



The German Chambers of Commerce Abroad—An International Win–Win Situation

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Even if the 2018 Football World Cup went wrong from a German perspective, one title remains certain for Germany and German entrepreneurs—that of export world champion. Most recently, Germany ranked third among the strongest exporting nations, after China and the USA. The global network of German Chambers of Commerce Abroad (AHKs) has played a decisive role in this success on international markets. It is, therefore, the focus of the following chapter. A general introduction to the range of tasks and working methods applied by the Chambers is followed by portraits of individual AHKs at locations ranging from Vienna to Mumbai and from Argentina to Nairobi. Two case studies also report on how the Chamber in Vietnam helped a medium-sized company from the Upper Palatinate to enter the market in the Far East. The second example tells the story of a Polish company which, despite its technological capabilities, was only able to win German customers with the help of the Chamber of Commerce in Warsaw.

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- Chambers of Commerce Abroad in action—developing international economic relations with the help of the Chambers of Commerce Abroad.

Chambers of Commerce Abroad—Networking to Ensure the Success of the German Business Abroad

The 140 Chambers of Commerce Abroad in 92 countries are a strong network that helps German companies to enter foreign markets, but also makes it easier for foreign companies to come to Germany. They work closely with the 79 CCIs in Germany.

Together, the German CCIs and the Chambers of Commerce Abroad (AHK) take a stand for the German economy in both the boom years and in times of crisis. The CCIs and AHKs present themselves internationally like a close-knit family, as stated by the British Ministry of Economics in its study “No stone unturned—Chamber of Commerce International Comparisons” dating from 2012 on the chamber systems in different countries (p. 36). The close relations between the AHKs and the delegations and representative offices abroad (which are also part of the network) and the 79 Chambers of Commerce and Industry in Germany, as well as the coordination of the network by the Association of German Chambers of Commerce and Industry, fundamentally distinguish the German Chamber network from those of other countries. It makes it much easier for companies to access business support and utilise overseas trade opportunities (see study above, also p. 36). Another important prerequisite for the successful work of the AHKs is financial security. They generate the lion’s share of their financial requirements through the sale of services themselves. However, they are also institutions of German foreign trade promotion and are proportionately financed by the Federal Ministry of Economics (see Fig. 4.1).

Close Coordination Between CCIs and AHKs

A look into practice: The Chambers of Commerce and Industry in Germany—their foreign trade departments—always support their members in foreign trade issues in close cooperation with the Chambers abroad. Many CCIs maintain particularly close partnerships with the AHKs of a particular country or region. Together, the CCIs in Germany organise export days and information events on foreign markets and regions. It is not uncommon for employees of the AHKs to have previously worked in a CCI in Germany. This enables the CCIs to forward enquiries from their members to the experts in foreign markets—as if the AHK were an extension of their own foreign trade department. This saves member companies time and many nerve-racking telephone calls.



Fig. 4.1 An international network for business since 1894—the German Chambers of Commerce Abroad

Self-governance Principle also Applies to the AHKs

What is even more important for the successful work of the AHKs is that entrepreneurs organise and represent their interests themselves in the Chambers of Commerce Abroad, as well as in the German Chambers of Commerce and Industry. In 2017, more than 1,800 employees and Managing Directors from member companies volunteered their services in the working groups, Boards and steering committees of the Chambers of Commerce Abroad. Members of the AHKs are German companies or their subsidiaries in the host country, as well as companies from the host country itself—the chambers are not always bilateral in nature, but this is very often the case. The voluntary contribution of the companies to the daily work of the AHKs is the “real ace up the sleeve” that the German business holds in its hands with the AHK network. This is because the volunteers know where companies tend to feel the pinch. They experience this day after day in their own work on-site in the host markets. This transfer of knowledge enables the AHKs to

recognise and articulate economic developments and challenges for companies in their host countries more quickly and to work towards improved framework conditions. At the same time, the volunteers from the host country enrich the work of the chamber to a particular extent because they have been socially integrated into the business culture of their home country. They know which customs and practices have to be observed in the economy of their country. At the same time, they bring their own close contacts to authorities and political decision-makers into the work of the chamber. In this way, the voluntary work undertaken by the companies creates structures with which the business community can bundle, organise and represent its concerns better than state funding agencies could.

Special Creative Power of the AHK Board Members

For this reason, the statutes of the AHKs also grant extensive rights to the members elected by all members, who work voluntarily on their Boards in shaping the objectives, strategy and personnel policy of the chambers. Thus, the AHK Boards decide on the appointment of the respective AHK Chief Executive. The Association of German Chambers of Commerce and Industry (DCCI) has a right of a nomination here. Only the Heads of the delegates' offices and the representative offices for German business are appointed by the DCCI alone in coordination with the Federal Ministry of Economics, which plays a co-financing role. The position of an AHK Board can thus be compared to that of the supervisory board of a stock corporation. In contrast to the supervisory board of a stock corporation, however, the election of the Board for an AHK means that the majority of the members are also involved in the decision-making process in matters of business and personnel policy.

Personal Exchange as the Most Important Basis for the Success of the AHK-CCI Network

At the same time, however, each chamber must coordinate with the Association of German Chambers of Commerce and Industry (DCCI) as the "system headquarters" of the German Chambers of Commerce Abroad (AHK) network. The DCCI also distributes grants from the budget of the Federal Ministry of Economics to the AHKs, it provides them with personnel and organisational know-how and represents their interests in Germany. Surprisingly, apart from the statutes of the AHKs and the budget control of the DCCI, there is no legal basis regulating the smooth interaction of CCIs, AHKs and DCCI within this globally extended family of the chamber network. Admittedly, all parties involved have agreed on a Code of Conduct that lays down rules for cooperation. But what is much more important is the continuous dialogue between all chambers with each other and with their umbrella organisation. These discussions take place at regular meetings such as the biennial AHK World Conference and at events organised by individual chambers of



Source: Association of German Chambers of Industry and Commerce (DIHK)

Fig. 4.2 At a glance: How the German Chambers of Commerce Abroad support companies

commerce and industry—such as the Export Days, which has since been renamed “Trade and Connect”. Every year in November, the Managing Directors of around 70 AHKs travel to the CCI for Munich and Upper Bavaria in Munich. The fact that a worldwide network can be coordinated primarily through the personal exchange between representatives from the 140 AHKs among themselves is just as impressive in terms of proof of the self-governing capacity of business and the economy, as is the contribution of those volunteers to the work of the AHKs (see Fig. 4.2).

The Chambers of Commerce Abroad (AHK) at a Glance

- Promoting German foreign trade:** German companies receive support for their foreign business from the diplomatic missions of the Federal Republic of Germany, the Federal agency Germany Trade and Invest (GTAI) and the German Chambers of Commerce Abroad (AHK). The Chambers of Commerce Abroad play a special role in the mix of these three pillars of foreign trade promotion. This is because companies from Germany and the host countries have voluntarily joined forces in the AHKs to represent their interests and promote economic exchange. This three-pillar mix and this specific cooperation between business and government are what fundamentally distinguishes the German system of foreign trade promotion from the approach taken by most other

countries. It largely frees the AHKs from political constraints and enables them to concentrate entirely on the economic concerns of their members.

- **Distribution around the world:** In 2017, there were 140 Foreign Chambers of Commerce in more than 92 countries. The first chamber was founded by German merchants as early as 1894 in Belgium. Since then, the network has been constantly expanding. In order to promote the exchange of German business with as many countries as possible, the AHKs often have their own Regional Managers in charge of countries in the immediate vicinity from one specific location. Thus, the AHK in Nairobi also looks after Ethiopia, Rwanda and Uganda. The Chamber in South Africa also looks after Namibia and Zambia. Today, the German economy can rely on the support of foreign chambers of commerce for 95% of its foreign business.
- **Organisational structure and bi-lateralism:** In most countries, the chambers are associations founded and constituted under national law. Both German companies and companies in the host country are members. This bi-lateralism strengthens the chambers in their host countries. Considering the fact that, because they also represent local companies, the AHKs are not perceived by decision-makers and the media as strictly German events. However, it is not possible to establish bilateral chambers of commerce abroad in every country. Where this is not legally possible, or the number of German companies operating in the country does not yet support an AHK, representative offices or delegate offices represent the concerns of German business. Unlike bilateral chambers, representative offices and delegate offices do not have any members. Often, however, they later become Chambers of Commerce Abroad—for example, in Serbia and Ukraine in 2016, or in San Francisco, Sri Lanka and Tanzania in 2018. Whether or not an AHK, a delegate office or a representative office is to be established at a particular location is decided by the DCCI in consultation with the Federal Ministry of Economics. Portraits of selected Chambers of Commerce Abroad can be found on the following pages.
- **Membership structure:** In 2017, a total of more than 51,000 companies were members of a German Chamber of Commerce Abroad. Almost 40,000 of these were subsidiaries of German companies in the host countries or companies from these countries themselves. The rest are companies based in Germany. In recent years, the number of members from the host countries, in particular, has increased significantly. Only about one-fifth of AHK members were based in Germany in 2017.
- **Equity and debt financing:** Membership fees, as well as grants from the Federal Ministry of Economics, are an important element in the financing of AHKs. The chambers receive about a fifth of their budgets from the federal budget through the Association of German Chambers of Commerce and Industry allocated by the Federal Ministry of Economics. In the case of representative offices and delegate offices, this proportion represents around a third. Given that the DCCI must remain accountable to the Federal Ministry of Economics for the use of federal funds, it is allowed to audit the budget management of the AHKs. However, the Chambers of Commerce Abroad generate the lion's share of their

income themselves by selling their services. In 2017, they generated EUR 129 million globally. The DCCI has calculated that German companies were able to generate an additional turnover in excess of EUR 2.8 billion worldwide and create or maintain 23,000 jobs with the help of the services provided by the Chambers.

- **Range of services:** Whether companies need information about the demand for their products in a country or need help in training employees in their local production facilities, the AHKs support companies with their services in all phases and in all forms of foreign commercial activity. They prepare market studies, search for business partners, advise and accompany newcomers throughout the entire process of setting up a branch in the host country, serve as the first port of call for potential customers and provide advice on labour, corporate and tax law issues. They represent companies at trade fairs abroad and help them to recover their VAT from local authorities or to collect outstanding receivables from customers. They often settle conflicts between companies with the help of trained business mediators. All these services are particularly helpful for small and medium-sized enterprises, which often lack the necessary human and financial resources at the beginning of their international engagement.
- **Representation of interests:** In addition to their services as door openers to new markets, the chambers also support their members as platforms through which German and foreign companies can bundle and present their economic policy interests and concerns to the political decision-makers and authorities of the host country. As in Central and Eastern Europe, for example, this takes place in permanent discussion groups with political stakeholders and decision-makers, but also through press work.

Portraits of the Chambers of Commerce Abroad—Building Bridges Between Cultures

The CCIs and AHKs are one big family. Together, they support German companies in their commitments abroad, but also companies in the host country. How does a chamber actually work? How does it position itself? What are its main areas of activity? Seven AHKs provide some practical insight.

The network of German Chambers of Commerce Abroad (AHKs)—consisting of bilateral Chambers of Commerce Abroad, delegations and representative offices—advises, supports and represents German companies worldwide that wish to establish or expand their foreign business. AHKs are institutions that promote German foreign trade. They represent German economic interests at over 140 locations in 92 countries. They are member organisations with roughly 51,000 members across the globe. At the same time, the German Chambers of Commerce Abroad are links between cultures. They feel quite at home in two fundamentally different ways of thinking and in several languages. The following is a portrait of

the AHKs in Austria, the Czech Republic, Kenya, India, China, Argentina and Brazil. They show, above all, the respective focal points of the Chambers' work on the ground, which are appropriate to the challenges of the host country.

Case Study 1: AHK Austria—Breaking Down Language Barriers in German-Speaking Countries

Headquarters	Vienna
Further locations of the Chamber	Representative offices in Upper Austria, Salzburg, Tyrol and Styria
Foundation	1955
Form of organisation	Bilateral chamber
Members	1,500
Thereof German companies	700
Thereof Austrian companies	800
Industry focus	Services, trade
Total number of employees	23
German employees:	9
Austrian employees:	14

Although Austrians and Germans share a common language, there are considerable differences in terminology between the two countries. One of the focal points of the Chamber's work is, therefore, workshops organised by Austrian employees of the AHK in Germany, in which they explain the linguistic differences as well as variations between tax and commercial law that exist between Germany and Austria. The Chamber members also have a great need for advice when sending employees from Germany to Austria.

A Parallel Representative Office of the Bavarian Economy

Given that the Chamber is also the representative office for the State of Bavaria in Austria, it also promotes Bavarian and Austrian companies that want to expand their activities in the respective other countries. Austria is already the most important supplier of goods and inputs for Bavarian companies. Austria conducts a third of its total foreign trade with the Federal Republic with companies from Bavaria.

Mentoring for Young Executives

The AHK Austria also attaches particular importance to the promotion of young executives. For this reason, it has set up a mentoring programme in which experienced managers from Germany and Austria coach junior executives from both countries for nine months in regular meetings. In addition, the Chamber offers numerous lectures and workshops on the topics of “leadership” and “personality development”.

Events and Networking

The most important event of the AHK Austria is the “Annual General Meeting of the German Chamber of Commerce in Austria”, which is attended by roughly 250 members and non-members every year in the month of November. Every year, a different German federal state presents the opportunities it offers to Austrian companies at the event. Other top events throughout the year include the “Early Summer Event” in Salzburg and the “German-Austrian Technology Forum” in autumn—a conference on the topic of “Digitisation” with top-class speakers from German and Austrian business and science. A good 150 people take part in both events every year. Both also offer the opportunity to make new contacts and maintain existing ones as part of their accompanying evening programme.

Case Study 2: AHK Czech Republic—Lobbying and Networking in a Sophisticated Atmosphere

Headquarters	Prague
Further locations of the Chamber	A shared office with the CCI Regensburg in Pilsen
Foundation	1993
Form of organisation	Bilateral chamber
Members	680
Thereof companies with headquarters in Germany in Austria	130 550
Industry focus	Automotive, mechanical engineering, transport and logistics, energy, consulting
Total number of employees	40
German employees:	5
Czech employees:	35

In addition to the usual services of a Chamber of Commerce Abroad, the AHK Prague supports its members primarily through working groups on the topics of “Law and Taxation”, “Corporate Social Responsibility” and “Transport and Logistics”.

Facing the Challenge of a Shortage in Skilled Workers

In the future, the Chamber also intends to set up a working group to seek answers to the increasingly drastic shortage of skilled workers in the Czech Republic. For this reason, the Chamber of Commerce and Industry in Prague also offers seminars for the further training of skilled workers and, as part of its advocacy work, is campaigning for the introduction of a vocational training system in the Czech Republic that is oriented to the German model of dual vocational training. In addition, it supports its member companies when they want to introduce Industry 4.0 and runs projects to increase energy efficiency. The Chamber promotes these topics mainly through workshops, conferences and its own media work.

Summer Networking Party

As a platform where its members can cultivate contacts and explore new business opportunities, the Chamber organises an annual summer party in the garden of the German Embassy and a conference with lectures by distinguished representatives from German and Czech business and politics. And, last but not least, there is the “Winner’s Night”, where the Chamber awards prize to the winners of its start-up competition “Connect Visions to Solutions”.

Case Study 3: AHK Kenya—Dual Vocational Training and Environmental Protection for East Africa

Headquarters	Nairobi
Further locations of the Chamber	Field office in Dar es Salaam, Tanzania
Foundation	2012
Form of organisation	Delegate office
Members	None, the German Business Association supervised by the delegation has 155 members, of which 152 are based in Kenya, while three companies are based in Germany
Industry focus	A balanced distribution across all industries
Total number of employees	18
German employees:	5
Employees from the host country	13

In addition to its own host country, the AHK in Nairobi is also responsible for representing German business in East Africa. It coordinates and organises all Chamber activities in Kenya, Tanzania, Ethiopia, Uganda and Rwanda. A branch office in Tanzania has been responsible for implementing these activities since 2018. A regional coordinator is responsible for Ethiopia, Uganda and Rwanda. Although he has an office in Nairobi, he regularly travels to other East African countries.

Transfer of Dual Vocational Training

In Kenya, the Chamber, in cooperation with the “Skills Expert Programme” of the Federal Ministry of Economics (BMWi), primarily supports companies that want to train their young people according to the model of the German dual vocational training system. It supports pilot projects in companies and awards certificates from the AHK to the young skilled workers after they have completed their training, in addition to the Kenyan certificates. In cooperation with the Chamber of Commerce and Industry for Munich and Upper Bavaria, the Chamber is currently developing its first own training courses in the hotel and catering sectors respectively. It also trains vocational trainers and organises the vocational training fair “Hands on the Future Skills Show” in Nairobi along with local partners.

Special Focus on Sustainability

The Chamber has also established a competence centre entitled “Energy and Environment”. This centre organises topic-related business trips to East Africa and organises conferences on the topic of “sustainability” together with the Federal Ministry of Economics and the Federal Ministry for the Environment. Together with the German Embassy, the Chamber organises a series of events entitled “German Embassy Green Economy Cycle” and coordinates cooperative efforts between international stakeholders in Kenya’s waste and water management apparatus.

As a delegate office, the Chamber does not organise regular social events but is involved in the two-day “Oktoberfest” held by the German Business Association. This is attended by around 2,000 guests every year.

Case Study 4: AHK India—Service Provider and Contact Broker on the Sub-continent

Headquarters	Mumbai
Further locations of the Chamber:	New Delhi, Calcutta, Chennai, Bengaluru, Pune, Düsseldorf
Foundation	1956
Form of organisation	Bilateral chamber
Members	5,263
Thereof German companies in India	788
Thereof German companies in Germany	728
Thereof Indian companies	4535
Industry focus	Mechanical engineering and accessories
Total number of employees	104
German employees:	16
Indian employees	82
Employees with another nationality	6

India is as big as the whole of Europe and has three times as many inhabitants. German entrepreneurs therefore often fail because of the sheer size of the market. Therefore, the AHK in India first and foremost ensures that German entrepreneurs meet contact persons in as many regions of the subcontinent as possible, who will process their enquiries and advise them accordingly. For this reason, in addition to its headquarters in Mumbai, it also has offices in New Delhi, Calcutta, Chennai, Bengaluru and Pune and takes care of German companies' concerns in neighbouring Bangladesh.

Locations with Their Own Topical Focus

In addition, the individual locations are each responsible for one main focus of the Chamber's work. These range from renewable energies, Corporate Social Responsibility and smart cities, to the promotion of start-ups. Until the establishment of a Chamber of Commerce and Industry in Sri Lanka, the Chamber was also responsible for the island to the south of the subcontinent. In order to be successful in such a huge region, the Chamber provides its members with a network of contacts to local decision-makers and potential business partners that has grown for more than 60 years.

Training Centre—Dual Vocational Training

For more than 25 years, it has also been training young Indian professionals in its own training centre based on the model of the German dual vocational training system. The Indo-German Centre offers a full-time training course to become an industrial clerk as well as a programme for further training on weekends and other company-specific programmes.

Lively Trade Fair Activity

As the official representative of numerous German and Indian trade fairs, the Chamber also organises 50 exhibitions. It brings in exhibitors and visitors for these exhibitions, takes care of public relations for the fairs and organises individual and group trips to the exhibitions.

Events and Networking

The most important events held by the Chamber are its annual general meetings in India and Germany. These are usually attended by German and Indian politicians, the ambassadors of both countries as well as leading representatives of the German and Indian business communities. In addition, the “Founder’s Day Lecture” is held every year on the anniversary of the Chamber’s founding day. And, last but not least, the Chamber organises numerous typical German events such as an Oktoberfest, Christmas markets or football tournaments for its more than 5,200 members every year. These events offer members the opportunity to make contacts and get to know both Indian and German culture in equal measure.

Case Study 5: AHK Greater China—A Heavy Weight in the Far East

Headquarters	5 primary offices in Beijing, Shanghai, Guangzhou, Hong Kong and Taipei
Further locations of the Chamber	Shenyang, Tianjin, Qingdao, Taicang, Hangzhou, Shenzhen, Chengdu, Karlsruhe
Foundation	1981 foundation of the office in Taipei, 1987 foundation of the office in Hong Kong, initial activities in mainland China since 1994
Form of organisation	Delegate offices of German business in Beijing, Shanghai and Guangzhou, private limited liability company in Hong Kong (German Industry & Commerce Ltd.), business office in Taipei

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Headquarters	5 primary offices in Beijing, Shanghai, Guangzhou, Hong Kong and Taipei
Members	Over 2,900 companies
Thereof companies with headquarters in Germany	All members are either majority German invested companies, or have a German parent company or are under German management.
Thereof companies based in China, Taiwan or Hong Kong	The Chinese legislator currently does not allow Chinese companies to become members.
Industry focus	Mechanical engineering and industry, automotive industry, business-related services
Total number of employees	220
German employees	Approx. 40
Chinese employees	Approx. 180

The AHK Greater China is unique in the network of German Chambers of Commerce Abroad. The delegate offices of German business in Beijing, Shanghai and Guangzhou, the German business office in Taipei and the German business representation in Hong Kong have joined together to form a network. This network represents the Association of German Chambers of Commerce and Industry as the umbrella organisation of the German Chambers of Commerce and Industry and, on behalf of the Federal Republic of Germany, promotes the economic interests vis-à-vis Chinese politicians and authorities. The following activities stand out from the range of services that the Chamber provides for its members, just like any other AHK.

Dual Vocational Training

The Shanghai office is the competence centre for dual vocational training in China. The Chamber supports both German and Chinese companies and education stakeholders in setting up and implementing training courses and further education programmes in China in accordance with German standards, conducting and facilitating examinations and certifying training courses. In doing so, the office in Shanghai works closely with the education authorities and institutions in the People's Republic of China and Germany and cooperates with them extensively.

Econet China

This platform supports German companies from the construction, energy or environmental technology sectors that wish to enter the Chinese market with so-called "green" products. The establishment of strategic marketing partnerships via the platform is intended to help companies establish a strong, sustainable market position in the People's Republic.

“More Than a Market” Initiative

In 2015, the Shanghai Chamber of Commerce and Industry, together with the Bertelsmann Stiftung (and with the support of the German Consulate General in Shanghai) founded the “More than a Market” initiative. Two years later, it extended this initiative to all of China. The initiative promotes the social commitment of German companies in China and offers a platform for exchange between companies and matchmaking with societal stakeholders such as non-governmental organisations. After all, German companies are not only business partners in China. They are also involved as responsible producers and reliable employers. Since 2017, the initiative has honoured this commitment with the “More than a Market” awards and regularly organises workshops on various topics at those interfaces between business, society and the topic of sustainability.

Innovation Hub—Shenzhen

The AHK office in Shenzhen opened an Innovation Hub in 2018. This service platform serves as a technology scout for German companies and regions in China and organises fact-finding delegations on the topics of “innovation”, “digitalization” and “high-tech”. In addition, the office serves as a bridge between German SMEs and the Chinese start-up scene in Greater Shenzhen—China’s “Silicon Valley”. The Innovation Hub also connects German start-ups with Chinese companies. Workshops for German start-ups that develop hardware and want to take advantage of the extraordinarily promising opportunities for rapid prototyping at the Shenzhen location (and thus advance their product development efforts) help to complete the offer.

Government Relations, Surveys and Press Relations

German companies operate in China in what is considered a challenging area fraught with tension. On the one hand, there are enormous market opportunities and possibilities for cooperation. On the other hand, they have to deal with market access barriers, legal uncertainty, bureaucratic hurdles, restrictions on Internet access, the protection of intellectual property, the challenging licensing of products and services, customs matters and cross-border capital movement controls. Surveys, press work and government relations are the most important instruments with which the Chamber analyses these concerns of German companies in China and communicates them to stakeholders and the media. For example, the Chamber publishes the “Business Confidence Survey” and the “Labor Market & Salary Report” every year. An innovation study on the Shanghai region was also published for the first time in 2017. Media in China and Germany quote the representative surveys. They form the argumentative basis for the representation of German business interests in

China. Thus, the AHK Greater China can use targeted press work to raise awareness of its activities and support its members in developing their business.

The AHK Greater China also uses the instrument of government relations to establish and continuously expand resilient relations with government stakeholders and authorities and thus to work towards the continuous improvement of economic policy framework conditions, the continued opening of market access and the equal treatment of German and Chinese companies in China. The commitment of its honorary Board members is of particular importance in this context. Due to their top-level positions in companies and associations, they are important initiators who establish contacts for the Chamber.

Numerous Events

More than 500 events organised by the Chamber each year offer the German-Chinese business community a platform for networking and enable a regular exchange of experience. By participating in workshops as well as round table discussions and conferences such as the “Industry 4.0 Forum”, members gain up-to-date and well-founded knowledge about trends emerging on the Chinese market. Events on current changes in the Chinese business environment also provide support with up-to-date market information and sound knowledge of Chinese business practice. The German Gala events in Beijing and Shanghai are the highlight of the event year and have long been a tradition in the social life of these Chinese metropolises. More than 2,000 guests take part in the glamorous evening events every year. They bring together leading representatives of German and Chinese business and politics as well as international organisations. In this context, the “More than a Market” awards honour the social commitment of German companies in China and offers outstanding projects an appropriate stage to showcase their success.

Case Study 6: AHK Argentina—The Fight Against Corruption and Advocating Sound Vocational Training

Headquarters:	Buenos Aires
Further locations of the Chamber:	none
Foundation:	1916
Form of organisation:	Bilateral chamber
Members:	400
Thereof companies with headquarters in Germany:	51
Companies with headquarters in Argentina:	349

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Headquarters:	Buenos Aires
Industry focus:	Automotive supply, mechanical engineering, engineering services, automation and packaging technology, energy, logistics, chemistry, pharmaceuticals, medical technology
Total number of employees:	30
German employees:	6
Brazilian employees:	24

The work of the AHK Argentina focuses on two issues: The fight against corruption and the promotion of vocational training.

Training Work Spanning Four Decades

For more than 40 years, the AHK has been training wholesale and foreign trade merchants as well as industrial and office clerks in Argentina. For ten years now, it has also been offering three technical/commercial training courses for the following professions: mechatronics engineer, automotive mechatronics engineer and cutting machine operator. The AHK adapts the curricula for training in all occupations drawn up in Germany to Argentinian requirements and updates them when the training needs of companies change. It also sounds out applicants for apprenticeships, it selects those candidates who are accepted and distributes them among some 60 companies that provide training. There it checks the quality of in-house company training and the work of those dedicated trainers throughout the training period. The Chamber also prepares and conducts the final examinations. Once a year, it also organises a training summit at which representatives from companies and authorities as well as politicians discuss vocational training in Argentina.

Compliance and Anti-Corruption

Since the AHK Argentina—along with its members and Boards—feel strongly committed to the principle of the honourable merchant, the Chamber has also been conducting an awareness campaign in the area of compliance and anti-corruption for eight years to date. It organises business forums and has, together with the internationally active “Multi-stakeholder Alliance for Integrity”—initiated by the Federal Ministry for Economic Cooperation and Development (BMZ) and the German association “Gesellschaft für Internationale Zusammenarbeit” or “GIZ”, created further education programme “From Companies for Companies” to tackle the issue. Due to its commitment to the fight against corruption, the AHK Argentina was elected to the Board of the Global Compact Network three years ago. As an organisation of the United Nations, this network fights for human rights and fair labour standards as well as combating corruption. At the same time, the Chamber

established a “Compliance” Competence Centre and a helpdesk for small and medium-sized Argentinean companies in 2015.

Intensive Exchange of Information and Experience

Of course, the Chamber also offers its members practical support in their activities in Argentina. In view of the fact that the volatility affecting the Argentine peso and the changing economic and political conditions make long-term planning and entrepreneurial activities in the South American country difficult for companies, members are particularly dependent on thorough advice regarding local conditions as well as preparation and support for their activities by the Chamber, all tailored to their individual needs. For this reason, the AHK also offers the Managing Directors of German member companies the opportunity to participate in the Chamber’s monthly Board meetings. This enables them to regularly exchange their experiences in Argentina. At the request of those companies which receive visits from their German parent companies, the AHK also organises roundtable briefings with the Managing Directors and Board members of German subsidiaries, thus contributing to the transfer of information between Germany and Argentina.

Case Study 7: AHK São Paulo—South American Socializer

Headquarters:	São Paulo
Further locations of the Chamber:	Curitiba
Further AHKs in Brazil:	Rio de Janeiro, Porto Alegre Together, the three chambers also operate twelve regional offices
Foundation:	1916
Form of organisation:	Bilateral chamber
Members:	800
Thereof companies with headquarters in Germany:	40
Companies with headquarters in Brazil:	760
Industry focus:	Chemicals and pharmaceuticals, mechanical engineering, agro-business, automotive industry and supply, construction, energy, metal processing, transport and logistics, lawyers
Total number of employees:	90
German employees:	14
Brazilian employees:	76

The São Paulo Chamber of Commerce and Industry provides the usual services that any foreign chamber of commerce provides for its members. In addition, it is particularly committed to promoting exchanges between Brazilian and German companies. To this end, it organises events that make it easier for small and medium-sized Brazilian companies to exchange experience and know-how with German companies, and it organises events that raise awareness of the issue of intercultural diversity in German companies in Brazil.

“Start-Ups Connected” Initiative and Innovation Congress

The “Start-ups Connected” initiative brings together German and Brazilian start-up companies and awards a prize to particularly forward-looking young companies. The German-Brazilian Innovation Congress—where every year members of the government, entrepreneurs and representatives of science from both countries discuss innovation and technology trends—also serves to bring German and Brazilian companies together and promote a process of exchange. The Chamber organises the Congress together with the German Science and Innovation House—a joint initiative of the Federal Foreign Office and the Federal Ministry of Education and Research—in São Paulo.

Awards and Conferences

No less important for the Chamber is the awarding of the German-Brazilian Journalism Prize and the German-Brazilian Personality Award, with which it honours journalists and personalities each year who have rendered outstanding services to promoting good relations between the Federal Republic of Germany and the country situated on Sugarloaf Mountain. The award ceremony opens the German-Brazilian Business Days event organised by the Federation of German Industries and the Brazilian Federation of Industry. Since 2016, the Chamber has also organised the German-Brazilian Mining Conference once a year in the South American state, a nation rich in natural resources. It is attended by representatives of raw materials companies, universities and associations as well as the governments and authorities of the two countries, along with employees of manufacturing companies, banks and consulting firms.

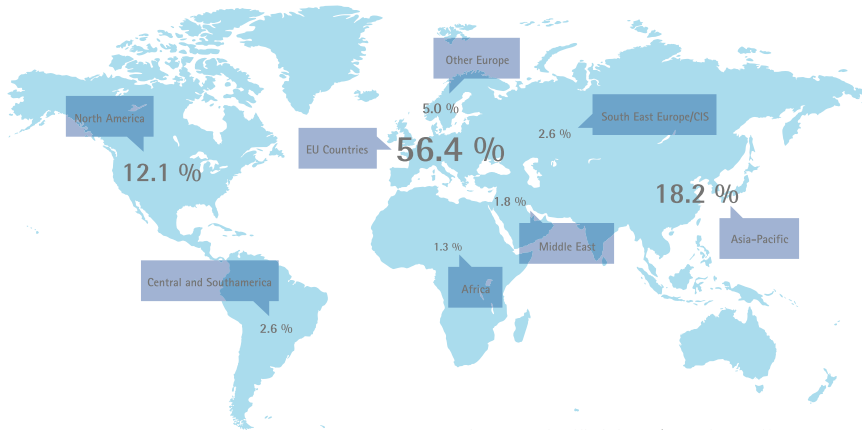
Editor’s Note: The AHK Survey Took Place in Summer 2018

Chambers of Commerce Abroad in Action—Developing International Economic Relations with the Help of the Chambers of Commerce Abroad

How do the AHKs work in practice? How do they accompany German companies going abroad, but at the same time foreign companies heading to the Federal Republic? Samhammer AG from Weiden and Amro Met from the Polish town of Szubin give an insight on how the support works.

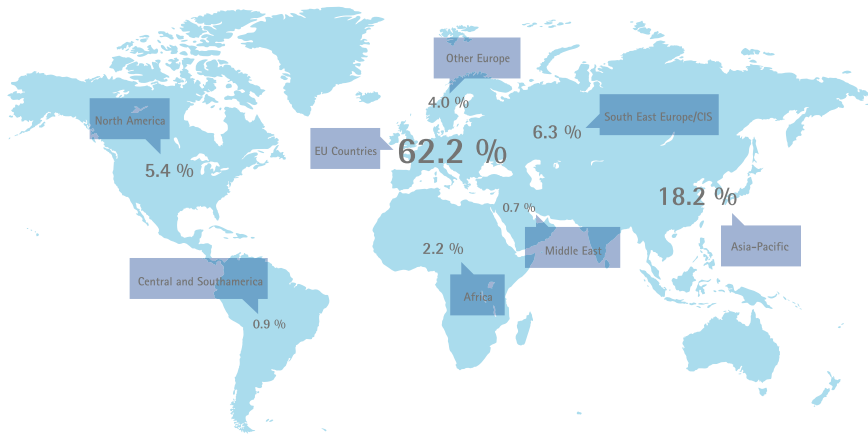
Whether for German companies or companies from their host country the Chambers of Commerce Abroad open doors to markets all over the world on a daily basis. They advise entrepreneurs on legal and tax issues when setting up branches, they search for the right location for a new plant and potential customers, and for the products to be manufactured there (see Figs. 4.3 and 4.4).

Two examples show what the AHK Vietnam and the AHK in Poland achieved for a German and a Polish company.



Source: Bavarian State Office for Statistics / Bavarian Chambers of Commerce and Industry
Provisional data for the year 2018

Fig. 4.3 Bavarian business is particularly active in Europe—Distribution of exports by regions



Source: Bavarian State Office for Statistics / Bavarian Chambers of Commerce and Industry
Provisional data for the year 2018

Fig. 4.4 Bavarian business is particularly active in Europe—Distribution of imports by regions

Case Study 1: Samhammer AG—Finding the Way to the Far East with the Help of the AHK Vietnam

“A simple friend in my village is worth more than sixteen brothers at the imperial court”, says a Chinese wisdom. Samhammer AG from Weiden in the Upper Palatinate learned how much truth there is in this saying when it founded a branch in Vietnam’s business metropolis Ho Chi Minh City in 2012, in order to be able to follow its customers in their expansion in Asia.

The 350 employees of the medium-sized company look after customers for their clients who have technical questions about products. The Upper Palatinate helpdesk specialists work primarily for companies in the automotive, mechanical engineering, aerospace and electronics industries. For them, Samhammer takes on the role of technical support in 18 languages all over the world. The medium-sized company has also developed software that, based on artificial intelligence (AI), recognises which problem the sender of an e-mail has and searches in a database for the appropriate technical solution. This solution then makes the software available to a service employee who contacts the customer. The customer thus receives a solution to his or her problem, which is almost always suitable, the very first time they contact the helpdesk. Given that Samhammer also shortens the processing time significantly by using artificial intelligence, the person with the question receives their answer almost twice as fast as before thanks to the use of smart software.

Going Abroad with the Customers? Of Course!

No wonder that Samhammer's customers did not want to do without these services when they expanded their commitments in China and other Asian countries after the turn of the millennium. In order to be able to offer the required services in the Far East as well, the medium-sized company initially hired Chinese-speaking employees at its headquarters in Weiden. Due to the time difference, however, they had to work at night. In the long run, this was not a viable solution.

Introduction Trips to China and—By Chance—To Vietnam

So, in 2012, the Boards of the holding company travelled to China and visited special economic zones and German companies located in this vast geographic expanse. They wanted to find out whether they should invest in the People's Republic themselves. They were not won over by the visit.

Only when they made a detour to Vietnam on their way back did they find friends who accompanied them on their way to Asia. During an evening conversation at the bar of their hotel, the Managing Director of the branch office of a large German company in Ho Chi Minh City refuted many of their concerns about doing business in Vietnam. Although the Mekong whisky did a good job of relaxing them, they were more relaxed by the fact that the branch office in question had hardly any problems regarding high staff turnover and also got on well with Vietnamese bureaucracy.

Extensive AHK Support: From the Initiation of Contacts to Obtaining Permits

Shortly afterwards the Samhammer Board members travelled to the South Vietnamese metropolis again. In only one week their new CEO contact as well as the Managing Director of the German Chamber of Commerce Abroad in Vietnam, Marco Walde, provided them with all the information and contacts they needed. The AHK put them in touch with a lawyer who understood exactly what Samhammer wanted and took care of it competently. The AHK also found suitable premises in the IT-Business-Park, Quang Trung Software City, in Ho Chi Minh City and arranged contacts to internet companies, which could then build up the IT- and communication infrastructure Samhammer required. At the end of the week, one thing was clear for the medium-sized company: We are expanding from Upper Palatinate in Germany to Vietnam. Without the network and the contacts of the AHK, this would not have been possible, Samhammer concludes today. But thanks to its network, the AHK was able to open the doors to the right people in a very short time.

Even applying for the permits, that foreigners need if they want to set up a company in Vietnam, did not cause the medium-sized company any sleepless nights. Since the employees of the AHK know from experience what the authorities of the Socialist Republic of Vietnam value in applications, they were able to explain to Samhammer exactly how individual facts can be formulated in the most authority-friendly way possible. Thus, the medium-sized company was able to obtain the necessary permits in the shortest possible time.

On Course for Growth in Ho Chi Minh City

A pilot project subsequently ran just as smoothly. In the meantime, the eight employees Samhammer hired back then have grown to a team of 35. Among other things, they provide technical support for large German machine manufacturers in Japan, China, South Korea and Vietnam. Samhammer's growth in Vietnam is not over yet. In the future, the medium-sized company in Ho Chi Minh City also wants to develop AI software. To this end, the number of employees is set to increase to around 100.

Support by the German Business Association

Also, on this growth course, Samhammer can (and was able to) rely on the support of the AHK and the German Business Association (GBA), which is affiliated with it. When the team from Germany had to draw up the first employment contracts, prepare a Vietnamese tax return for the first time, set up their accounting department or have their branch certified according to ISO standards, the German Business Association helped them with ready-made material and information packages. Samhammer only had to adapt the process descriptions, forms and checklists to the conditions in its Vietnamese branch in order to implement the corresponding processes or to be able to submit contracts and declarations as required.

By joining forces with GBA, Samhammer not only gained the security that the medium-sized company needed on its way into the new market. GBA also saved the company a significant amount of costs. The company could have procured comparable services from other service providers who assist investors in setting up and developing businesses in Vietnam. However, these service providers often charge high five- to six-figure dollar sums.

Helpful Dual Vocational Training Programmes of the AHK on-Site in Vietnam

The larger the branch office in Ho Chi Minh City becomes, the more important the dual vocational training programmes—set up by the AHK in Vietnam—are for the SME. The Chamber advises member companies that wish to train mechanics,

industrial mechanics, cooks, catering specialists, and freight forwarding and logistics agents on the German model on how to set up and implement in-house training. At the same time, it arranges contacts with Vietnamese universities, which provide the theoretical part of the training. It also monitors the quality of its members' training activities, conducts examinations and issues final certificates in accordance with the standards of the Association of German Chambers of Commerce and Industry. Samhammer follows these structures when training its own employees. To set it up on its own would have overstretched the capacities of the SME's employees both at the headquarters in Weiden and the branch in Ho Chi Minh City.

Cross-Cultural Encounter in Weiden and Vietnam

The colleagues preferred to put their resources into building good personal relationships. Vietnamese managers and employees regularly spend between one and three months in Weiden. Meanwhile, colleagues from Germany work in Vietnam. Just as important as cross-cultural encounters are Samhammer's close relations with the AHK and the GBA, even six years after the Vietnamese branch started operations. Company employees are present at all events organised by the Chamber. They also participate in the AHK's working groups in the field of training and further education.

Case Study 2: Amro Met—Getting Start-up Aid for the German Market via the AHK Poland

No Eastern European member state of the EU has developed as dynamically as Germany's eastern neighbour in the past 20 years. Above all, exports by Polish companies are booming. In 2017, they exported goods worth EUR 204 billion. That was 12% more than in the previous year. Above all, German companies operating within mechanical and plant engineering, electrical engineering, automotive and chemical industries procure in Poland. At EUR 59.5 billion, they spent almost 10% more than in the previous year east of the Neisse in 2017. Thanks to the high-level qualified employees, the country has long since ceased to be an extended workbench where German companies can produce parts with low vertical integration and minimal cost. Today, Polish suppliers offer independent development services for their customers and manufacture technically complex products at very competitive prices.

However, as the Chamber of Foreign Trade in Warsaw notes, many Polish companies are still very reluctant to acquire new customers in Germany despite their country's export successes abroad. Many Polish brands are unknown on the German market, which is why there is still a great lack of trust that often prevents cooperation, the Chamber notes.

Difficult Customer Acquisition in Germany

Amro Met from Szubin, located 130 kilometres north of Poznan, also came up against this barrier. Founded in 2011 as a subsidiary of the heavy haulage company Amro Transport, the family business produces CNC milled and turned parts for customers from a wide range of industries. The 35 employees are particularly well versed in the production of high-precision components, which are used in weighing technology, for example. Today, roughly half of their customers come from Sweden and Germany.

However, winning them over was not easy for Amro Met. When the company's management team approached numerous potential customers in Germany in 2017, they often did not even get through to the right contacts in the companies, despite repeated requests. When they finally got through, they received friendly but non-committal answers. The management team did not receive the information that Amro Met would have needed to make a detailed offer. In the eyes of German companies, the Polish medium-sized company lacked the relevant references.

Support from the AHK Warsaw

As it was not getting anywhere on its own, the family business decided to ask the AHK in Warsaw for help. The Chamber responded immediately and arranged an appointment with Amro Met. Shortly afterwards, two AHK sales experts with many years of experience in numerous sectors of the German market travelled to Szubin. On-site, they took a close look at the company, analysed its machinery and technological performance. The AHK experts processed their findings and the information provided by Amro Met in a questionnaire on its industry, expectations, existing foreign activities, products and production, which is then transformed into a profile of the medium-sized company, which they sent to 250 potential clients. These had been carefully selected by the Chamber's experts based on their knowledge of the German market. Nevertheless, the AHK employees also had to contact most of the German companies several times before they could forward the first answers to Amro Met three weeks after their on-site visit. In total, the medium-sized company received more than 100 enquiries from German companies. However, no cooperation was established with the majority of them, as the interested parties were looking for a partner with larger capacities or other processing procedures.

Successful Establishment of Contact with an Upper Bavarian Medium-Sized Company

Then an enquiry from the Upper Bavarian company Bauer arrived. Given that this company had already included data and information on the exact components and

machining processes it was looking for in its reply to the AHK, Amro Met was able to send an offer to the Bavarian company very quickly.

In the meantime, the Polish company completed its first order to Bauer's complete satisfaction and is currently processing the second order. Thanks to the support of the Chamber of Commerce and Industry, Amro Met also achieved another successful cooperation with a manufacturer of tools and machines for the construction of railway lines. The family business now generates a good third of its turnover with these two German customers. Amro Met has so far been able to create a total of seven additional jobs through its expansion into the German market.

Many Similarities Between German and Polish Companies

Without the support of the Polish Chamber of Commerce and Industry, however, that cross-border success story would not have come to fruition. Although, in reality, German companies are situated so close to Polish suppliers that no start-up aid from the Chamber would actually be necessary. After all, the Polish economy is similarly characterised by medium-sized companies as is the German economy. The majority of companies east of the Oder and Neisse rivers employ less than 50 people. But perhaps it was precisely these similarities in company size and corporate culture that made it possible for the AHK experts to bring the partners together.

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