



To the point!

Cross-Asset- and Strategy-Research

The exodus of high-skilled Germans

Germany as a country of emigration is another problem

It's not unusual for me to get ideas for this column from conversations with customers and colleagues. I would like to take this opportunity to express my sincere thanks for all those ideas! Today's topic came to me in the aftermath of a customer event, when anecdotes about migration were exchanged while socializing.

No, it was not about the much-discussed immigration to Germany. Rather, we talked about emigration of German citizens. A topic that is generally not given much attention. Looking at the data, I would say too little.

The numbers speak for themselves. Within the 38 leading industrialized nations that make up the OECD, Germany has the third-highest [emigration rate at 5.1%](#). Only the British and Poles are even more mobile across borders.

It is mainly young academics who go

An estimated 3.8 million Germans live in other OECD countries. Almost half of them emigrated within the last ten years. Of course, many emigrants also come back every year. However, the chart illustrates that the trend of net emigration of German citizens is increasing. For the last twenty years, the number of emigrants has exceeded the number of returnees every year.

Is this a problem for the economy? It depends. If they are mainly sprightly pensioners who are realizing their lifelong dream of a little house on the Mediterranean, who am I to grumble? At most, Germany will suffer economic damage from the expenditures of retirees, who will now no longer generate demand inside Germany. And when stars of German reality TV shows indulge in



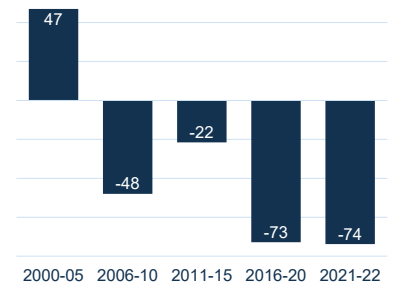
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Germans are very mobile internationally

Net immigration of German citizens per year (in 1000 persons)



Source: LBBW Research, Destatis (negative figure means more emigrants than returnees).

their life of luxury on the Cote d'Azur, some may secretly think “good riddance”.

But the situation is more serious. [Most emigrants](#) are Germans of working age, average age 37. Three quarters have a university degree. The main motivation for emigration is economic: Moving abroad increases the monthly net earnings of emigrants by €1200, adjusted for purchasing power. That sounds pretty much like the potential high performers that Germany needs now more than ever because of its demographic decline.

Counteracting the German Brain Drain: But How?

Of course, international mobility is generally positive in economic terms. It also helps to increase cross-cultural understanding of each other. For example, I imagine that I, who was once an emigrant and returnee myself, have not only broadened my horizons, but also increased my productivity. What's not to like?

But if people turn their backs on Germany in large numbers, then it will be difficult. German taxpayers' money is being poured into the education of young university graduates. However, they then pay taxes elsewhere on their higher income boosted by the training received and paid for in Germany.

But above all, they are simply badly needed in Germany itself. Their departure makes the rampant [shortage of skilled workers](#) even worse. It is not easy to come up with easy solutions that would make returning more attractive. But ignoring the challenge is no longer an option.

And how confident can Germany realistically be as it attempts to recruit foreign talent (which more likely than not doesn't speak the language and has other options at its disposal), when we can't even keep our own people?

German emigrants are young and well educated

Emigration exacerbates the shortage of skilled workers

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