

SCHLESWIG-HOLSTEIN

# Businessland



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## Facts & Figures

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The world's biggest solar-powered boat was built in Schleswig-Holstein. The *PlanetSolar*, which is powered solely by solar energy, demonstrates what kind of applications there can be for renewable energy. Over 500 sq.m. of solar panels are mounted on the flat deck of this multi-hull vessel.

[www.planetsolar.org](http://www.planetsolar.org)

## Schleswig-Holstein

### A strong state between two seas



The combination of geography and good accessibility has made Kiel one of Germany's leading cruise ports.

Millions of holidaymakers have warmed to the state between the Baltic and North Sea. Entrepreneurs who are not just after clean air and culture but looking to relocate their business will discover the attractions of Schleswig-Holstein are also rather appealing. In recent decades, Germany's most northerly state has made its mark as a **dynamic location for business and technology**.

A globally renowned **research landscape** lends wings to the state's sunrise industries. The motors of growth in Schleswig-Holstein – environmental technology, life sciences, communications technology, renewable energies, high-end mechanical engineering, food and logistics – are playing a key role in the dynamic upturn of the state's economy and have kept it on a steady course in more difficult times.

An **optimistic entrepreneurial spirit and start-ups** typify towns such as Flensburg, Lübeck, Kiel, Husum or Norderstedt. An above-average number of young Germans are moving to the country's most northerly state and polls show that its inhabitants are among the most satisfied in Germany. What's more, they are extremely well educated and, as heavy web users, are particularly open to new technologies.

And Schleswig-Holstein offers businesses other advantages besides outstanding personnel. As a **hub of traffic and trade between Scandinavia, the Baltic States and Central Europe**, Schleswig-Holstein will become even more significant once the tunnel between the island of Fehmarn and Denmark is completed. Moreover, the state's close proximity to internationally important ports and airports and its excellent road and rail networks make Schleswig-Holstein an interesting location for the logistics industry.

Last but not least, entrepreneurs interested in setting up in Schleswig-Holstein can look forward to **concrete economic benefits**: low rates of corporate taxation, very favourable property prices, one of the best returns on investment of any German state and relatively low wage levels. And in the state between two seas clean air and sunshine come free.

# Sound economy

Germany's world-famous *Mittelstand* dominates the Schleswig-Holstein economy with these small to mid-sized businesses ensuring its on-going sound development. Even in stormy times, Schleswig-Holstein has proved much less prone to economic ups-and-downs than most other German states.

More than three quarters of the Schleswig-Holstein labour force work in small and mid-sized businesses – more than the national average. In all, 120,000 firms employ some 600,000 people. The *Mittelstand* has undoubtedly been the driving force behind the upswing in Schleswig-Holstein, as is reflected in the GDP figures for German states. Schleswig-Holstein's growth rate (1.1%) was well above the national average from 2008 to 2010, putting the state fourth in the German growth table for this three-year period.

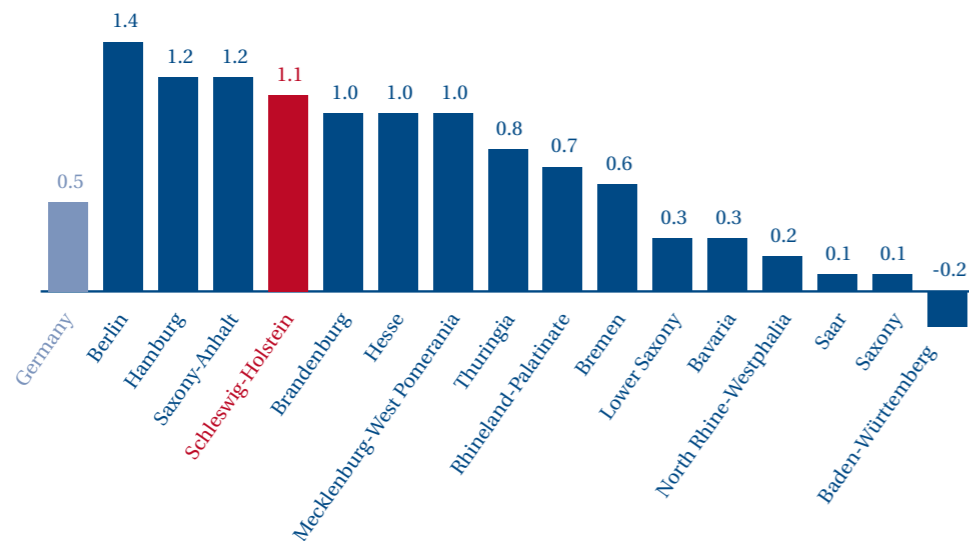
In addition, the state government is consistently supporting sunrise industries through its *Mittelstand* Offensive for Growth and Jobs – a programme that includes supporting strong networks to further collaboration between business, academia and research facilities in Schleswig-Holstein. The focus here is on key industries and clusters with the greatest growth potential:

- **Food:** 270 businesses and 19,400 employees
- **Information and communications technology:** 20,000 businesses and 39,000 employees
- **Life sciences/health care:** 275 businesses and 172,000 employees
- **Logistics:** 3,000 businesses and 50,600 employees
- **Maritime sector:** 1,700 businesses and 47,000 employees
- **Renewable energies:** 100 businesses and 7,000 employees
- **Mechanical/electrical engineering:** 385 businesses and 40,000 employees

At the same time, the state government has launched a programme to safeguard the future supply of skilled labour and thus lay firm foundations for the on-going growth of Schleswig-Holstein's economy.

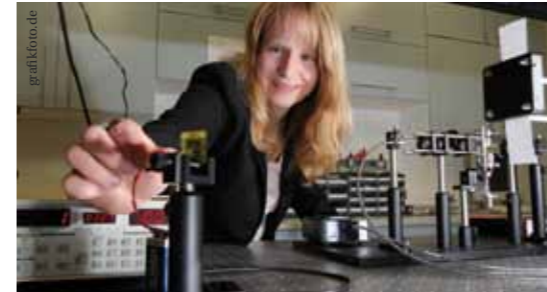
## GDP by German states

Average year-on-year growth, 2008-2010



Source: Germany's Statistical Offices, as per February 2011

# Fertile land for start-ups



For years Schleswig-Holstein has been one of Germany's leading states in terms of its start-ups and self-employed ratio.

**Pioneering spirits find a fertile climate for start-ups** in Germany's most northerly state, where an optimistic entrepreneurial spirit reigns. For years, Schleswig-Holstein has been **one of Germany's leading start-up states**.

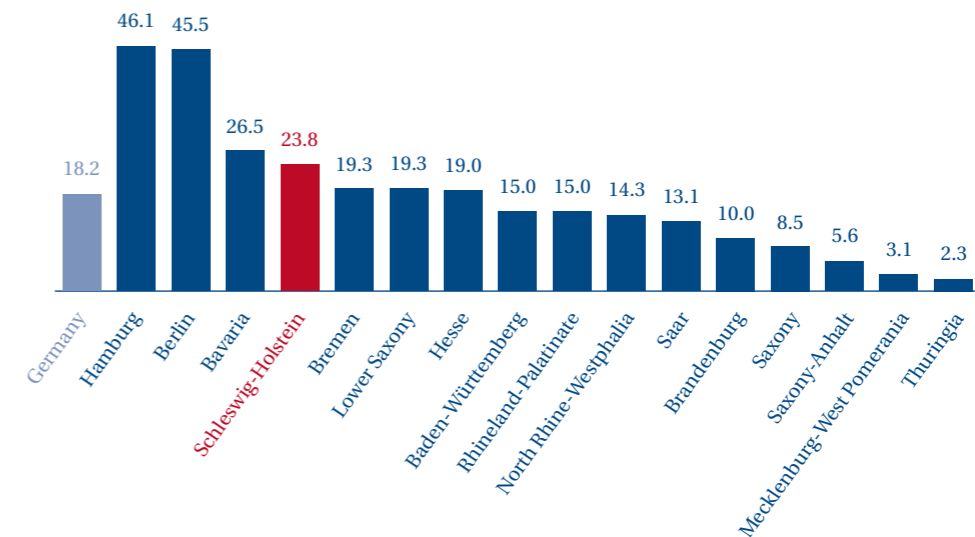
An average of 32,000 people per year set up their own business in Schleswig-Holstein – and these start-ups generally prove as robust as the North German climate. The fact that relatively few of these

firms fail puts Schleswig-Holstein in the **leading group of German states** in this respect. Since people who set up their own business are known to be a motor of growth, jobs and innovation, Schleswig-Holstein offers them every possible support, ranging from business advice and start-up subsidies to technology transfers and networks for company founders.

Entrepreneurs who set up a business in one of the state's **18 Founder and Technology Centres** enjoy better chances of success. Besides favourably priced rents, they also profit from a broad spectrum of services and can make use of laboratories, fully equipped conference rooms and reception facilities. Some 500 start-ups employ around 2,700 people in this state-wide network of Founder and Technology Centres, lending wings to the spirit of entrepreneurial optimism in Schleswig-Holstein.

## Net new company registrations per 10,000 inhabitants (2010)

Year-on-year changes (%)



Source: Federal German Statistical Office, as per May 2011

# Bridge to fast-growing markets

Thanks to its ideal location in the south-west corner of the Baltic Region, Schleswig-Holstein plays a key role as a hub of trade and traffic between German, European and global markets. No other German state can boast such **direct links to international ports and airports, direct access to the Baltic and North Sea and powerful road and rail networks**. Schleswig-Holstein has made a name for itself in the Baltic Region through direct trading links to strongly growing markets in Scandinavia, Russia, Poland and the Baltic States and as a bridge to Western Europe.



An Icelandic containership taking a short cut through the Kiel Canal, an important waterway for trade to and from the Baltic Region



Thanks to its strategic location on the Lower Elbe and at one end of the Kiel Canal, Brunsbüttel has a great deal to offer: direct access to the North Sea, the Baltic and Europe's inland waterway network, proximity to Hamburg, and industrial sites close to the harbour.

The ports of Kiel, Lübeck and Brunsbüttel account for most of the freight traffic. Almost two-thirds of the goods passing through Germany's Baltic ports are handled in Schleswig-Holstein. The state's **30 ports and harbours** have a total annual cargo turnover of some **50 million tonnes** and handle more than **15 million ferry passengers**. The **world's busiest artificial waterway, the Kiel Canal**, allows ships to significantly shorten their journey from the major North Sea ports to the Baltic. In future, the time taken to

transport goods to and from Scandinavia will be reduced even further when the fixed link between the island of Fehmarn and Denmark – most likely a tunnel – is finished, probably in 2020. This will further strengthen Schleswig-Holstein's position as a **logistics hub in the Baltic Region**.

Businesses profit from the close proximity to Hamburg, whose seaport is the "gateway to the world" and the economic heart of Northern Germany. Liner services link Hamburg to some 900 ports and harbours in more than 170 countries of the world. Hamburg's port and the international airport located on the northern fringe of the city are no more than an hour's drive from almost anywhere in Schleswig-Holstein.

Besides such "home-grown" locational advantages, Schleswig-Holstein also cultivates excellent contacts to some of the world's booming economies. The Business Development and Technology Transfer Corporation of Schleswig-Holstein (WTSH) runs **representative offices with incorporated business facilities in Brazil, China, India, Russia and Malaysia** with the aim of facilitating the engagement of small to mid-sized businesses in these fast-growing markets.

## Schleswig-Holstein's infrastructure



Source: WTSH, as per May 2011  
www.wtsh.de/locations

# Quality of life in North Germany

If you work in Schleswig-Holstein, the holiday atmosphere comes free of charge. The state's attractions include **sandy beaches, beautiful landscapes, cultural highlights, urban flair, idyllic countryside and a wide range of leisure activities.** Once people have settled down in the state between two seas, they don't want to miss the maritime life in Schleswig-Holstein.



"Quay City" is one of the highlights of Kiel Week, the world's biggest sailing event.

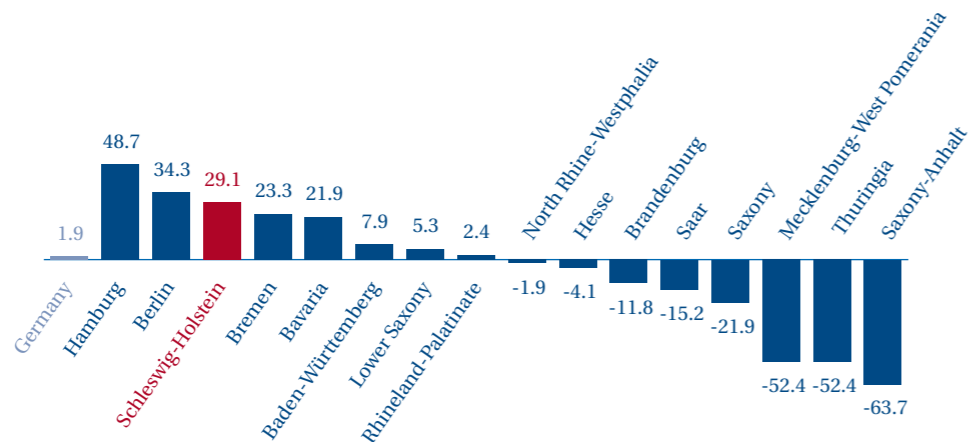
Schleswig-Holstein is one of Germany's most popular holiday regions with some **six million guests and 24 million overnight stays** per year. It is the only place in Germany that offers tourists the combination of North Sea mud flats and sandy Baltic beaches. Holidaymakers enjoy the clean, salty air along **1,190 km of coastline** and, on the island of Fehmarn, **more sunshine** than anywhere else in the country. The other attractions include great golf and horse-riding plus a rich

programme of cultural and leisure activities, museums, theatres and exhibitions. Sailors like yachting in the waters off Schleswig-Holstein, nature lovers are fascinated by the unique Wadden Sea mud flats, now a world cultural heritage, and Kiel Week, Northern Europe's biggest sailing regatta and fair, has as big a global reputation as the more high-brow Schleswig-Holstein Music Festival.

The excellent quality of life in Schleswig-Holstein not only appeals to holidaymakers. This state is one of the few regions of Western Europe to have recorded **population growth** in recent years – more than 5,000 a year on average. These new arrivals include an above-average number of under-18s and over-30s. The fact that adolescents account for 17% of the total population in Schleswig-Holstein, one of the highest ratios of any German state, is good news for businesses who will need **well qualified personnel** in future.

## Net migration per 10,000 inhabitants

Average change 2005-2009 (%)



Source: Germany's Statistical Offices, as per February 2011

# Rich in human resources



The focus in Schleswig-Holstein is on purposeful initial and further training measures; one outcome is a stable labour market.

**The strength of the economy in Schleswig-Holstein is reflected in the positive development of the labour market.**

Young adults, in particular, have profited from this trend: unemployment among the under-25s fell by nearly 12% from 2009 to 2010. This was further proof of how small and mid-sized business are the strong backbone of Schleswig-Holstein's economy, even in difficult times. The

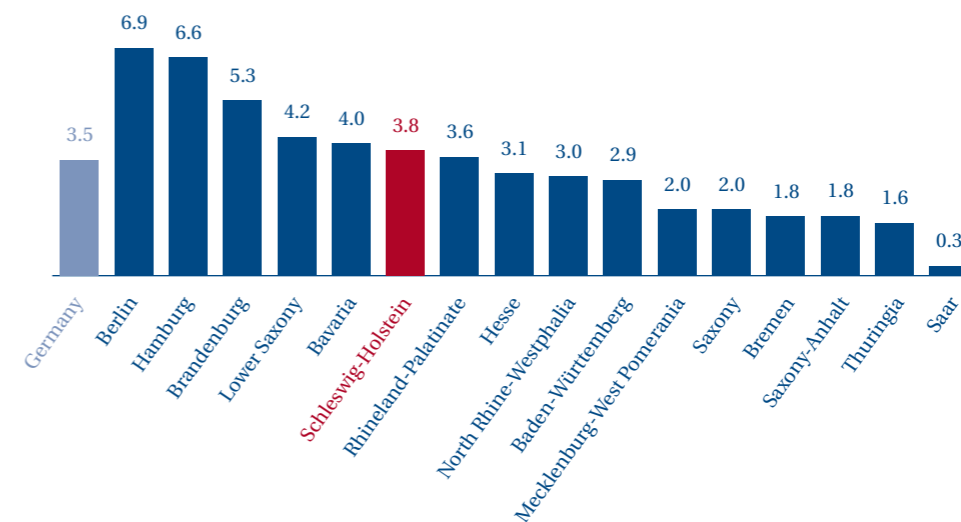
unemployment rate in Schleswig-Holstein rose only slightly during the recent recession – and that is something hardly any other Germany state can claim.

So it is no surprise that the workforce in Schleswig-Holstein has increased to an above-average extent in recent years – by 50,000 or 3.8% from 2006 to 2010 when a total of 1.28 million gainfully employed persons were recorded. This puts Schleswig-Holstein among the top six German states.

The stability of Schleswig-Holstein's labour market is due in part to the sensible personnel policies practised by most businesses in the state and their targeted spending on further training measures. In this way, businesses are constructively developing the potential of Schleswig-Holstein's well-trained and highly qualified workforce.

## Gainfully employed persons by state

Average year-on-year change (%), 2006-2010



Source: German Employment Statistics Working Groups, as per February 2011

# Attractive corporate tax rates



In Germany the trade tax on companies is levied locally and varies from local authority to local authority; for entrepreneurs it is often a key factor in choosing where to set up business.

If you look at the purely economic arguments for setting up a business in Schleswig-Holstein, the bottom-line benefits are undisputed: **relatively low taxes, nicely priced property, competitive wage levels and high levels of productivity.**

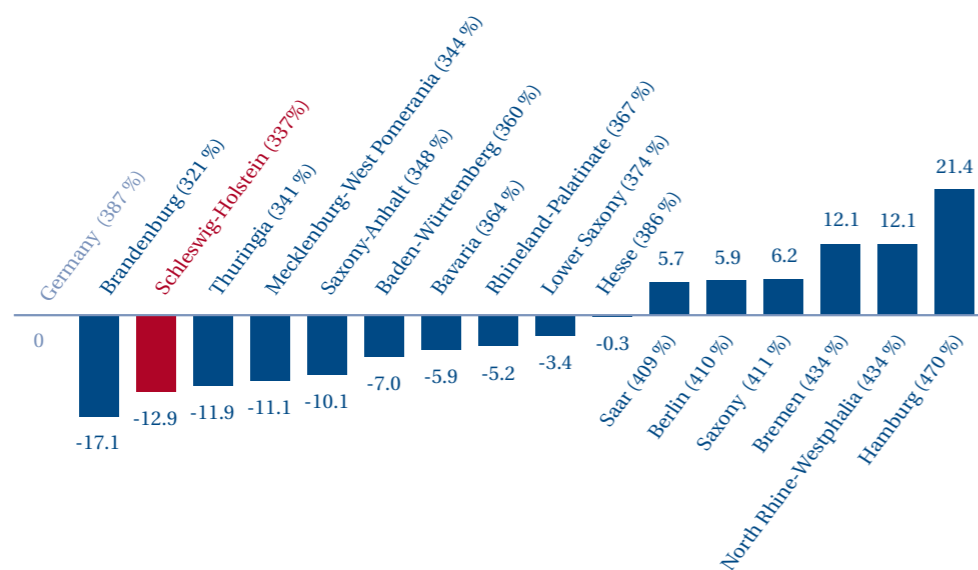
Since profitable businesses have to pay taxes wherever they are, corporate tax rates are a particularly critical factor. In this respect, the news from Schleswig-Holstein is good. The average trade tax paid by businesses in Schleswig-Holstein

is the **second-lowest of any German state.** Schleswig-Holstein's average trade tax multiplier factor for 2009 (337%) was well under the average German rate (387%). In the neighbouring city-state of Hamburg, for example, the multiplier factor is a third higher at 470% and in Lower Saxony, which also borders on Schleswig-Holstein, trade tax rates are around 10% higher.

This is an obvious locational advantage for businesses interested in moving to Schleswig-Holstein. After all, every euro that does not go to the taxman is **good for a company's bottom line.**

### Trade tax multipliers by state (2009)

Deviation from German average (%)



Source: Federal German Statistical Office, as per June 2010

# Low labour costs



This crowded pedestrian precinct in Flensburg's town centre is a good example of how higher purchasing power in Schleswig-Holstein is boosting the economy and creating jobs.

Economic factors naturally play a major role in choosing the best possible location to set up a business. The combination of **well-qualified and highly motivated personnel and relatively low labour costs** is naturally a quality argument.

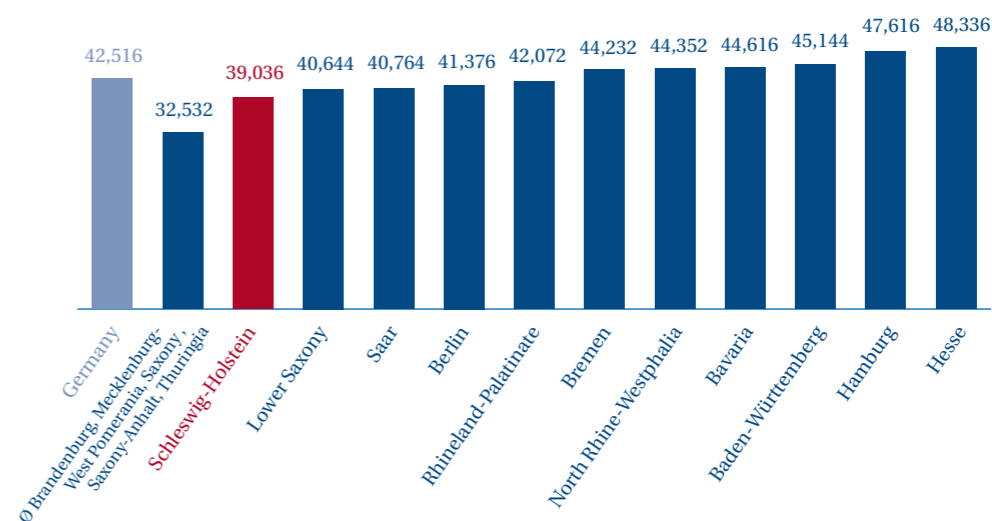
Labour costs in Schleswig-Holstein are lower than in any other German state, apart from those in the former East Germany. In 2010, the average personnel costs per employee for businesses

in Schleswig-Holstein was €39,036 – or **more than 8% less than the German average** (€42,516). Businesses based in Hamburg have to pay around 22% more for wages and salaries. In Denmark, Schleswig-Holstein's northerly neighbour, personnel costs per employee are around a quarter higher.

The low labour costs do not, however, mean that Schleswig-Holstein's workforce is any less motivated – on the contrary. Thanks to a lower cost of living than in many other German states, people in Schleswig-Holstein have **plenty of purchasing power** despite their lower wages. This is reflected in a **2.9% increase in private consumption** from 2005 to 2009 – a bigger rise than any other German state, apart from those in the former East Germany.

### Average gross annual income (€, 2010)

Manufacturing and services (incl. special payments)



Source: Germany's Statistical Offices, as per March 2011

## Fair property prices

Whatever demands a business may have, Schleswig-Holstein has the first-class commercial property, industrial sites or office space to match – from the Baltic or North Sea coasts and inland locations to the districts around Hamburg. The options range from **waterside offices and commercial property with direct access to Hamburg Airport to logistics sites right next to motorways.**

More than 1,400 hectares of building land is available for interested entrepreneurs – and the prices are significantly lower than the German average. Kiel, for example, is Germany's second-cheapest state capital with businesses paying less than €60 per square metre for fully connected building land. Office rents in Schleswig-Holstein are just as attractive – even for first-class locations – while start-ups find even more favourable conditions to set up business at Schleswig-Holstein's **18 Founder and Technology Centres.** Here, the business environment favours flexible growth from a low cost base.

Businesses looking for a suitable new site only have to click onto [www.immo.wtsh.de](http://www.immo.wtsh.de) to see what Schleswig-Holstein has to be offer. The property portal run by WTSH contains a regularly updated overview of commercial sites, industrial sites and office space. Incidentally, no fee is charged for the entries.

In addition to this online service, specialist staff at WTSH are available to support entrepreneurs in their choice of the right site, supply details of the necessary contacts, advise them in financing questions and, if required, accompany them throughout the resettlement process.

German state capitals	Land prices (€/m <sup>2</sup> )
German average	66.08
Schwerin (Mecklenburg-West Pomerania)	30.00
<b>Kiel (Schleswig-Holstein)</b>	<b>58.00</b>
Erfurt (Thuringia)	60.00
Potsdam (Brandenburg)	70.00
Magdeburg (Saxony-Anhalt)	70.00
Bremen (Bremen)	90.00
Hamburg (Hamburg)	120.00
Berlin (Berlin)	125.00
Mainz (Rhineland-Palatinate)	170.00
Düsseldorf (North Rhine-Westphalia)	300.00
Wiesbaden (Hesse)	360.00
Stuttgart (Baden-Württemberg)	600.00
Munich (Bavaria)	n.a.
Hannover (Lower Saxony)	n.a.
Saarbrücken (Saar)	n.a.
Dresden (Saxony)	n.a.

**Table:** Building land prices for high-quality sites in industrial estates or business parks (incl. utility connection costs, but without any subsidies)

Source: IVD Commercial Price Comparison List 2009/2010

## Full of innovative energy

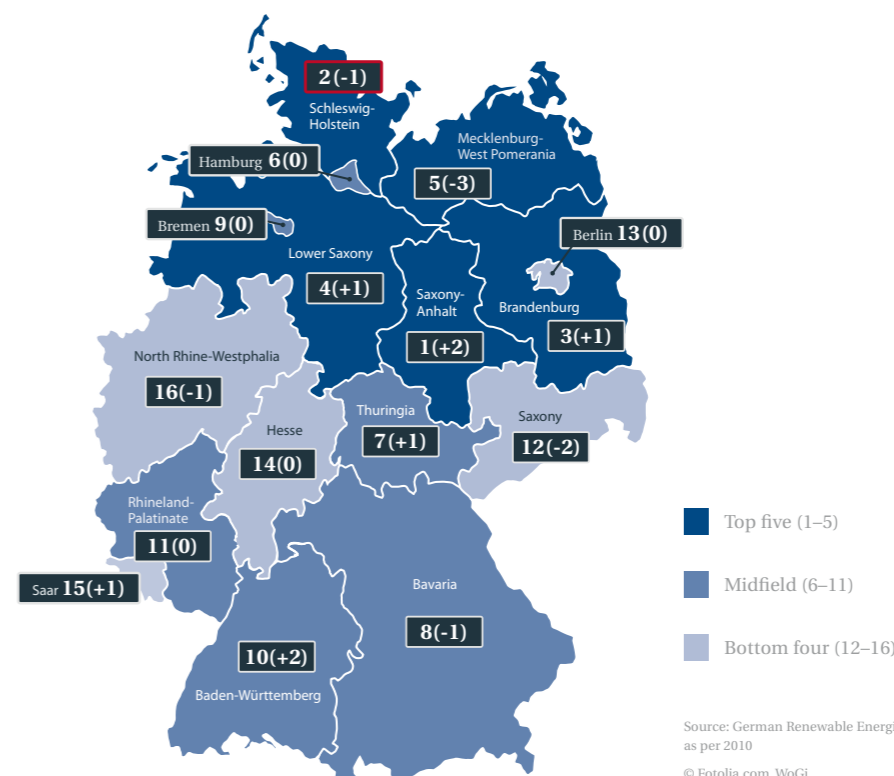
Blessed by a plentiful supply of wind, Schleswig-Holstein has developed into a wind power champion, **generating more energy from wind power than its 2.8 million inhabitants can use.** That has only been possible thanks to a supportive climate for innovations in the renewable energy sector. Starting from the state's "wind capital" Husum, the home of the **leading wind energy trade fair**, an innovative network has emerged with some 100 firms employing around 7,000 people.

Innovation is well established in Schleswig-Holstein, as a comparison of German states in various renewable energy categories shows. In 2010, Schleswig-Holstein was second in terms of industrial and technological policy successes (down from first place in 2008) and tops the table for the percentage of businesses involved in the renewables' sector (1.68%) – well above the Germany average of 1.03%. In no other German state did the **share of electricity generated from wind, solar or biomass energy** increase so fast as in Schleswig-Holstein between 2004 and 2008 – by 18.4% compared with the average for Germany of 8%.

**Schleswig-Holstein always gets top marks for its consistent technological support programmes and effective locational policies.** First-class engineers and technicians guarantee a steady flow of innovations – now and in future. No other German state offers so many university courses in renewable energies, and the Educational Centre for Renewable Energies and the CEwind Centre of Excellence for Wind Energy, a research network involving the state's universities, are setting standards in this sector.

### Successes in technological change by state

Left-hand figure: ranking in 2010; figure in brackets: change from 2008



# Tailwind for learning

**Schools, universities, vocational training colleges:** Schleswig-Holstein places a high priority on learning. Businesses, trade unions and the state government have traditionally worked together well in offering school-leavers suitable vocational training opportunities.

A joint job training initiative in place since 2003 has systematically improved the options for young people, as the statistics show: **no other German state has a higher ratio of vocational trainees to gainfully employed persons overall (11.9%)**. University students in Schleswig-Holstein also have above-average career chances: 72% of first-year students are taking one of the Bologna Accord Bachelor's degree courses (German average: 69%). **Nine state universities, three private universities**



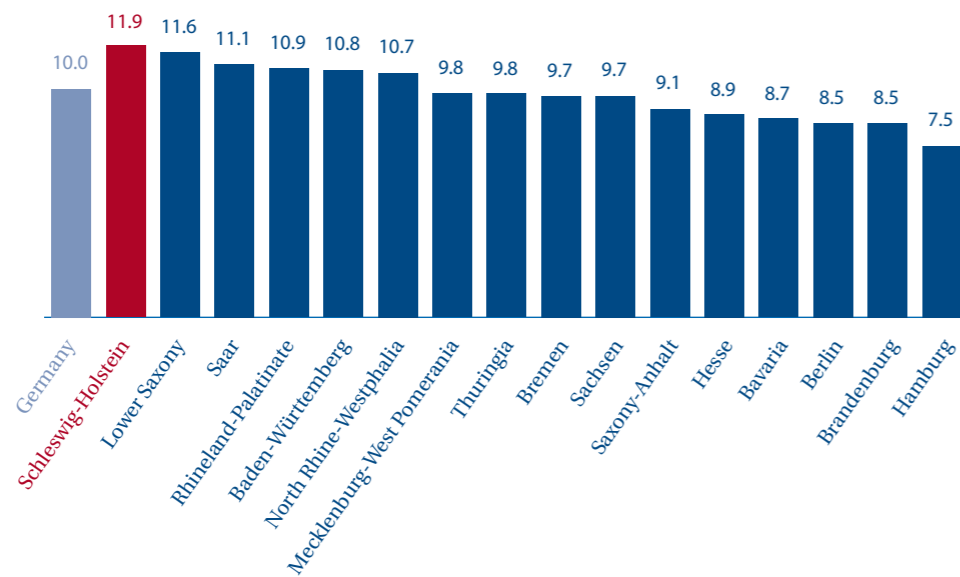
The Fraunhofer Institute for Silicon Technology in Itzehoe

and two colleges for civil servants are offering increasing numbers of students a broad spectrum of high-quality degree courses. Moreover, academia and business work together closely in Schleswig-Holstein to tune degree courses to the needs of the working world.

**Internationally renowned institutes are playing a pioneering role in the research field.** The **Centre of Excellence for Marine Research and the Centre of Excellence for Medicine**, the **Kiel Institute for the World Economy**, the **Leibniz Institute of Marine Sciences** in Kiel and the **Fraunhofer Institute for Silicon Technology** in Itzehoe are just some of the more famous names.

## Vocational training pupils (2010)

As a percentage of all gainfully employed persons



Source: Federal German Statistical Office, as per June 2010

# State of speedy connections



The WTSH complex in Kiel

The state government's *Mittelstand* Offensive aims to make Schleswig-Holstein the most business-friendly German state. And that includes speedy, unbureaucratic decision-making processes.

The Business Development and Technology Transfer Corporation of Schleswig-Holstein (**WTSH**) is the **one-stop agency for advice and support** in anything to do with business set-ups, innovation subsidies or foreign trade.

### The services WTSH offers:

- Advice in all funding and investment issues
- Support in setting up a business and finding a suitable site
- Support in opening up foreign markets
- Funding for technological projects, research and development work and export activities
- Seed financing and support for innovative business spin-offs from universities and research establishments ([www.seedfonds-sh.de](http://www.seedfonds-sh.de))
- Support in collaboration with research institutes and European companies
- Advice and research on patents and other industrial property rights
- Assessment and optimisation of a company's innovative potential
- Organisation of joint stands and initiation of contacts at national and international trade fairs
- Internet portals for commercial property and jobs
- Cluster management for key industries

In questions of funding WTSH coordinates contacts to officials at the relevant state institutions: the Schleswig-Holstein Investment Bank (IB), the Schleswig-Holstein Guarantee Bank and the Schleswig-Holstein *Mittelstand* Investment Company (MBG). Businesses who approach these institutions can be sure of a rapid and binding reply to any funding questions.

# The card to open many doors



Anyone wanting to do business in Schleswig-Holstein needs one contact in particular: WTSH. Because we offer a comprehensive range of one-stop services ranging from up-to-the-minute industry briefings and customised advice to optimised assistance and support.

Just get in touch with us: [info@wtsh.de](mailto:info@wtsh.de)

