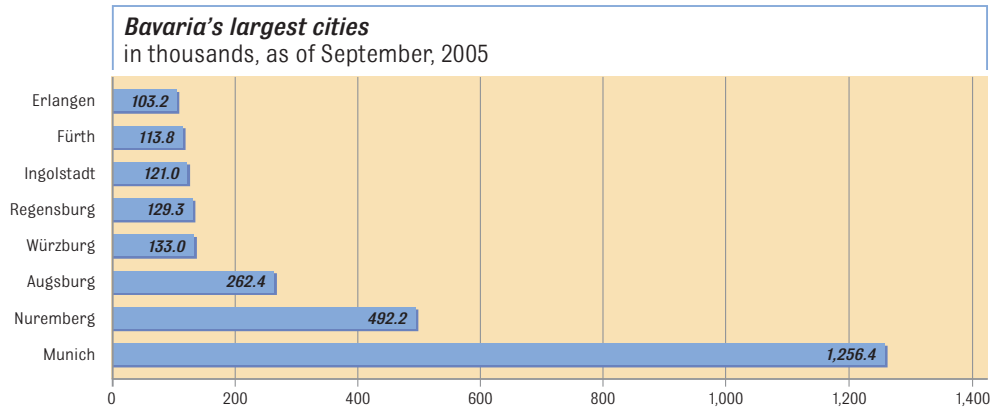
These authorities—the 7 regional, 71 district authorities and 2,056 local-level ones—have been entrusted with key administrative responsibilities and powers.

Bavaria's inhabitants

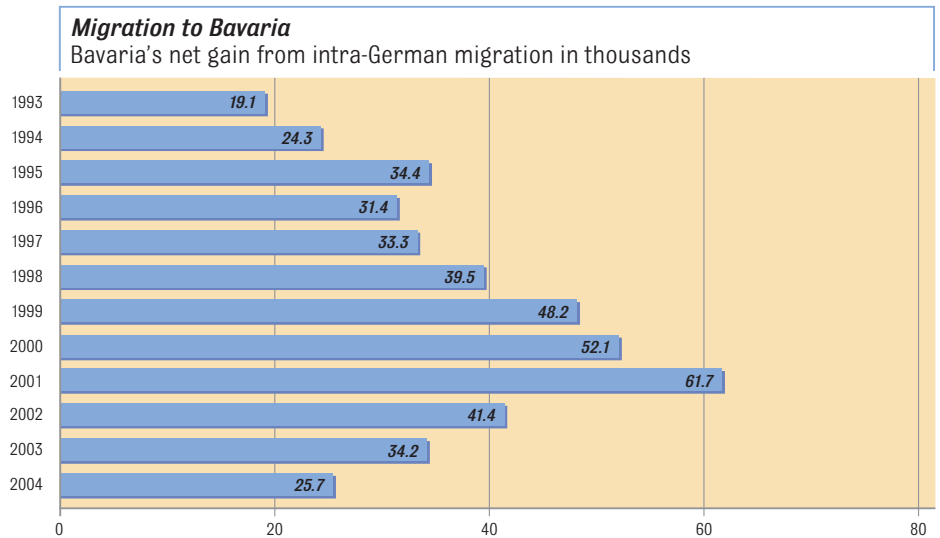
Bavaria has more than 12 million inhabitants. This makes it the second largest of Germany's states in this category. Bavaria's population is larger than that of Greece, Belgium, Portugal, Sweden, Austria, Denmark, Finland, or Ireland.



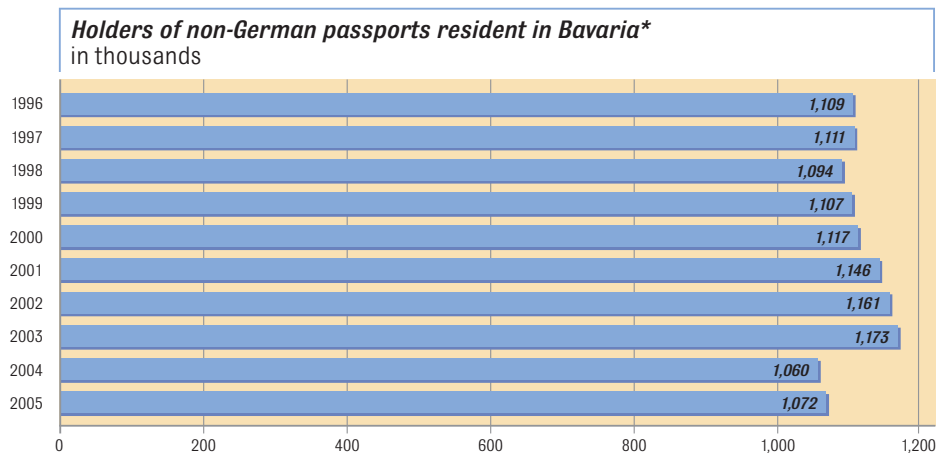
Bavaria has eight cities with populations greater than 100,000. They account for a fifth (20.9%) of the state's total population.



A large part of the rise in Bavaria's population has stemmed from net emigration from Germany's other states. This "chronic" imbalance details how attractive our state is. This ongoing immigration means that investors setting up or expanding operations in Bavaria can recruit personnel in a market extending far beyond state borders.



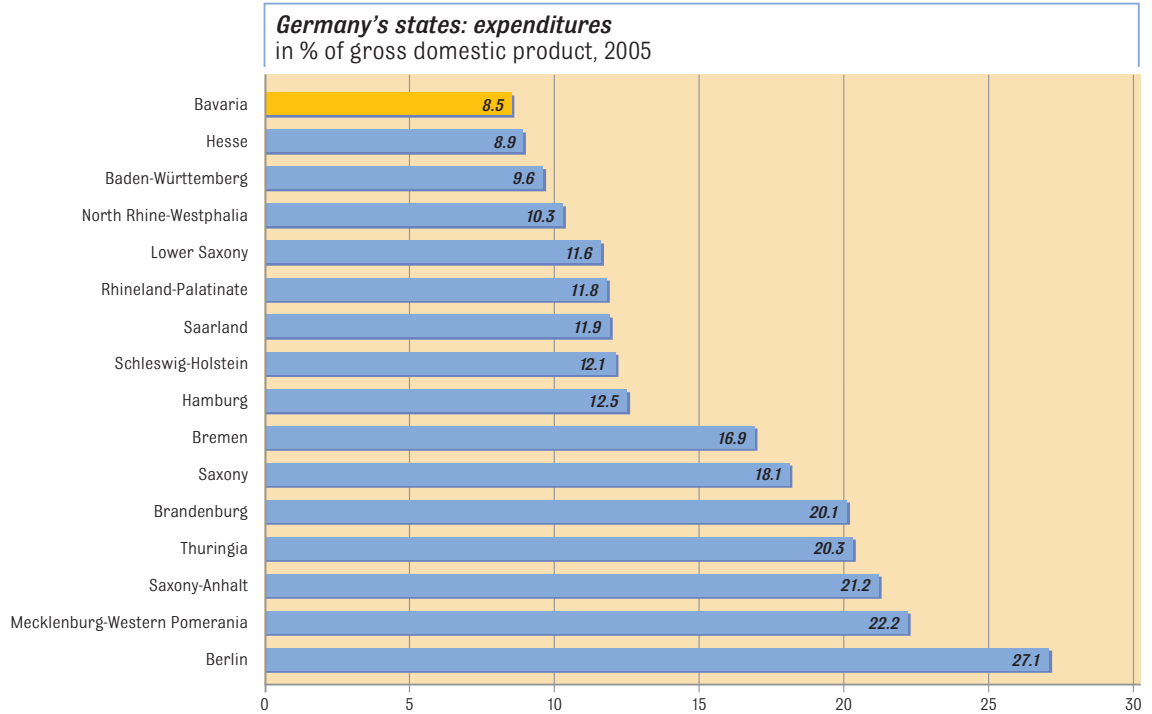
That Bavaria is an attractive place in which to work is a fact recognized far beyond state borders. Nearly one tenth of Bavaria's residents hold non-German passports.



* Census Bureau for Non-German Residents

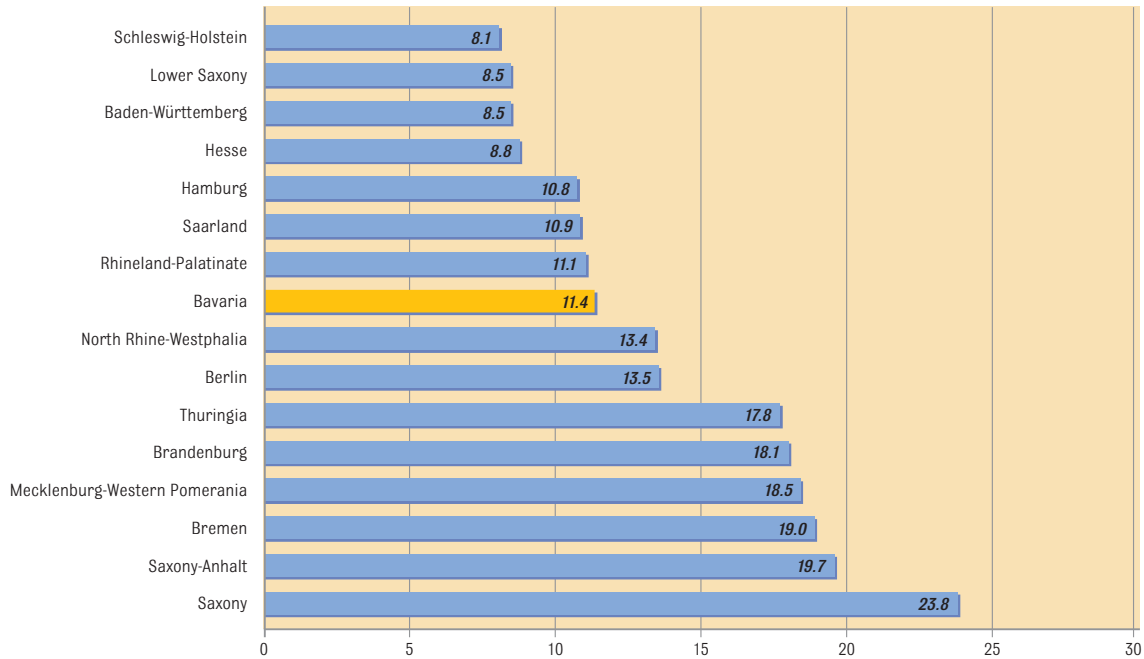
Bavaria has the lowest rate of public expenditure among Germany's states.

Having solid finances has always been SOP (standard operating procedure) in Bavaria.



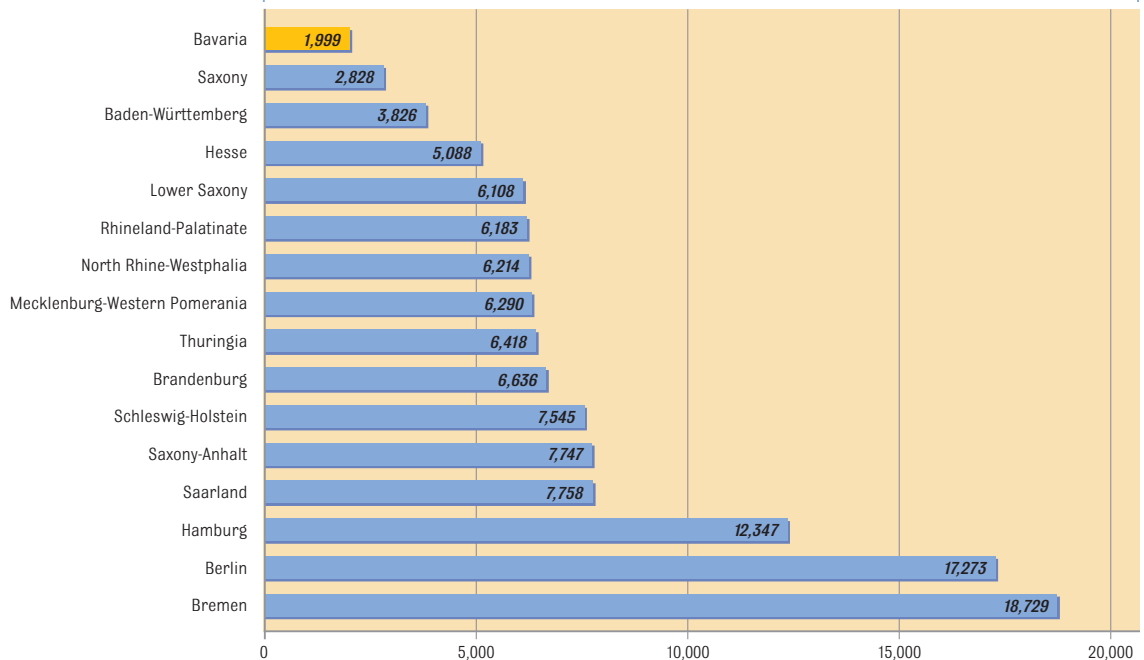
Bavaria has the fourth highest rate of public-sector investment among Germany's western states.

Germany's states: rates of investment
expenditures for capital investments in state budgets in 2005
(in % of total budgetary outlays)



Among Germany's states, Bavaria has by far the lowest rate of state indebtedness.

Germany's states: total indebtedness
in debt per capita, in €, 2005

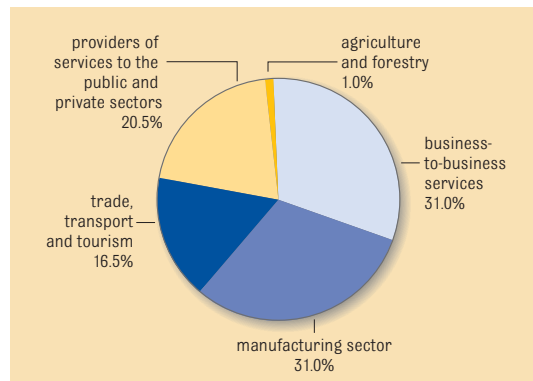


Bavaria's economy: its main features

Bavaria's economy: share of value added by its sectors

Bavaria's economy was once predominantly agrarian. Today, it features a mix of advanced sectors, with the agricultural and forestry sectors accounting for only some 1% of the economy's gross value added. Today's mix of high-tech industrial sectors and intelligent services—provided both by corporations and by a large number of self-employed professionals—gives Bavaria a very strong economic base, and makes it highly attractive to outside investors. They join with the state's large number of new, high-tech companies in giving Bavaria a highly advanced business community.

Economic sectors:
their share of the nominal gross value added in %, 2005

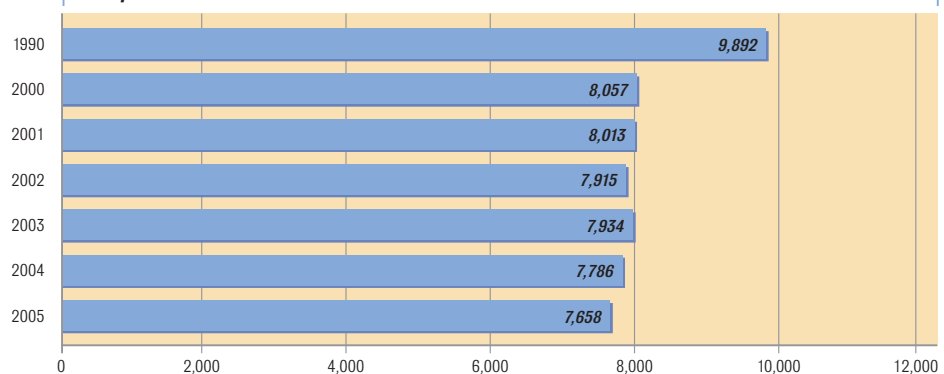


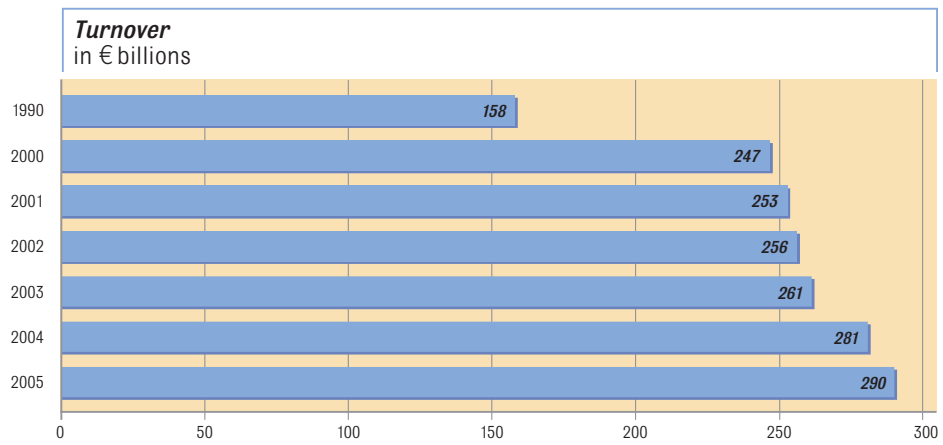
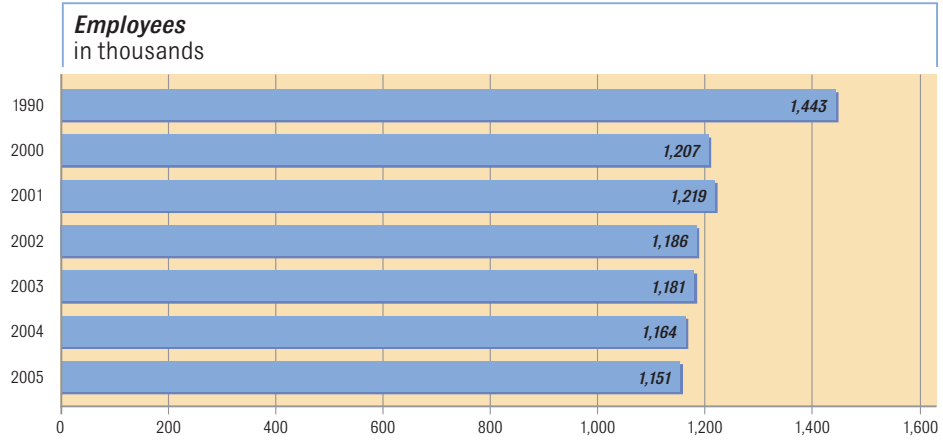
Industry

Bavaria's manufacturing sector in 2005: an overview

The state's manufacturing sector is the flagship of Bavaria's economy. A large number of service providers work closely with the state's some 7,700 industrial companies. In 2005, these companies employed some 1.2 million persons (a figure counting only those operations employing 20 persons or more), and had a total turnover of € 290.3 billion. Of that, € 131.8 billion went to markets outside Germany, translating into a 45.4% rate of exports (the figure for western Germany as a whole was 40.6%).

Companies

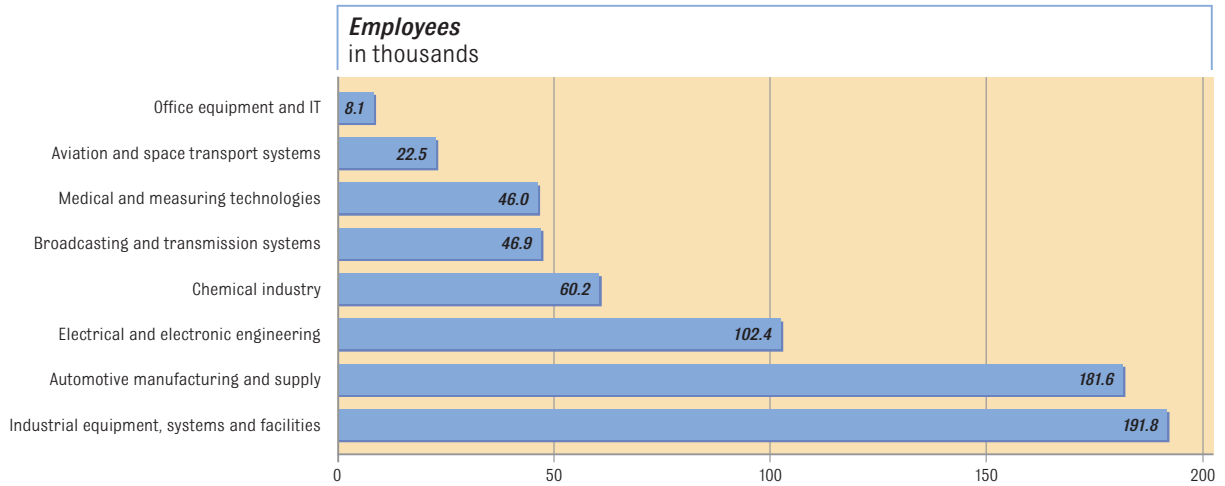




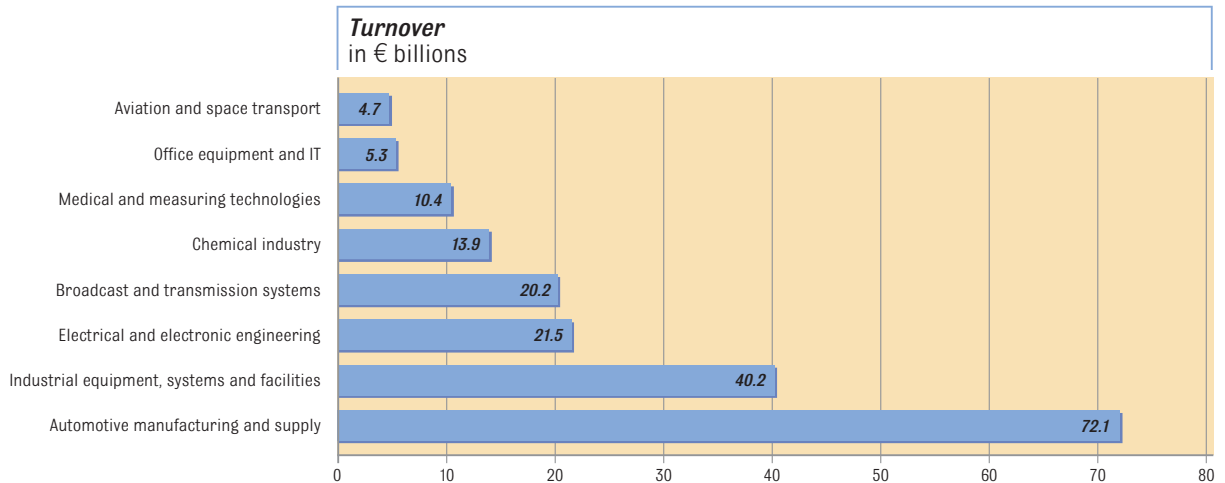
Bavaria's high-tech sector in 2005

Years of restructuring have given Bavaria high-tech sectors of a considerable size.

High-tech companies account for more than half (57.3%) of employment in Bavaria's manufacturing sector. That's much greater than the percentage applying to Germany as a whole (51.8%).



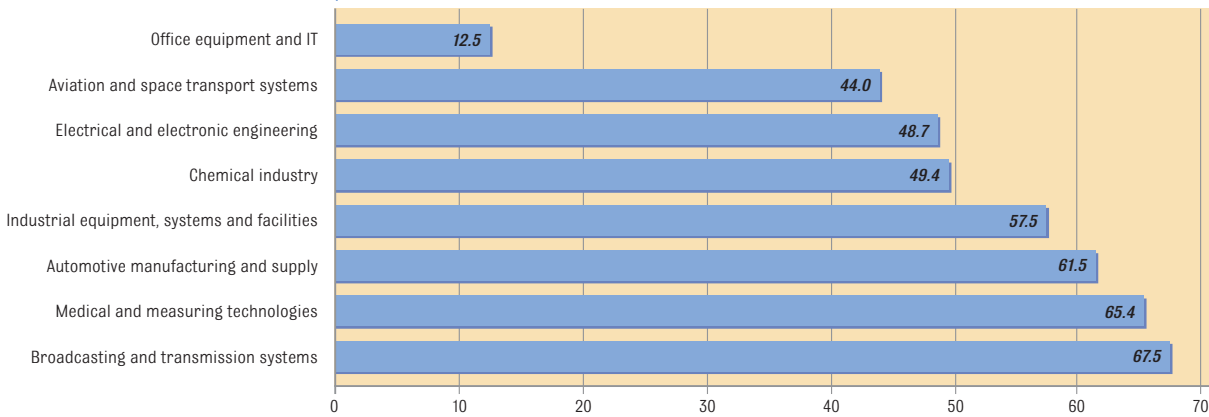
High-tech companies account for nearly two thirds (64.9%) of the total turnover earned by Bavaria's manufacturers. The Germany-wide figure: 55.1%.



Bavaria's high-tech companies earn 57.3% of their sales outside Germany. That's much higher than the rate prevailing for the state's manufacturing sector as a whole (45.4%), and the comparative figures for Germany as a whole (54.7% and 40.6% respectively). The growing number of technology-driven companies in the state is attributable to the clustering of renowned institutes of research. These are outfitted with large-sized budgets and staffed by highly-qualified personnel. The sectors showing the greatest level of high-tech achievement include (with this only partially referring to the above listings of sectors)

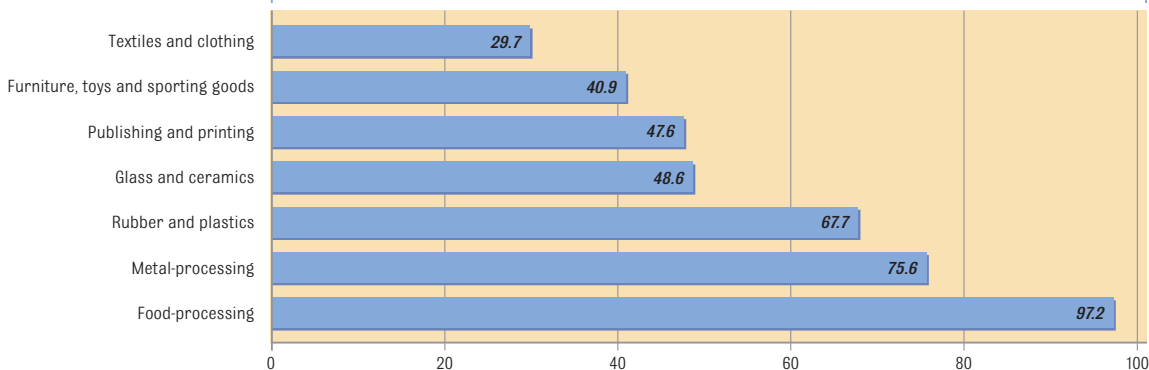
- electronics and microelectronics
- laser-based technologies
- genetic engineering and biotechnologies
- material engineering
- information and communication technologies
- environmental technologies
- automation.

Rates of high-tech exports
turnover outside Germany as % of total turnover.



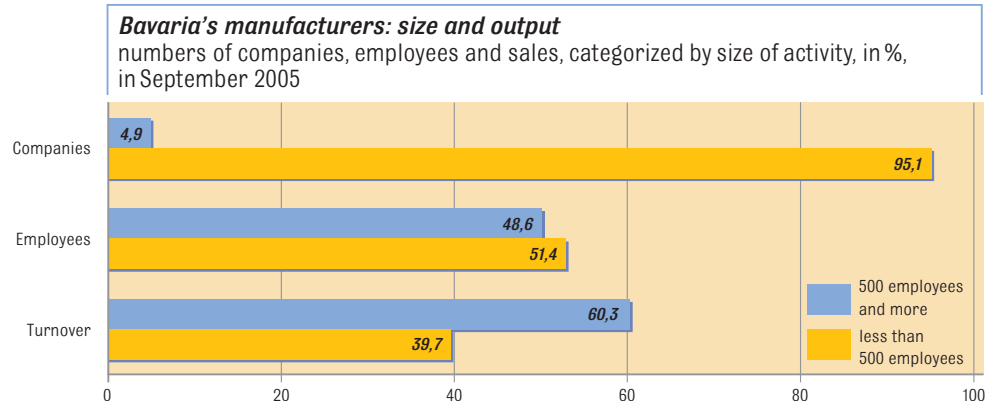
Bavaria's manufacturing activities include all major, individual areas of production. Comprised in this mix are both the high-tech and traditions-derived sectors.

Bavaria's industry: further important areas of activity
employees in thousands

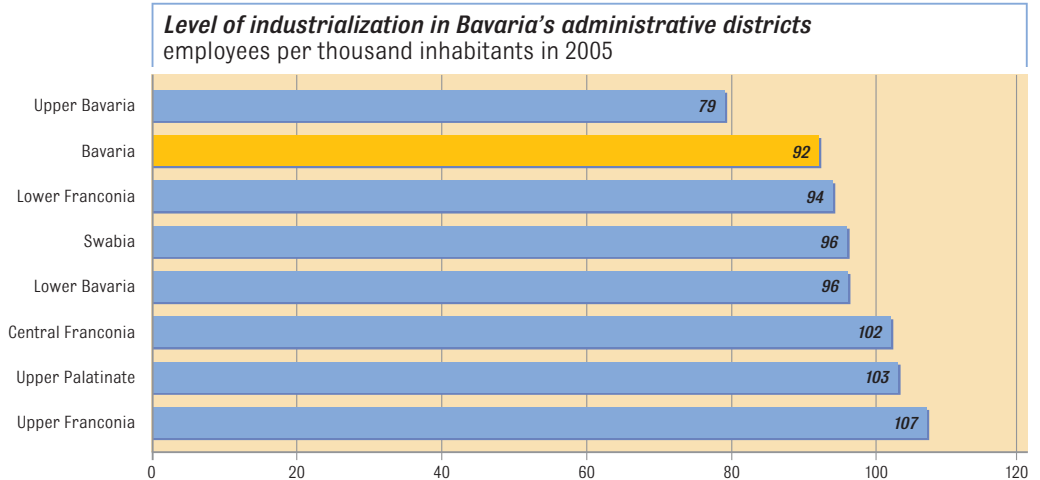


Bavaria's manufacturers: size and output

Bavaria's manufacturing sector is characterized by a preponderance of small and medium-sized companies. Some 95.1% of all companies in Bavaria have less than 500 employees. Their relative smallness goes hand in hand with a willingness to innovate. While few in number, the state's major companies operate on such a large scale that they account for some 60% of the sector's total turnover.



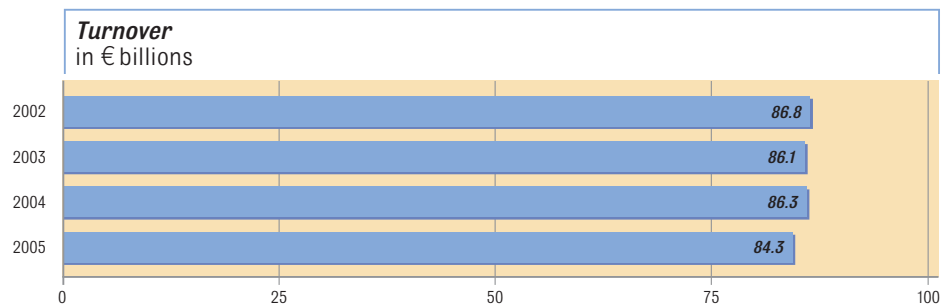
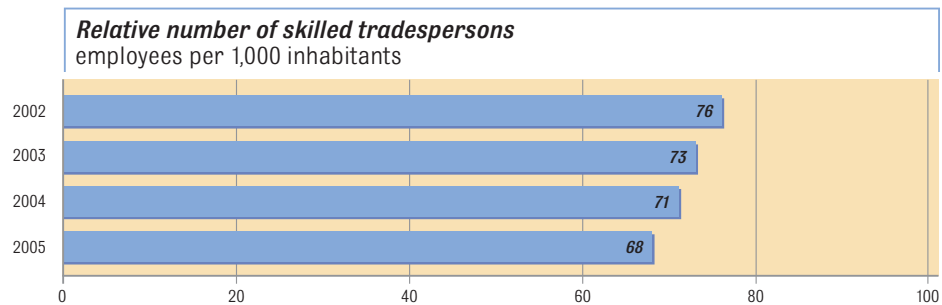
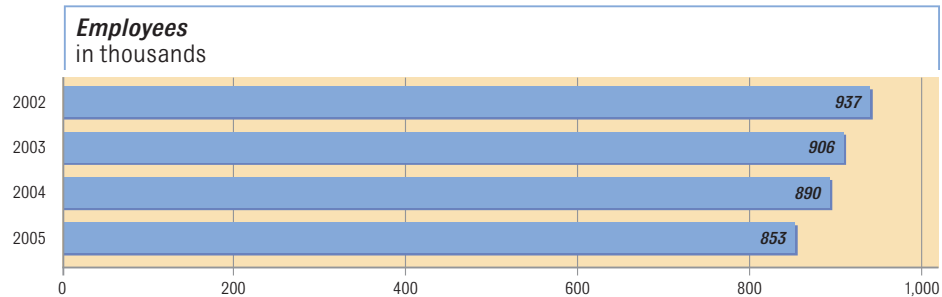
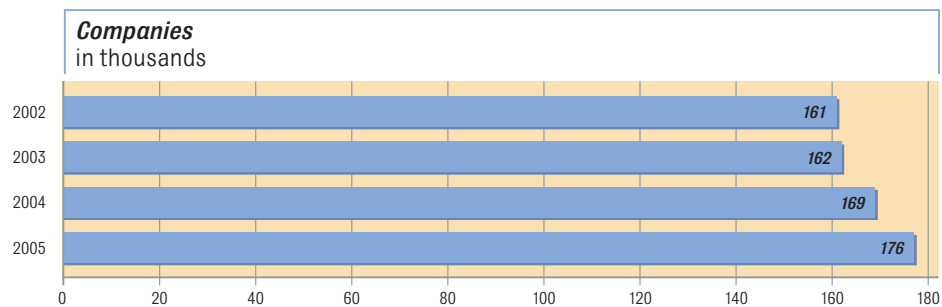
Bavaria's industrial sector*: a region by region analysis



* including those companies with 20 or more employees

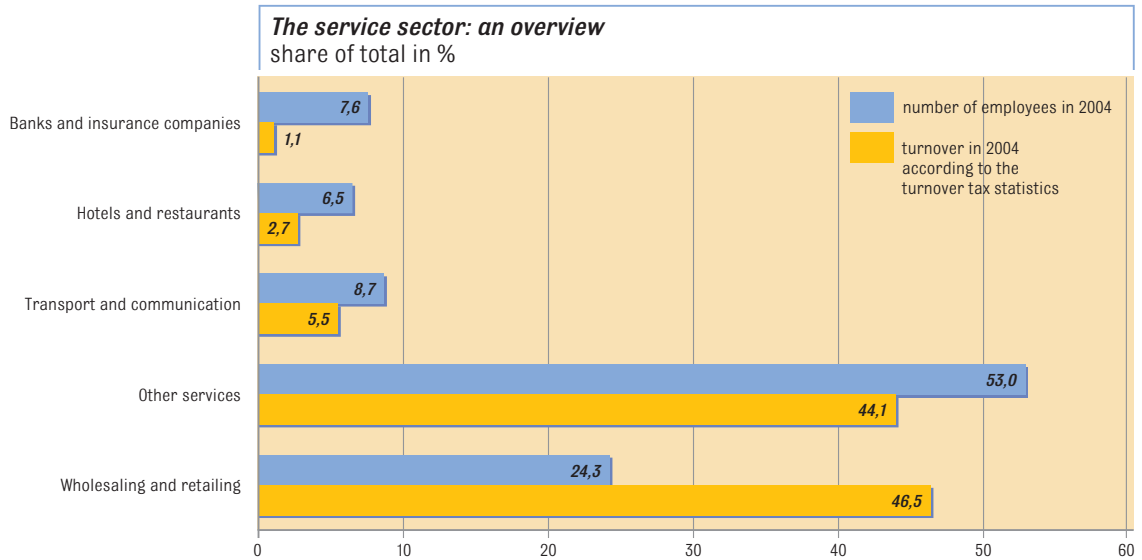
The skilled trades

The strength of the skilled trades sector derives from the great breadth shown by the products and services it offers. All of the sector's companies produce on an individual basis and are managed by master craftspersons, who attain this certificate of qualification by completing a special course of vocational education. Numbering 94 individual areas, the skilled trades are collectively the second largest employer in the state of Bavaria, and account for 9% of the state's GDP. The breadth of their activities has been one of the key motors of Bavaria's prosperity.

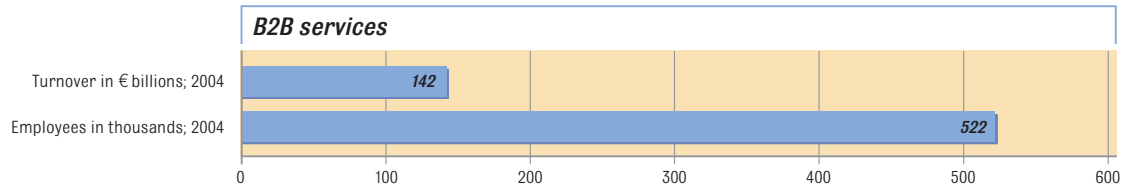


The service sector

Nearly half the persons (47%) employed in the state's tertiary sector work for companies providing trading, transport, communication, financial (banking and insurance), hospitality and other classic kinds of services. These account for some 56% of the sector's turnover.



The remainders are accounted for by a wide variety of other kinds of services. These are predominately business-to-business in nature and are often provided by professional contractors. These include computer and business consulting, data processing, tax and legal advising, engineering, janitorial, recruitment, R+D and other kinds of services.



Insurance

As of 2005, Bavaria's insurers employed some 60,000 persons. Munich is a leading center of the world's insurance industry. Headquartered in the city are Allianz, one of the world's leading providers of primary-level insurance, and Münchner Rück/Munich Re (by revenues, the world's largest reinsurer).

Also based in the city are the major subsidiaries maintained by non-German primary insurers and reinsurers, a range of medium-sized insurance companies and a number of specialists providing coverage against technical, credit, legal, travel-related and emergency-based risks.

As of the end of 2004, some 70 insurers were headquartered in Munich. They held around a third of the German market.

Banks

Bavaria's banks employ 126,000 people (as of 2005). Both the HypoVereinsbank and BayernLB, two of Germany's big players, are headquartered in Munich. Both have extensive dealings with central and eastern Europe. LfA Förderbank Bayern is a state-based institution set up to provide financing.

Stock and securities exchange

Bavaria's stock and securities exchange is located in Munich. In 2005, trading in the 6,300 issues listed on it generated a turnover of € 15.4 billion.

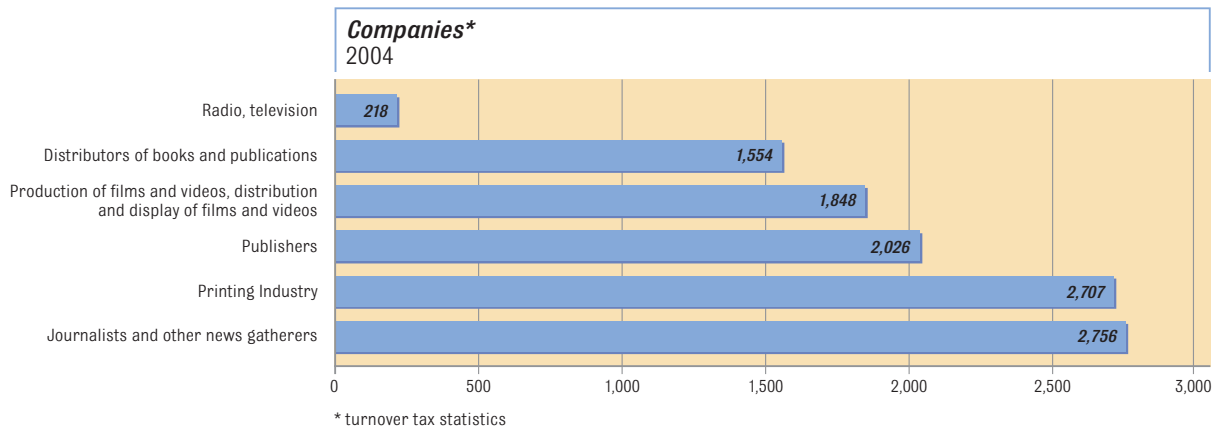
Software

Bavaria is home to many of Germany's leading software development, maintenance and application companies and professionals. They also offer a wide range of related training programs.

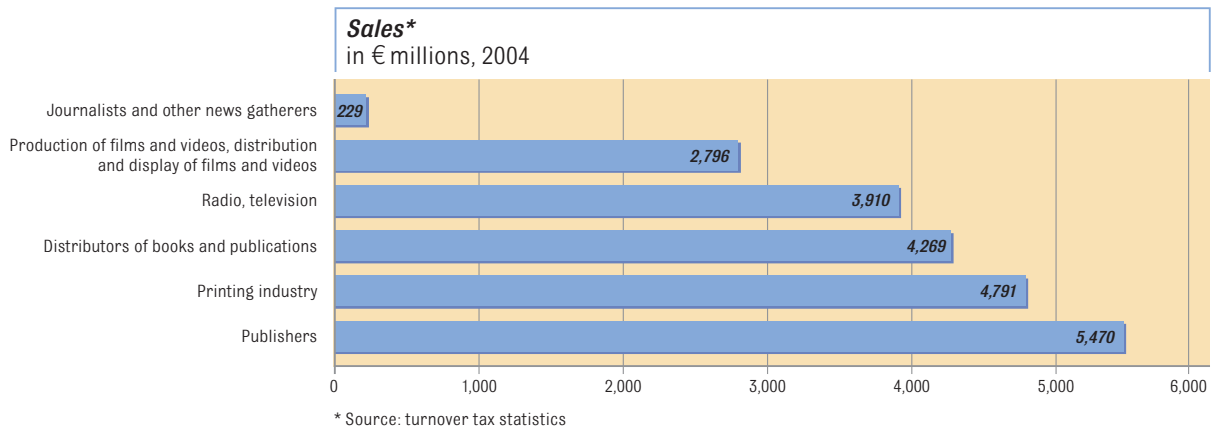
Media

In 2004, the some 11,000 production and service providers comprising Bavaria's media sector had total revenues of some €21 billion. The number of employees working in the sector in 2004 came to approximately 140,000.

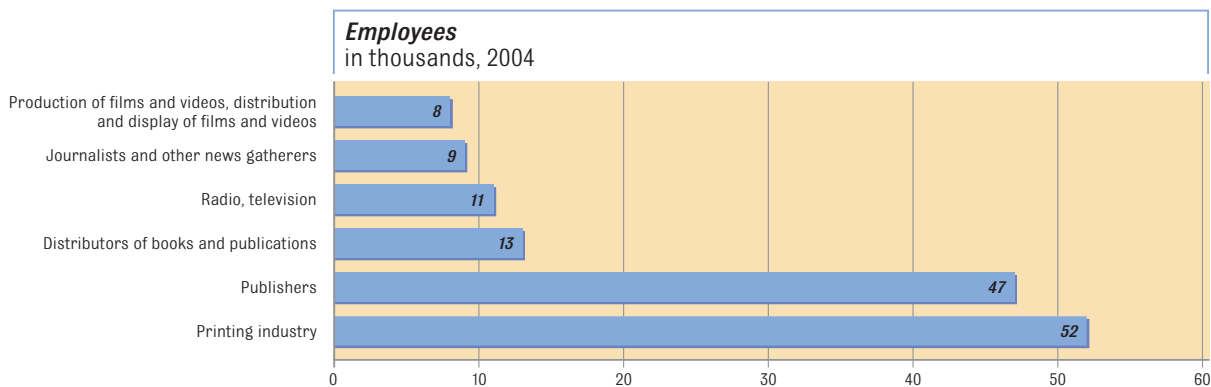
Ranked by number of companies, it is the printing industry which is the largest of the six industries forming the state's media sector. Its more than 2,700 enterprises account for some 25% of the total. The category comprised of journalists and other news gatherers has a nearly 25% share; publishers, nearly 18%; the companies producing, distributing and displaying films and videos as well as books and publications, have shares of 17% and 14% respectively.



Ranked by revenues, publishing and printing vie with distributors of books and publications for the top spot. Together, they account for two thirds (25.5%, 22.3% and 19.9% respectively) of the state sector's total turnover. Radio and TV broadcasters account for a further 18.2%.



Ranked by number of employees, it is the printing industry, with some 37% of the total, and the publishers, with some 34%, which dominate the listings. Their 99,000 employees account for over two thirds of the sector's total workforce. A further 41,000 employees work for the other industries in the media sector:



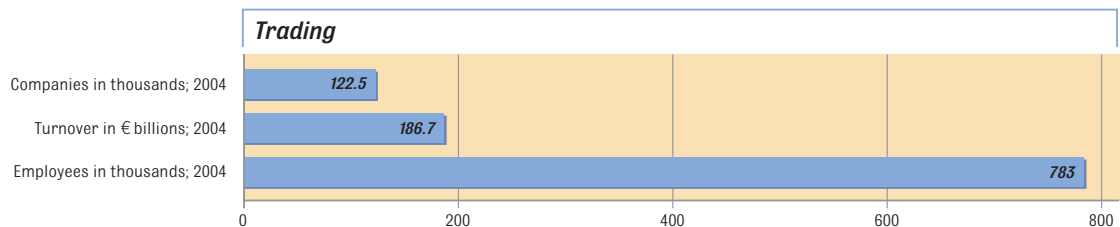
Munich is the leading media center in Germany, and one of the leaders in the world. A study conducted by Munich's chamber of commerce revealed that more 185,000 people work in the media sector in greater Munich. Headquartered in the Munich region are Bavaria Film Production and such major broadcasters as Bayerischer Rundfunk, Pro Sieben, RTL 2, Kabel 1, 9 Live, DSF, Tele 5, Home Shopping Europe, Disney Channel, Universal Studio Networks, MGM and Discovery Channel. Also accounting for the unparalleled concentration of media activity in greater Munich is the presence of Germany's largest platforms for digital television, the Premiere pay TV service and Kabel Deutschland—Europe's largest provider of cable-relayed TV programming.

Some 200 publishing houses are located in Munich. They include Random House, Deutscher Taschenbuchverlag, Oldenbourg, Langenscheidt und Carl Hanser. Each year, more than 8,700 books (first editions) are published in Munich. This number ranks Munich second only to New York. Also headquartered in the city are such major publishers of publications as Hubert Burda Verlag, Süddeutscher Verlag, Münchner Zeitungsverlag and C. H. Beck—a leader in the field of trade journals.

Trading

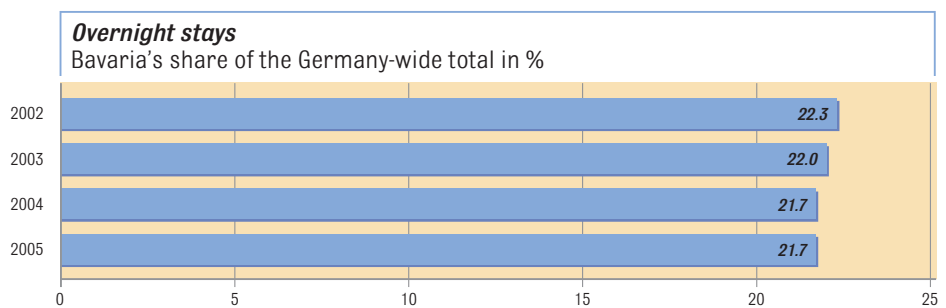
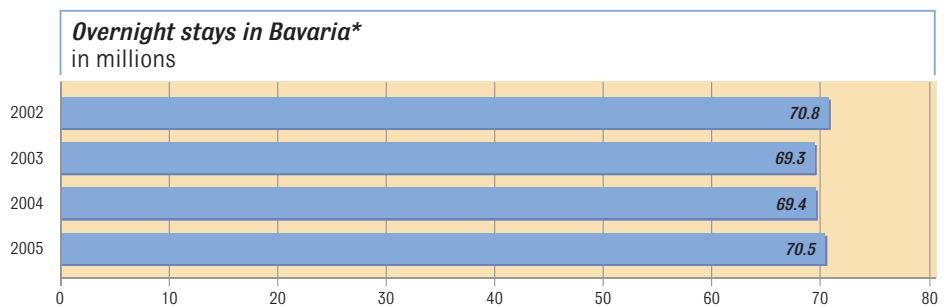
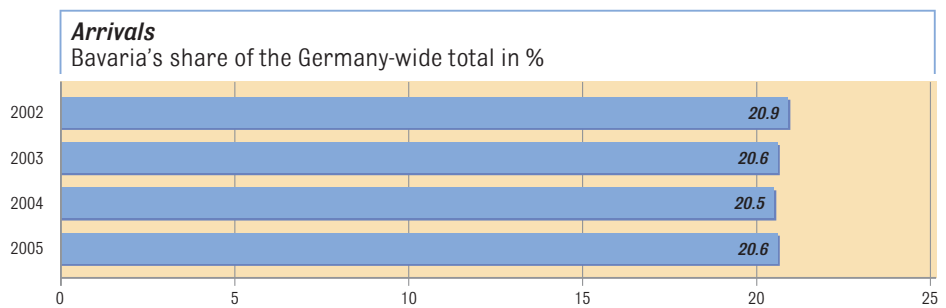
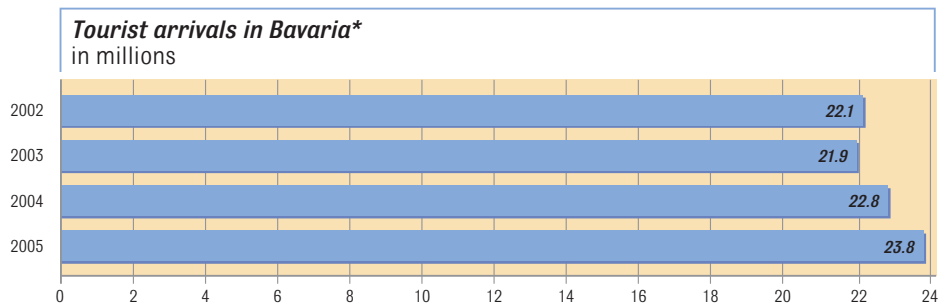
The trading sector occupies an important position in Bavaria's economy, contributing some 9.6% of the real total gross value added by the state's economy.

The 122,500 trading companies in Bavaria employ 783,000 persons and earn a total turnover of € 187 billion. Of this turnover, 55% stemmed from the wholesaling area, 39% from retailing and 4% from the brokers of transactions. The remaining 2% came from maintenance and repairing activities. Two thirds of the trading companies in Bavaria are retailers and one fifth are wholesalers. These proportions also hold largely true for the number of persons employed in the sector.



The tourism industry

Bavaria is Germany's leading center of tourism. One key reason for the state's position in this area: the quality and scope of services provided by Bavaria's hotels, restaurants and other tourist facilities.



* in establishments with 9 or more beds.

Source: Bavarian Ministry of Economic Affairs, Infrastructure, Transport and Technology, according to data provided by the Bavarian Office for Statistics and Data Processing and by Germany's Federal Office of Statistics

Electrical and electronic engineering, information and communication technologies

Bavaria's electronics industry enjoys a reputation for excellence the world over. The industry has provided many high-tech sectors with the developments leading to pathbreaking advances. A large number of leading ICT (information and communication technologies) companies have set up production facilities in Bavaria.

BSH Bosch und Siemens Hausgeräte

Household appliances

Cherry Mikroschalter

Keyboards, automotive electronics

Epcos

Electronic components

GE General Electric

Electrical and electronic engineering

Infineon Technologies

Semiconductors

Kathrein-Werke

Antenna technologies

Kontron Embedded Computers

Full-range computer systems

Loewe

Consumer electronics

Osram

Lamps and illumination systems

Rohde & Schwarz

Communication technologies,
measuring instruments

Semikron

High-performance semiconductors

Siemens

Electrical and electronic engineering

Industrial engineering

Bavaria's industrial engineering sector has earned a worldwide reputation for excellence. More than two thirds of the industrial equipment produced in Bavaria is exported. Components such as drive units and axles are highly regarded for their unexcelled precision of machining and reliability of operations.

INA-Schaeffler KG

Ball bearings, linear guidance systems,
motor components

König & Bauer

Printing machines

Krones

Facilities filling bottles and other
dispensers of drinks

Kuka Roboter

Automation systems, industrial robots

MAN Roland

Printing machines

Reis Robotics

Automation systems

SKF

Roller bearings, cutting tools,
grinding machines

Zahnradfabrik Passau

Industrial equipment and drive units

The automobile, aviation and space transport industries

Motor vehicles manufactured in Bavaria are known around the world for their unique mix of technological excellence and elegant design. It is these qualities, which are accompanied by the highest achievable degree of environmental compatibility, which have elevated Bavaria's manufacturers to prominence on world markets.

Audi Motor vehicles	Liebherr-Aerospace Lindenberg GmbH Avionic components
BMW Motor vehicles	MAN Nutzfahrzeuge Trucks and buses
EADS Aviation and space transport vehicles and systems	MTU Aero Engines GmbH Propulsion units
Eurocopter Helicopters	ZF Sachs AG Propulsion systems, automobile components

Chemical, pharmaceutical and plastics processing industries

Bavaria's chemical, pharmaceutical and plastics processing industries are comprised of some 800 advanced, high-performance and innovative companies manufacturing products in strong demand around the world. Much of this demand stems from a large number of high-tech companies operating in the electronics, medical technologies and automobile sectors, with which the 800 maintain close relationships of supply.

Baxter Deutschland GmbH Medications for the treatment of blood and circulatory ailments	Sankyo Pharma GmbH Pharmaceuticals
Degussa AG Processed raw materials, chemicals used in construction, industrial and technical chemicals	Süd-Chemie AG Bentonite, bleaching earth, special-purpose catalysts for the chemical industry
Dyneon PFTE, fluorene thermic plastics and elastometers, related additives	Vinnolit Kunststoff GmbH PVCs, chlorine derivatives
Glaxo SmithKline GmbH & Co. KG Vaccinations, biopharmaceuticals, diagnostics	Wacker Chemie AG Polymers, silicon, hyper-pure silicates, silicon carbides, high-tech ceramics
Novartis Pharma GmbH Pharmaceuticals	

Gene-based and other kinds of biotechnologies

Bavaria has become the number one center of biotechnological development in Europe over the last few years. This center is comprised of renowned institutes of research and of predominantly small-sized companies, of which there are 120 in metropolitan Munich alone. Centered around its dedicated incubation center, Martinsried (a southwestern suburb of Munich) has become a main locomotive of development in the world's biotech industry. Other centers are found in Regensburg, Würzburg and Weihenstephan.

4SC

Medications treating cancer and infections

Bavarian Nordic GmbH

Medications used in the treating of cancer and infectious diseases

Biomax Informatics AG

I-biotech

GPC Biotech AG

Development of advanced anti-cancer pharmaceuticals

Geneart AG

Production of synthetic genes

IDEA AG

Substances incorporated into painkillers and dermatologic medications

Ingenium Pharmaceuticals AG

Animal-based target screening

Institut Virion Serion GmbH

Diagnostics used in treating infections

MediGene AG

Medications used in the treating of heart diseases and tumors

Micromet GmbH

Antibody-based therapeutics

Mikrogen GmbH

Diagnostic systems used in treating infections and disorders of the immune system

MorphoSys

Antibody-based technologies used in the identifying of new pharmaceuticals

MWG Biotech

DNA-related synthesizing and sequencing

November AG

Molecular-level medical technologies

Roche Diagnostics GmbH

Diagnostics, oncology

Trion Pharma GmbH

Trifunctional antibodies combatting cancer

Glass and fine ceramics

Bavaria has traditionally been one of the main centers for the production of glass, ceramics and porcelain. New areas of application have been created for ceramics, which are now to be found in medical systems, microelectronic components, high-temperature insulation systems, and in catalytic converters. The exceptional chemical, electrical and thermal properties displayed by components manufactured from glass, ceramics and other materials have led to a wide range of high-tech products. Bavaria is at the cutting edge of this field.

BHS tabletop

Porcelain for use in homes and restaurants

Ceram Tec

Technical ceramics used by the automotive, electronics and medical technology industries

FLABEG

Vehicle mirrors, glass used in photovoltaic applications, innovative glass-based systems used in buildings

Flachglas Wernberg

Production and processing of plate glass

Göbel

Hummel figurines

F. X. Nachtmann Bleikristallwerke GmbH

Lead crystal objects

Rauschert

Technical ceramics used by the electronics and industrial engineering industries

Rosenthal/Hutschenreuther/Thomas

Household, decorative porcelain and design services

Schott/Rohrglas

Special glass tubes and rods

Schott/Zwiesel Glaswerke

Glasses of various descriptions and gift articles manufactured from crystal

Staatliche Porzellanmanufaktur

Tableware and plastic objects

Wacker Ceramics

Technical ceramics used in industrial facilities

Fashion

Items created by Bavaria's clothing industry extend from elegant apparel of classic design to the latest offerings of the avant-garde, from traditional costumes to apparel in today's "international country look," from sturdy sporting attire to high-performance sportswear.

adidas

Sports shoes, sportswear and accessories

Etienne Aigner

Leatherwear and accessories

Bogner

High-fashion apparel and sportswear

Escada

High-fashion apparel for women

Gabor

Shoes

H.I.S. Sportswear Europe

Jeans

Kunert

Stockings

S. Oliver

High-fashion apparel and sportswear

Puma

Sports shoes, sportswear and accessories

Strenesse

High-fashion apparel

Textilgruppe Hof

Textiles

Triumph International

Lingerie

Software design and other services provided to and by the information and communications industry

Many of the world's leading ICT (information and communication technologies) companies have set up subsidiaries in Bavaria. The reasons why they selected the state: Bavaria is part of the pan-EU market, is right next door to the emerging markets in central and eastern Europe, has world-class transport and telecommunications infrastructure and is very much pro-technology and pro-business.

3Com

Networks

Apple Computer

Computers

Cisco

Networks

Fujitsu-Siemens

Computers

Intel

Microprocessors

LucentOptical-based networks,
mobile communication systems**Microsoft**

Software

NCR

Computers

Novell

Software

NTT DoCoMo

Operators of mobile telephone networks

O₂

Operator of mobile grid

OracleInformation management systems,
databanks**Silicon Graphics**

Software

Sun Microsystems

Servers

Texas Instruments

Semiconductors

Toshiba

Computers

Yahoo!

Internet portal

Call and communication centers

The majority of the 5,000 largest companies use call centers to support their sales and follow-up activities. Thanks to this, call and communication centers remain one of the fastest-growing sectors. This growth has been accompanied by an increase in the demand for the high-level skills held by agents, whose job, thanks to technical innovations, is growing increasingly complex. Agents now also communicate with customers via E-mail, chat forums and text messaging. E-mails are also increasingly being employed as an instrument of direct marketing.

There are now more than 300 call and communication centers in Bavaria. These centers avail themselves of the state's large-sized pool of highly-skilled personnel. Eastern Bavaria is proving an especially attractive place to set up call centers, thanks to the region's state-of-technology communication infrastructure, and to its relatively low wage, real estate and other operating costs.

Big Number e.V. was founded in 2000. Supported by Bavaria's economics ministry, this association of operators (both in-house and third party) of call and communication centers and of providers of vocational training and other dedicated services serves as an advocate of the interests of its members.

If you want to set up a call or any other kind of communication center, you can't do better than Bavaria!

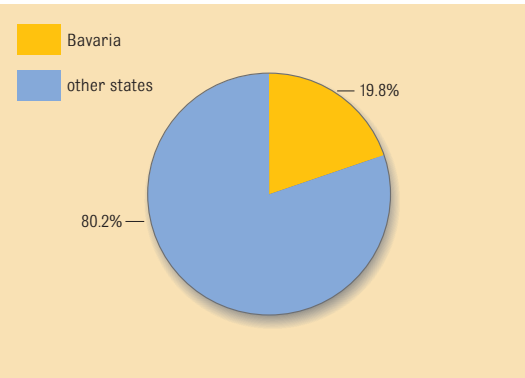
Examples of companies which have set up such centers in Bavaria:

<i>Proprietary call and communication centers</i>	<i>Call and communication center agencies</i>
ADAC	Bilog
AEG	cca24
GKS Gesellschaft für Kommunikations Service	Combitel Gesellschaft für Dialog-Marketing mbH
HypoVereinsbank	Communication Center Nürnberg (CNN) GmbH
Profectis	defacto Marketing
Quelle Versicherungen	Jäger und Schmitter
	Samhammer AG
	Sellbytel

Bavaria's economy: key figures

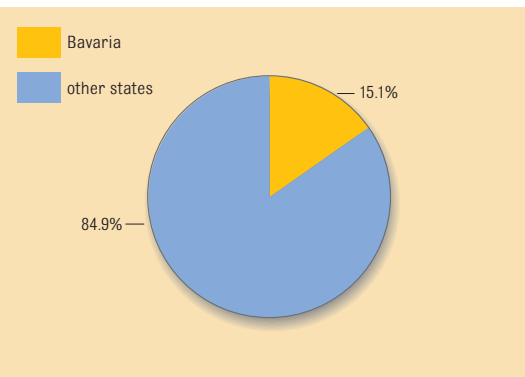
Bavaria's comparative position in the Federal Republic of Germany

Area
in %, 2005



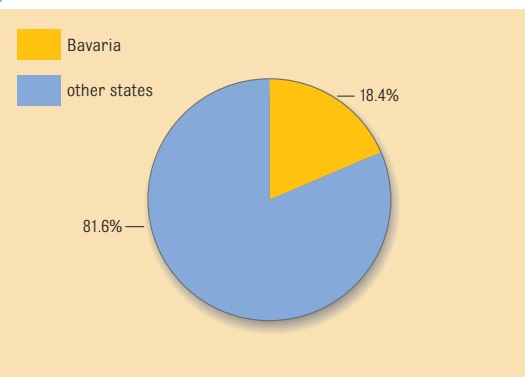
Bavaria has the largest area of any German state.

Population
in %, 2005



Bavaria has 15.1% of Germany's population ...

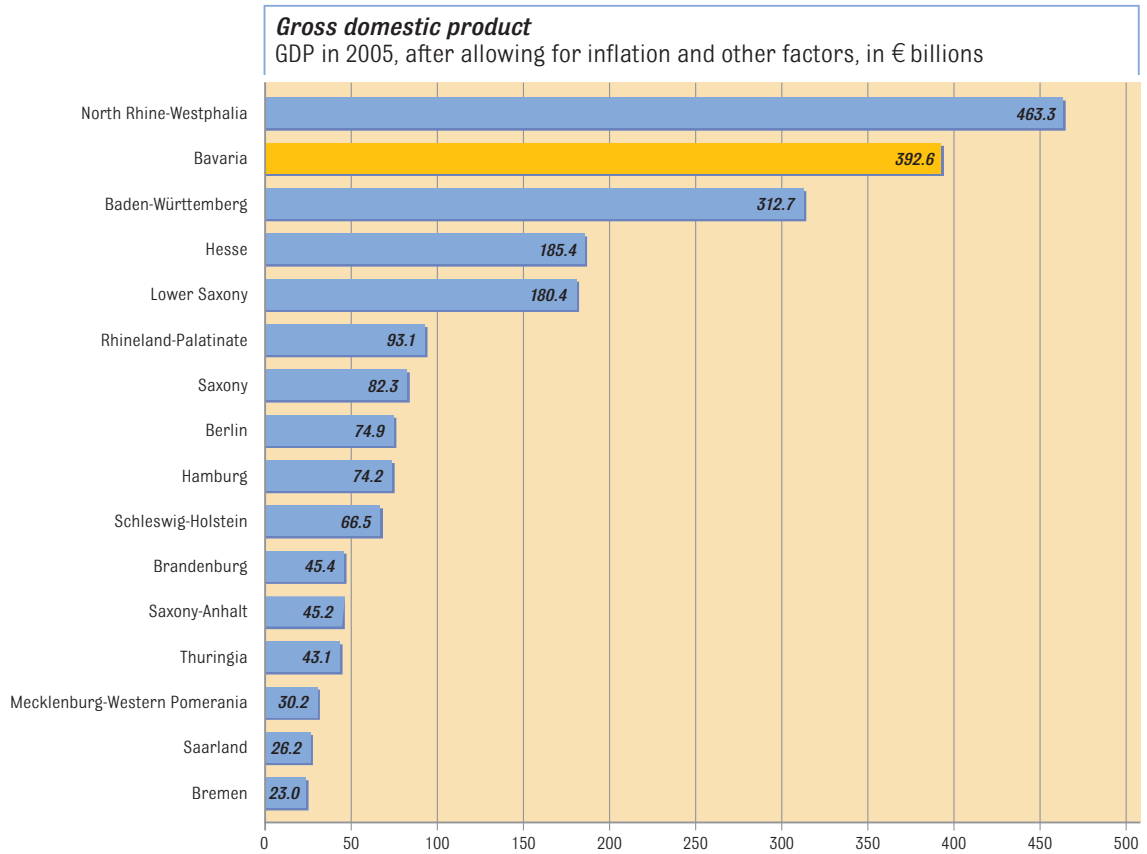
GDP (after allowing for inflation)
in %, 2005



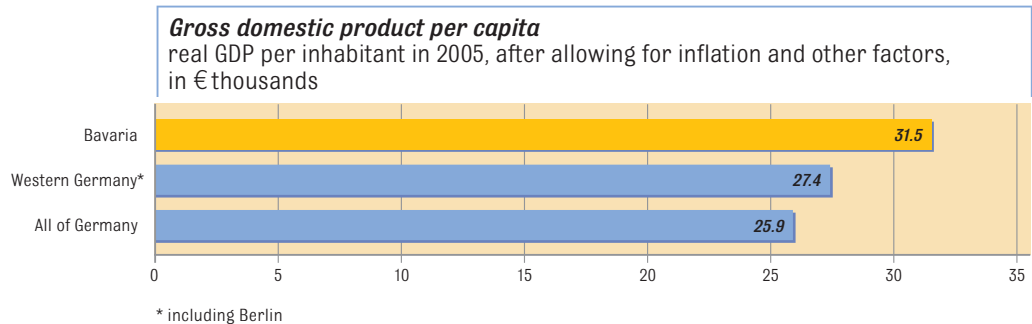
... and produces 18.4% of Germany's GDP.

Bavaria's comparative position in Germany

In 2005, Bavaria's economy generated goods and services worth—after allowing for inflation—€ 392.6 billion, the second largest total of Germany's states. That was nearly 60% more than the total collectively achieved by the country's eastern states—€ 246 billion.



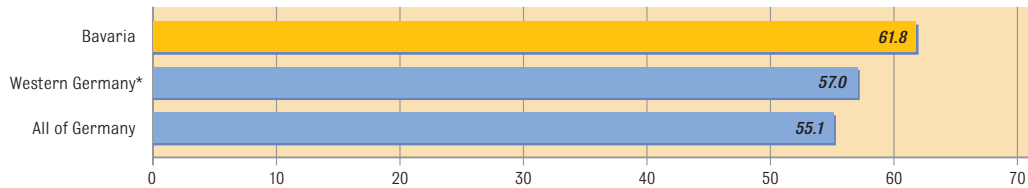
For many years, Bavaria's GDP per capita has exceeded that of western Germany as a whole. In 2005, this difference came to 4.1 percent points. Add in the country's eastern states, and this gap rises to 5.6 percent points.



As calculated by GDP per employee, Bavaria's productivity exceeds that of western Germany as a whole, notwithstanding the higher rate of employment prevailing in Bavaria, in which 47.6% of all adults are employed. The comparable figure for western Germany: 44.6%.

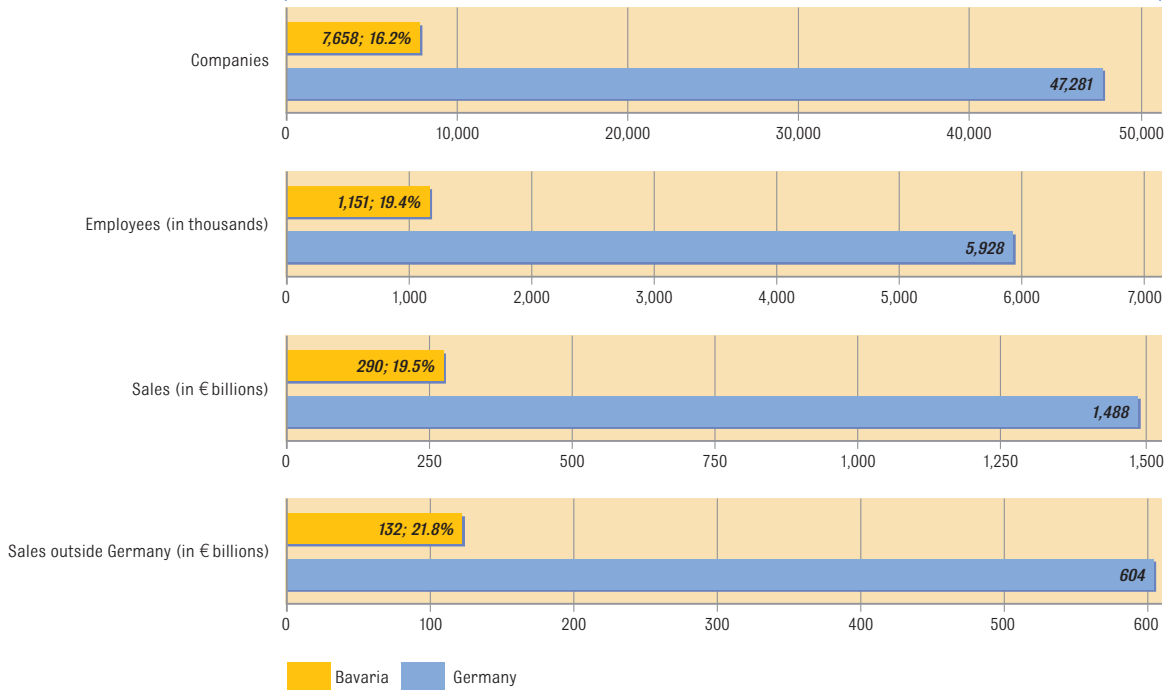
Bavaria's economy: productivity

GDP per employee in 2005, after allowing for inflation and other factors, in € thousands



Bavaria's manufacturing sector: key figures

in absolute figures and expressed as Bavaria's share of Germany's total, in %, 2005



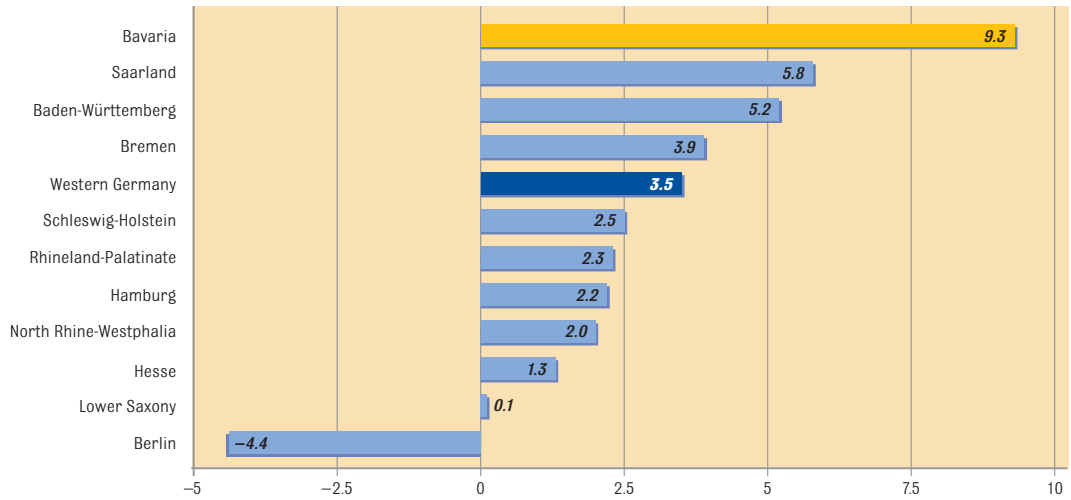
* including Berlin

Economic growth: national and international-level comparisons

Growth of GDP (in real terms)

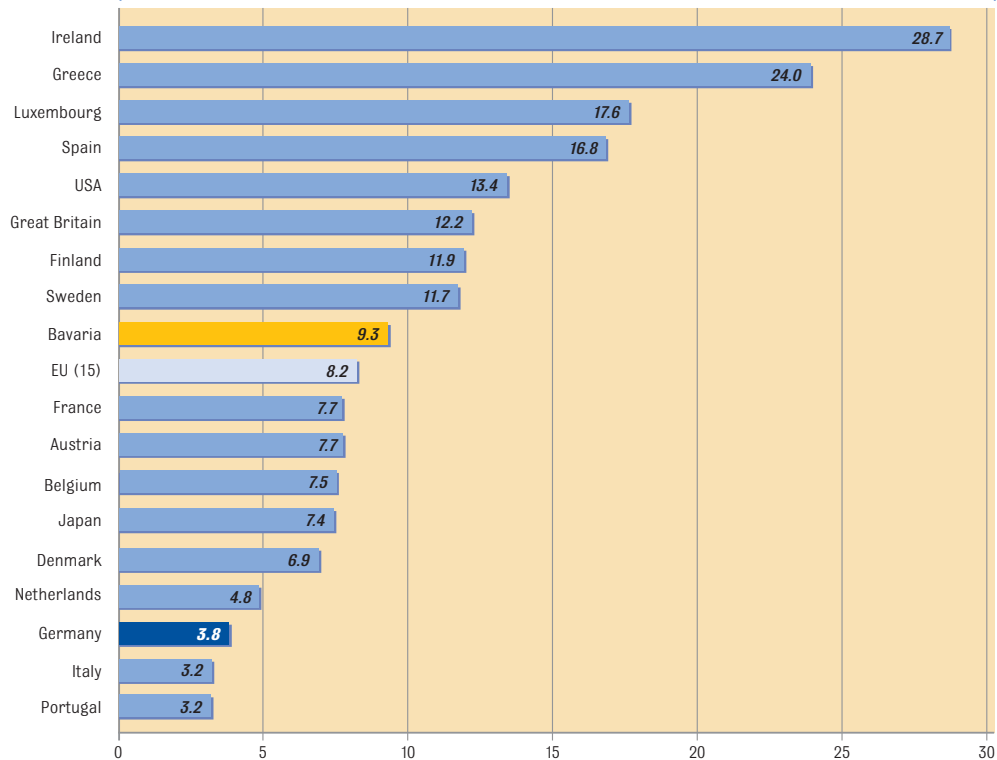
Bavaria is the growth leader among Germany's western states. Its rate of growth is also far higher than that of the 11 states as a whole.

Rates of growth: Bavaria and the rest of western Germany (2000–2005, in %)



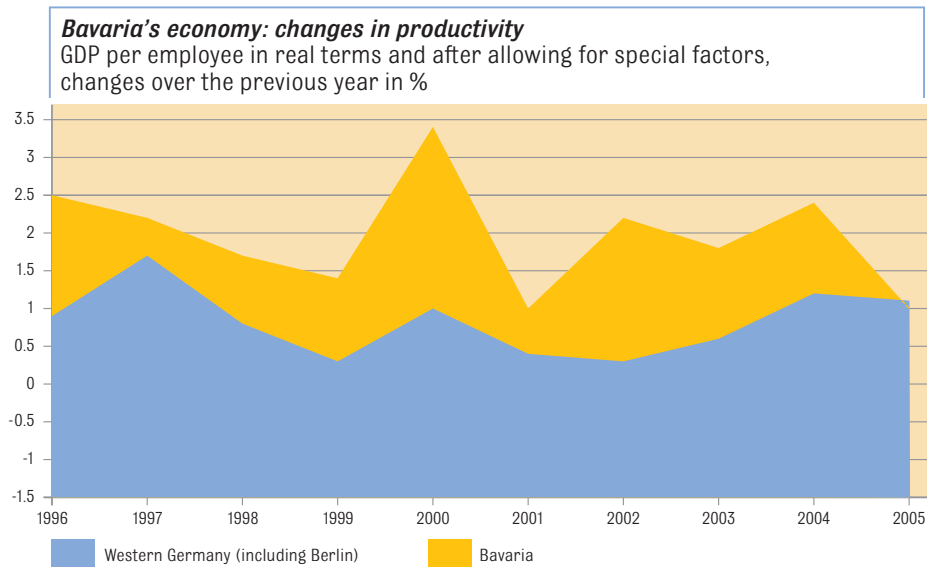
Bavaria's rate of growth is greater than the EU's average.

Rates of growth*: Bavaria, the EU (15), the USA and Japan (2000–2005, in %)



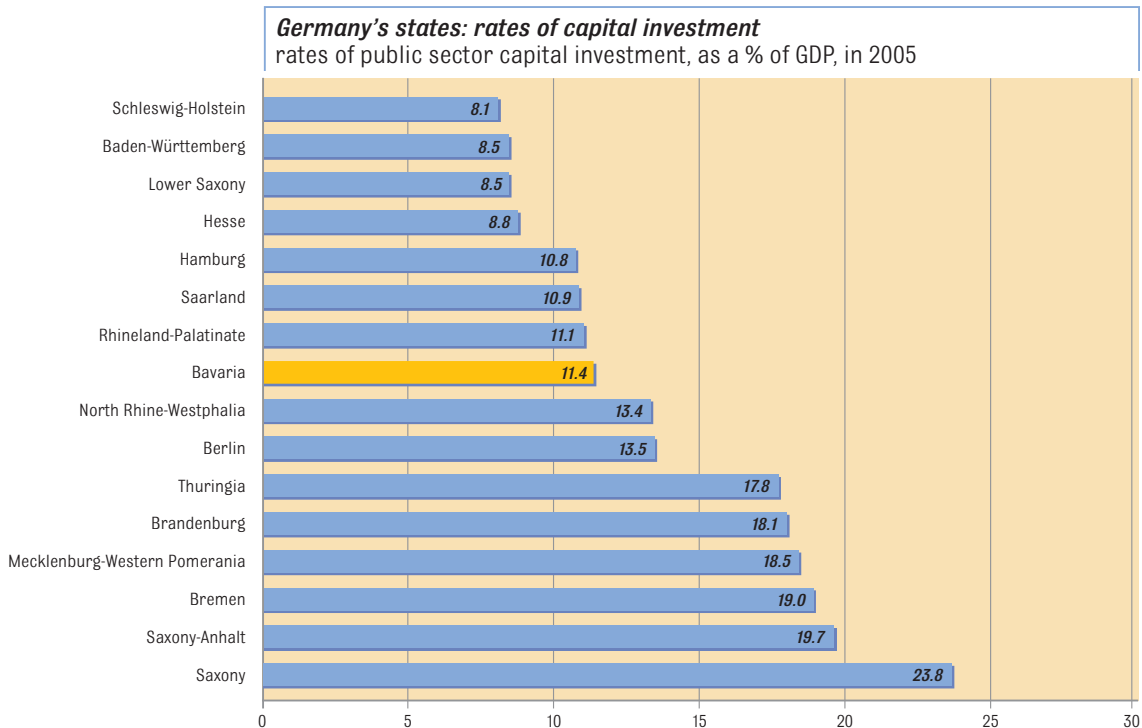
* GDP expressed in prices and parities of purchasing power prevailing in 2000

The rate of productivity growth turned in by Bavaria's economy since 1995 (+21.5%) is greater than that achieved by western Germany as a whole (+8.6%).

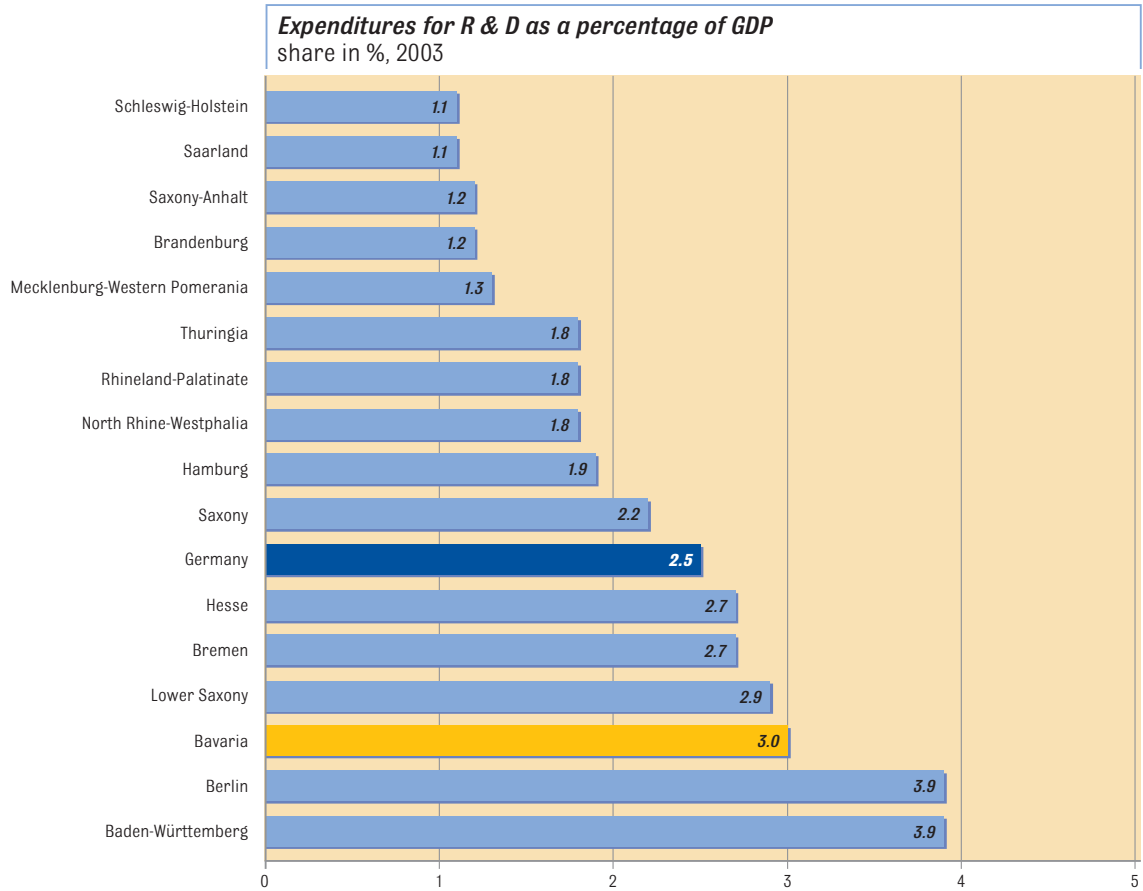


Facts speaking for future growth

Bavaria has the third highest rate of public sector capital investment of any of western Germany's major-sized states.



Bavaria is one of the top spenders on R & D among Germany's states. Its rate of expenditure is well above the country-wide average.

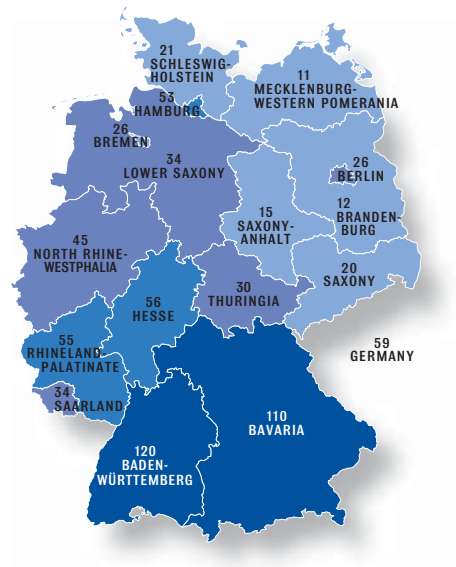


Applications for patents

More than one quarter (28.3%) of all applications received by Germany's Office of Patents and Trademarks from Germany itself were submitted by Bavaria-based inventors. That was more than any other state. Calculated on a per capita basis (applications per 100,000 residents), Bavaria vies with Baden-Württemberg for the top spot.

Applications received by Germany's Office of Patents and Trademarks from Germany; per 100,000 inhabitants, 2005

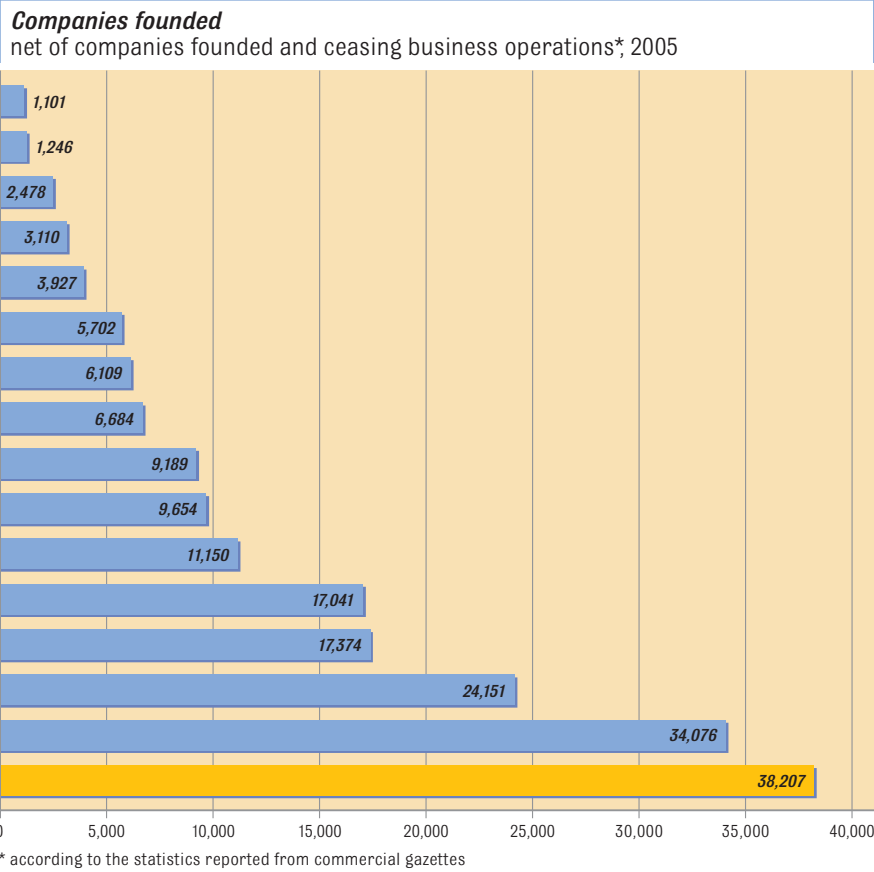
- 25 or less
- 26–50
- 51–75
- more than 75



Bavaria is the home of the entrepreneurial spirit in Germany.

More companies are founded in Bavaria than anywhere else in the country.

As has been the case for a number of years, more companies (calculated on a net basis) were founded in 2005 in Bavaria than anywhere else in Germany. The state accounted for more than one fifth (20.0%) of all companies started up in the country.



International trade

The importance of international trade

The value of international trade

The free and unrestricted movement of goods, services, capital, payments and other economic commodities to and from the outside world and in all currencies is a fundamental right in the Federal Republic of Germany. The state of Bavaria has always been a strong supporter of the free trade in goods and services along the lines stipulated in the GATT and WTO accords. Experience has shown that restrictions intended to protect an economy end up harming it in the long run. The growth of Bavaria's economy—and in particular its manufacturing sector—provides the best proof of the long-term efficacy of formulating governmental economic and trade policies incorporating the principles of free trade.

Bavaria's exports: their competitive position. Bavaria: the world's partner

Bavaria's annual exports of some € 128 billion (2005) place the state somewhere in the upper middle of the rankings of the OECD's member countries. Sales made outside Germany account for 45.4% of the total turnover earned by the state's manufacturing sector—an above-average rate. Automobiles, industrial equipment and systems and electronics-based goods predominate among these exports.

The ongoing process of globalization is causing all of the world's markets to be joined into one. Bavaria's companies have been exploiting the opportunities arising from this process, increasing the span of their international activities in the process. The government of Bavaria's international trade promotion activities are devoted to improving the viability on the international scale of the state's SMEs and other companies. To help it achieve this goal, the government founded Bayern International. The agency has presided over the fast-tracking and broadening of these activities.

Bavaria: a large-sized market and the gateway to central, eastern and southern Europe

For manufacturers and service providers, Bavaria is a large-sized, potent market. The strong competition prevailing within the state's sectors causes companies to modernize and adapt their operations on a nonstop basis. This process gives the companies an edge over competitors. The state's nominal GDP per capita comes to some € 32,400 (2005), a figure well above the averages for Germany and Europe as a whole. Nearly half (47.6%) of Bavaria's adults are gainfully employed; a further more than 12% of the state's working population owns companies or is self-employed. These two figures are above the averages prevailing for western Germany. The state's companies and consumers are large-scale consumers. In view of these facts, the state is a prime part of the manufacturing and distribution networks maintained by providers of products and services.

The strong ties existing between Bavaria and the CEE (central and eastern European) region are the products of geography and history. All CEE countries are located within easy reach of Bavaria, which has thus traditionally been Germany's gateway to the region. This proximity fostered the rise of economic and cultural ties between the state and the region. This centuries-long process survived the separation of Europe into two blocs. The fall of the Iron Curtain was followed by the reforging of Bavaria's ties to the region, and by a subsequent upswing in the business done between the state and the region. The accession to the EU by ten central, south-eastern and eastern European countries on May 1, 2004 has imparted a new dimension to these relationships.

This upswing was engendered by the processes of societal and economic reform undertaken by the countries in CEE. In the wake of the process, Bavaria's companies set up production and distribution operations in all of the CEE's centers of business, with these ranging from Prague to Tashkent, Riga to Sofia.

The trade figures—and especially those pertaining to the ten countries which accessed to the European Union on May 1, 2004—detail the strengthening of business ties. In 1993, the first year in which figures were available for all these countries, trade between Bavaria and these countries came to € 5.3 billion. By 2005, this figure had risen to more than € 24 billion. The Czech Republic and the Republic of Hungary were in 2005 among Bavaria's top ten trading partners. In 2005, Bavaria's companies exported goods worth € 12.1 billion to the ten CEE countries. The figure for 1993 was € 2.3 billion. Exports to the ten countries now account for 9.5% of the Bavarian total. In 2005, Bavaria imported goods worth € 12.2 billion from the ten countries. The comparable figure for 1993 was € 3.0 billion.

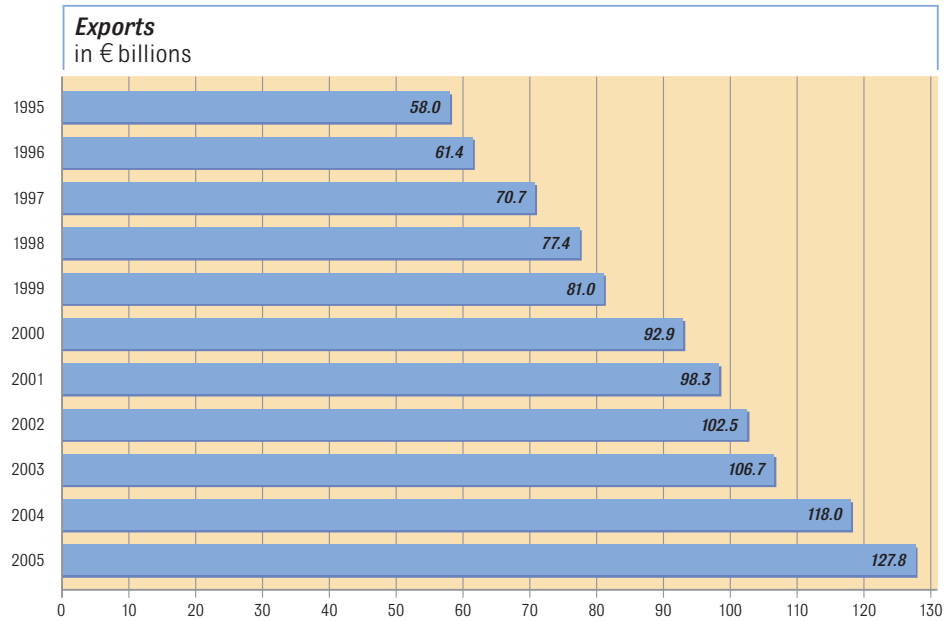
Bavaria's trade with CEE countries has the potential to continue to grow strongly, as the ongoing transformation of the central and eastern European economies has given rise to a sustained demand for capital goods and the related knowhow. The upgrading of infrastructure, the modernizing of outdated capital stock and the raising of standards of living are yielding the opportunities being exploited by Bavaria's suppliers of high-tech industrial equipment. Accession has caused an intensifying of the competitive pressures experienced by Bavaria's companies. Even greater have been the opportunities ensuing from accession. On balance, accession will yield a net gain for Bavaria's business community.

Bavaria thus constitutes the ideal base for companies looking to do business with and in central, eastern and southeastern Europe.

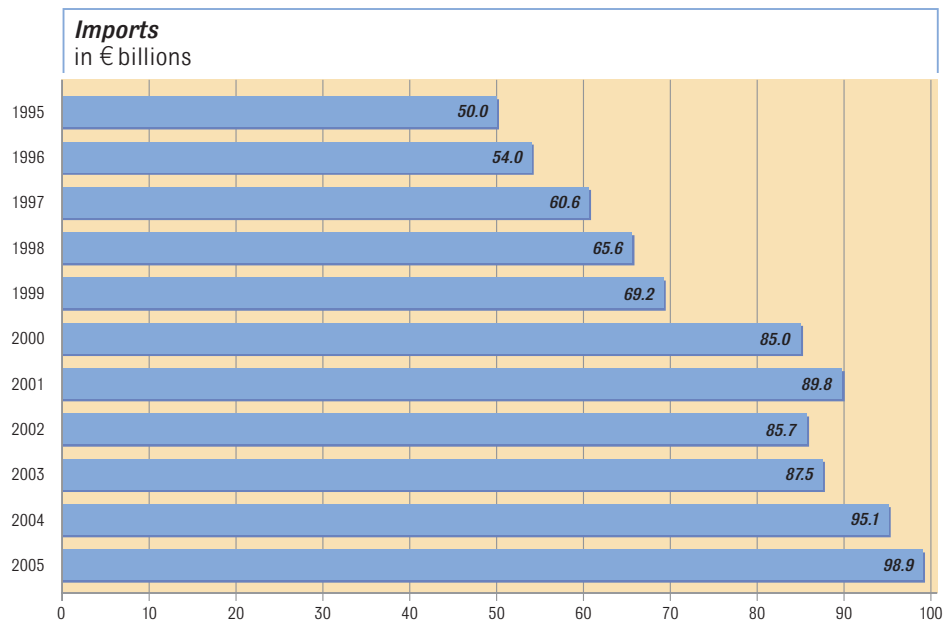
Bavaria's international trade: its development

Bavaria's international trade

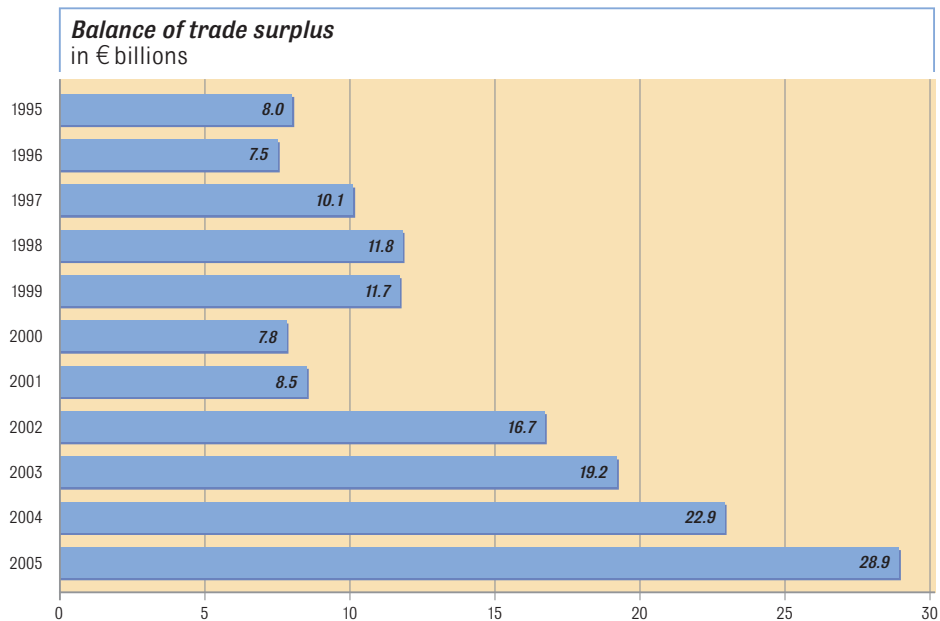
Bavaria's exports set a new record in 2005. They were 135.0% higher than those of 1994, which is when this winning streak began.



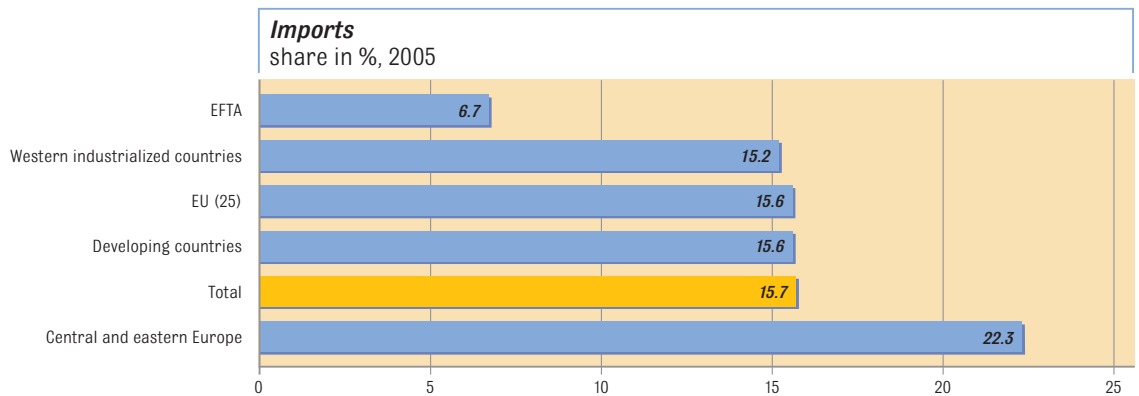
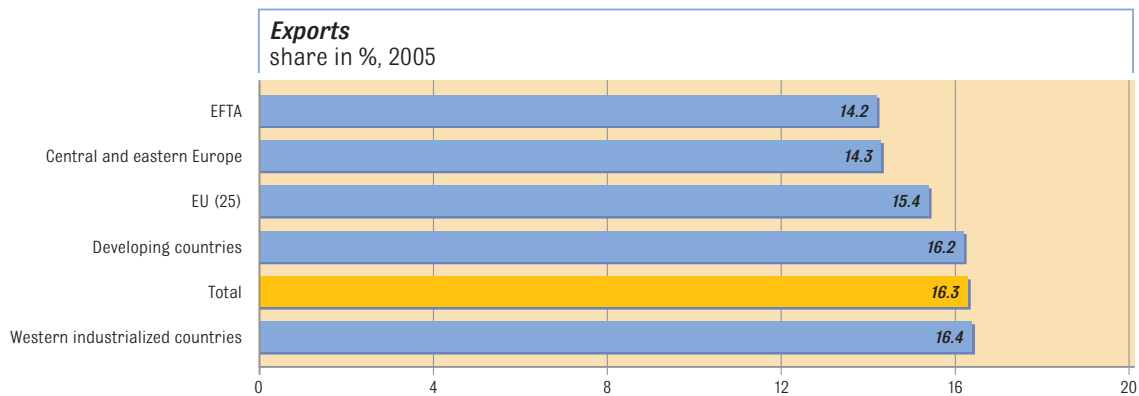
The rise (+105.4%) in imports from 1994–2005 has been less than that of exports.



Bavaria has traditionally run a balance of trade surplus.



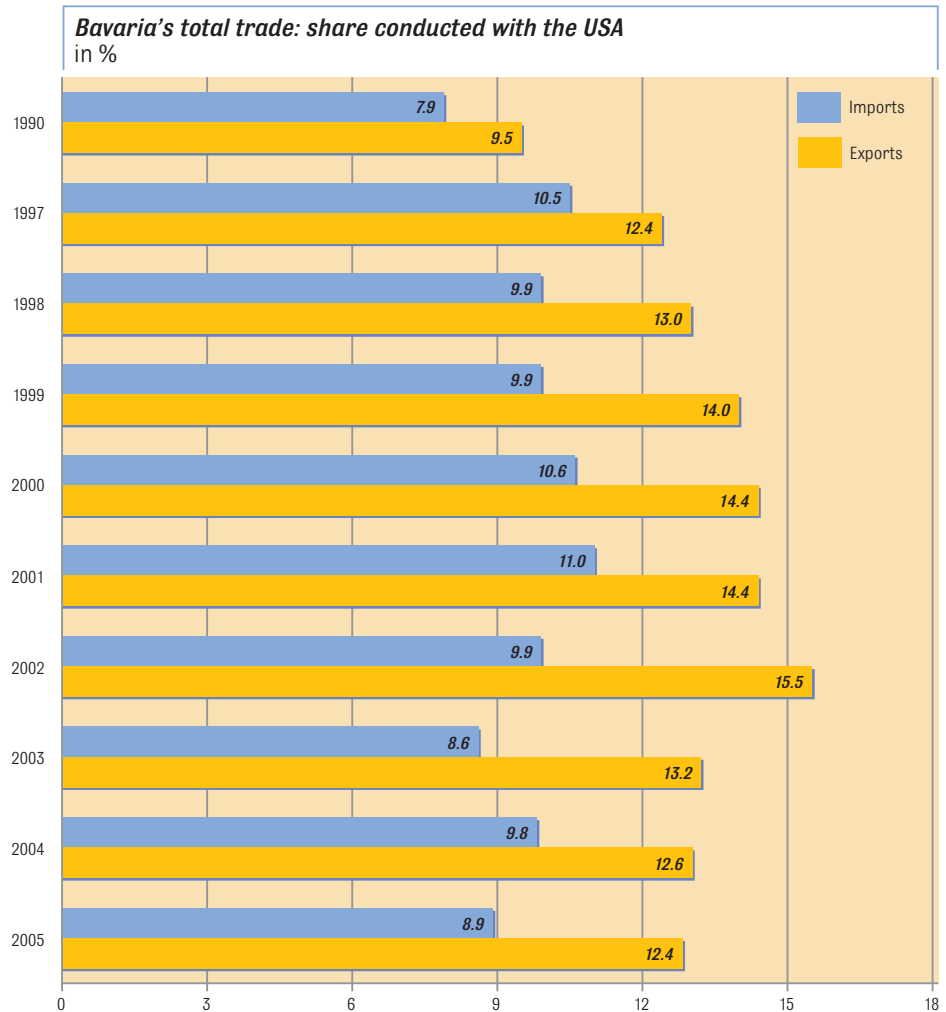
Bavaria's share of Germany's international trade



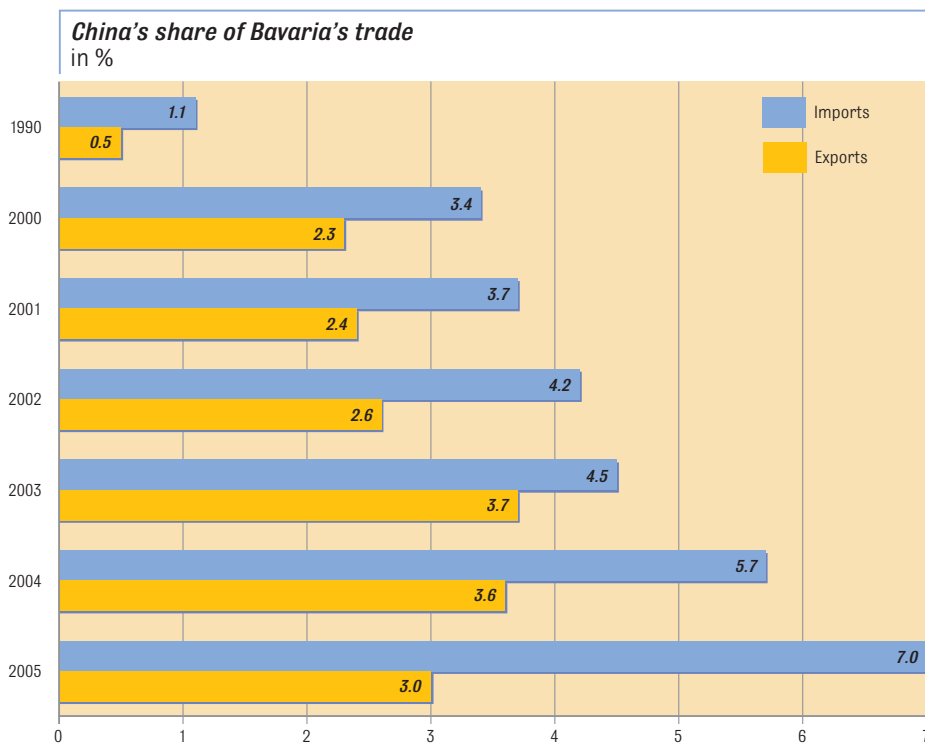
Bavaria's business ties to the USA and to China

Bavaria's international business ties are especially close to such non-European industrialized nations as the USA and China.

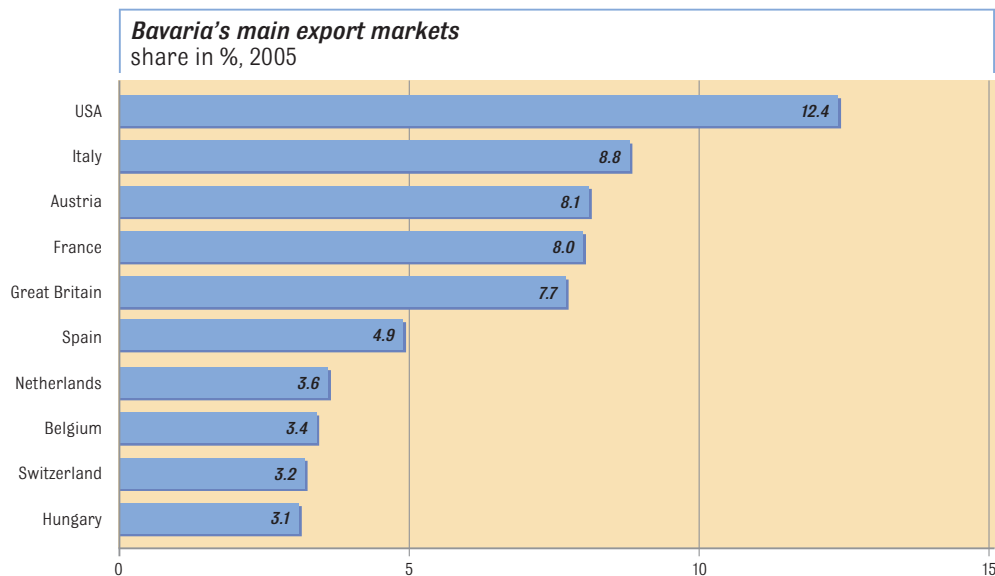
The **USA** has traditionally been an important trading partner for Bavaria's business community. In 2004, Bavaria provided 1.2% of the USA's total imports, a percentage higher than those of 19 of the EU's member countries. In 2005, Bavaria supplied 22.8% of Germany's exports to the USA.



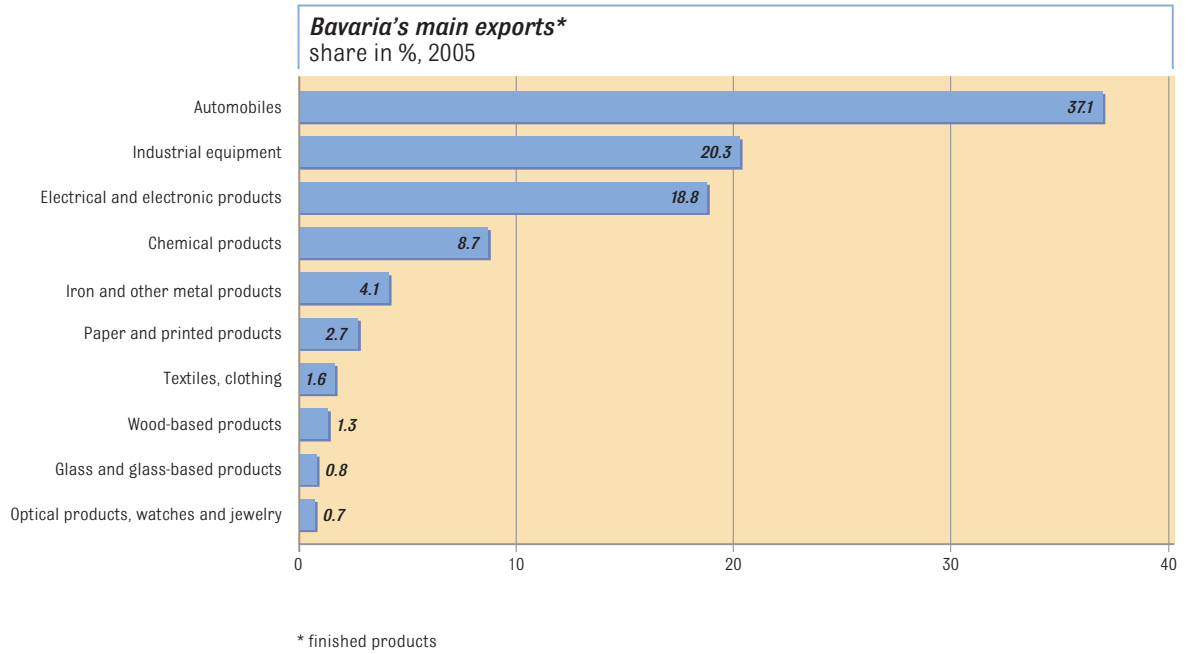
In 1990, **China** ranked 23rd among Bavaria's countries of imports and 30th among the state's countries of exports. By 2005, the country had risen to 4th in imports and 11th in exports. In 2004, Bavaria accounted for 3.9% of the EU's exports. The state, however, provided 8.7% the Union's exports to China.



The USA tops, by far, the list of Bavaria's countries of export. Next largest are eight members of the EU.



Accounting for some three quarters of Bavaria's exports of manufactured products, vehicles, industrial equipment and electronic products dominate the rankings of the state's best-sellers abroad.



Munich's trade fairs (2005)

More than 40 international-level trade fairs are held in Munich. These events serve as indispensable platforms for sales and information for the high-tech and other capital and consumer goods sectors.

Consolidated turnover	€ 223.4 million
Covered exhibition space	180,000 m ² Munich Trade Fair Center 37,400 m ² in Munich Order Center
Exhibitors	33,233 from 104 countries
Visitors	1.95 million, from 206 countries

Contact: Messe München GmbH
Munich Trade Fair Center
D-81823 München
Phone (+49 89) 9 49-2 0720
Fax (+49 89) 9 49-2 0729
E-mail: newsline@messe-muenchen.de
Internet: www.messe-muenchen.de

Important trade fairs at Munich's Trade Fair Center

ANALYTICA

Instrumental analysis, laboratory technology and biotechnologies.
International trade fair and Analytica Conference

AUTOMATICA

International trade fair for assembly and material handling technologies, for robots, for industrial-use imaging and related technologies

BAU

International trade fair for building materials, building systems, building renovation

BAUMA

International trade fair for construction machinery, building material machines, construction vehicles, construction equipment and mining machines

DRINKTEC

The world's leading trade fair for beverage and liquid food-related technologies

ELECTRONICA

components/systems/applications

EXPO REAL

International commercial real estate exposition

HEIM + HANDWERK

Sales exhibition for living, interior decorating, building

I.H.M.

International trade fair for small and medium-sized enterprises

ISPO Winter/ISPO Summer and ISPOVISION

International trade fairs for sports equipment and fashion and international trade fair for lifestyle—
Fashion inspired by Sports

SYSTEMS

IT. Media. Communications

TRANSPORT LOGISTIC

International trade fair for logistics, telematics and transport

Events held in M,O,C, Munich Order Center

BEAUTY FORUM MUNICH

Autumn-time trade fair for cosmetics

HIGH END

Hi-fis, home cinema and other installed media

IMOT

Motorcycle exhibition

MAINTAIN

The international trade fair for the industrial maintenance sector

MODA MADE IN ITALY

Shoes

MUNICH FABRIC START

Fabric preview

Nuremberg's trade fairs (2005)

Nuremberg is expert in the development and staging of international-level trade fairs and congresses configured to serve specialized sectors.

Displaying a delineation of subject area corresponding to the needs of the markets they are intended to serve, Nuremberg's events cover the following areas of activity:

- IT and electronics
- processing and packaging
- construction and equipping of buildings
- health and public sector
- consumer goods

Turnover	€ 95.9 million (consolidated)
Covered exhibition space	152,000 m ²
Exhibitors	21,100 from 98 countries
Visitors	1.2 million, from 150 countries

Contact: NürnbergMesse GmbH
Nuremberg Trade Fair Center
D-90471 Nürnberg
Phone (+49 911) 86 06-0
Fax (+49 911) 86 06-228
E-mail: info@nuernbergmesse.de
Internet: www.nuernbergmesse.de

Important trade fairs in Nuremberg

BIOFach

International trade fair for organic food and natural products

BRAU Beviale

European-level trade fair for the beverage industry, its raw materials, technologies, logistics and marketing

FachPack

Specialized trade fair for packaging, labeling and storage technologies

fensterbau/frontale

International trade fair for windows and facades; their technologies and constituent components

HOLZ-HANDWERK

European trade fair for wood-processing machines, technologies and supplies

Interzoo

International trade fair for pet items

IWA & OutdoorClassics

International trade fair for hunting and sporting arms, outdoors equipment and accessories

LogIntern

Trade fair for in-house logistics

POWTECH

International trade fair for mechanical-based processing technologies and methods of analysis

PrintPack

Trade fair for packaging printing and production

Spielwarenmesse

International toy fair

Stone + tec

International trade fair for natural-origin stone and methods of processing

Trade fairs in Augsburg (2005)

The events staged in Augsburg are designed to serve the needs of the economy of the city and its surrounding regions, and of a range of international-level niche markets. Augsburg's trade fair authority has held a number of successful trade fairs and company presentations over the last few years.

The third largest tradefair center in Bavaria, Augsburg features a hall which seats up to 9,000 people and which can be used in a variety of ways. Adjoining it is a congress center at which a number of services are provided. This side-by-side array of fair and congress centers enables the city's authority to offer joint-use events. This capability joins with the state of the art in-house communication infrastructure (including WLAN/Internet hot spots), easy access and great transport links in making Augsburg's trade fair center a highly flexible and multifaceted venue.

Floor space	57,000 m ² (covered) and 18,000 m ² (outside)
Exhibitors	3,200 from some 40 countries
Visitors	390,000

Contact: Augsburgener Schwabenhallen
Messe- und Veranstaltungs GmbH
Am Messezentrum 5
D-86159 Augsburg
Phone (+49 821) 25 72-0
Fax (+49 821) 25 72-105
E-mail: info@messeaugsbuerg.de
Internet: www.messeaugsbuerg.de

Important trade fairs in Augsburg

AFA

Augsburg's spring exhibition

AMERICANA

International exhibition for riding and Wild West-style items

Augsburger Immobilientage/Bau im Lot

Two fairs: for real estate in Augsburg and for achieving a high quality of construction

Augsburg blossoms

National-level fair for garden needs

GrindTec

International trade fair for grinding technologies

HolzEnergie/Renexpo

International trade fair and congress on wood-burning and other renewable energy supply systems; advanced construction systems

INTERLIFT

International trade fair for elevator technologies, with forum

Intersana

International-level health care fair

Foreign direct investment (FDI) in Bavaria

The latest figures available (as of 2004) on the investments made by foreign companies in Bavaria eloquently show how attractive the state is as a base of location. In 1992, the state's FDI total came to €9.7 billion. Years of steady rises brought that figure to more than €51.4 billion. Foreign companies have taken equity stakes in 1,392 of Bavaria's companies. These employ 362,000 persons and have annual sales of €130.6 billion.

Famous foreign companies maintaining subsidiaries in Bavaria

Bavaria is one of Europe's leading centers of advanced manufacturing, in terms of production as well as research and development. Business-to-business services are a particular specialty of the state. This spread of activities constitutes one reason why companies from all over the world flock to set up shop in Bavaria.

Amazon E-tailer (online merchant)	Glaxo Smith Kline Pharmaceuticals
Applied Materials Industrial engineering	Hitachi Semiconductor Europe MOS integrated circuits
BAT British American Tobacco Cigarettes and other consumables	Huawei Information and communication technologies
Cherry Electronics	Kühne + Nagel Logistics
CISCO Information and communication technologies	Lucent Technologies Network Systems Communication technologies
Clariant Special-purpose chemicals	Michelin Reifenwerke Automobile tires
Discovery Channel TV broadcaster	Microsoft Deutschland GmbH Software
GE General Electric European research center	Nestlé Deutschland AG Food products
Generali Insurance	Novartis Pharmaceuticals

Novell

Information and communication technologies

NTT DoCoMo

Information and communication technologies

OMV

Petroleum

Oracle Deutschland GmbH

Information management systems

Panasonic Electric Works Europe AG

Relays, sensors, programmable circuits

Pfizer

Pharmaceuticals

Roche Diagnostics GmbH

Research, development and production of diagnostics

Saint Gobain

Technical supplies

SKF

Ball bearing systems

Sun Microsystems GmbH

Internet technologies

Tata

Information and communication technologies

Telefonica/O₂

Information and communication technologies

Texas Instruments Deutschland

Semiconductors, communication technologies

Toshiba Europe

Laptops, notebooks

TRW Automotive

Security systems for automobiles

UniCredit

Bank

UPM – Kymmene

Paper manufacturing

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