



# German-British Business Outlook Spring 2023



German-British  
Chamber of Industry & Commerce  
Deutsch-Britische  
Industrie- und Handelskammer

 **PartnerForYourSuccess**

# German-British Business Outlook Spring 2023

## **Executive Summary:**

**Despite a flatlining economy, the sentiments in the German-British business community in the UK have improved significantly.**

Currently, 55% view their own operations as performing positively or very positively. Their outlook for the coming 12 months has developed in line with these figures, suggesting that overall companies are managing the current challenges well. For these reasons, one third of companies plan to increase their investment and an even higher share (46%) expect to employ more staff.

Assessing the development of the UK economy as a whole, firms still take a much more cautious view: only 23% expect the UK economy to perform better over the coming twelve months, with 37% expecting it to perform worse.

The shortage of skills, partly as a result of the new immigration rules, is the largest challenge for companies with other administrative hurdles as a result of Brexit ranking second. Concerns around energy costs are still high up on the agenda, but the supply chains pressures on businesses seem to be easing, creating less cause for concern than a year ago. It appears to be more important for businesses to develop new markets than to adjust supply chains.

The recently concluded Windsor Framework is generally expected to lead to some improvement in the economic and political relationship between the EU and the UK, but only few (2%) expect it to have any significant effect on their business activities in the UK.

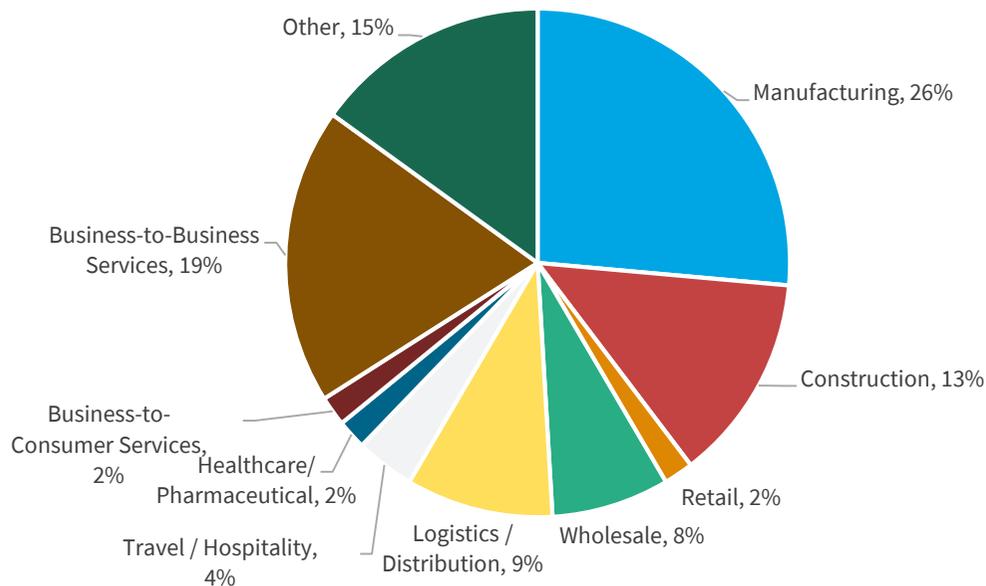
With regard to long term geopolitical challenges, inflationary pressures are expected to continue to be an issue in the years to come. This is followed by political “interference” and cyber security threats. Somewhat unexpectedly, only around 20% view climate change as a major geopolitical challenge.

# German-British Business Outlook Spring 2023

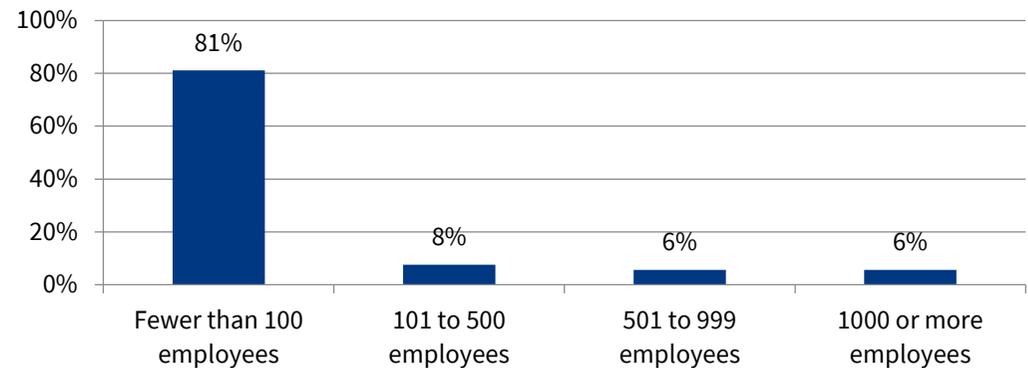
## The survey and its participants:

57 online interviews between 3 and 6 April 2023 with companies from the German-British business community, which have operations in the UK

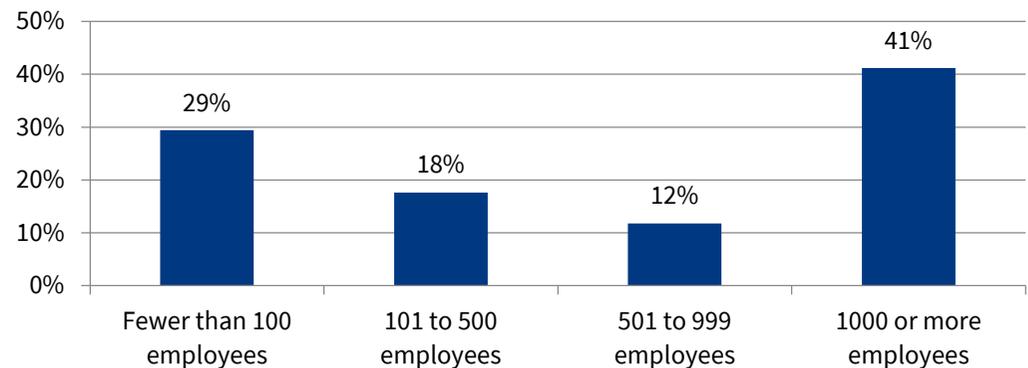
In which sector is your company predominantly active?



How many employees do you have in the United Kingdom?

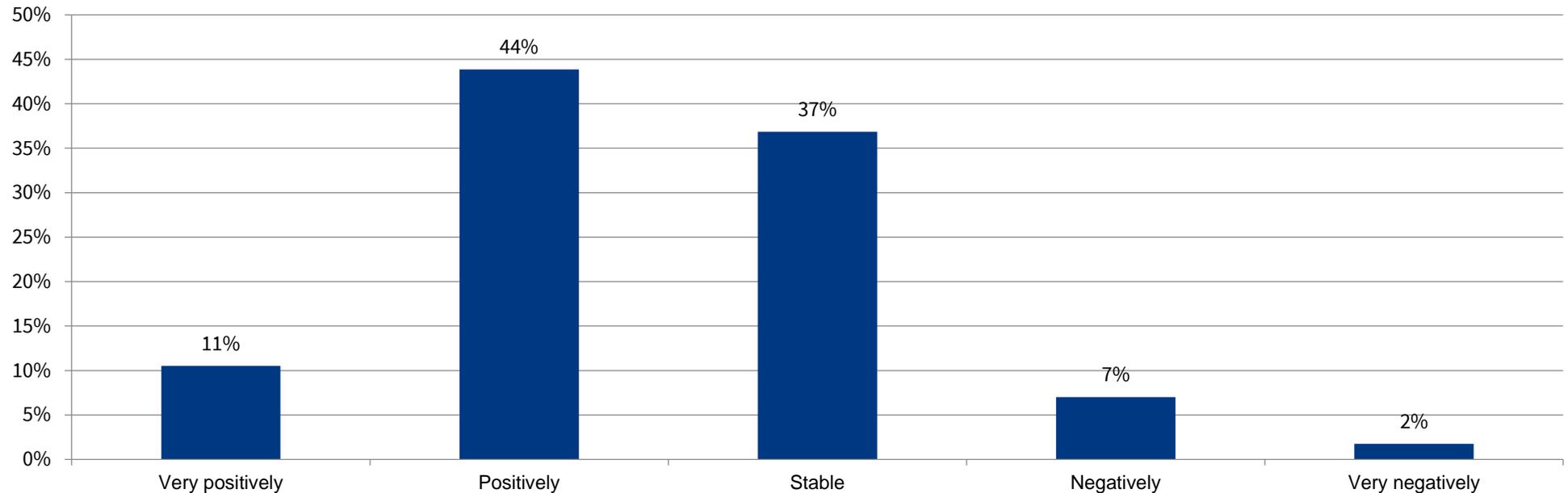


How many employees do you have worldwide?



# German-British Business Outlook Spring 2023

How do you view the current situation / performance of your operations in the United Kingdom?

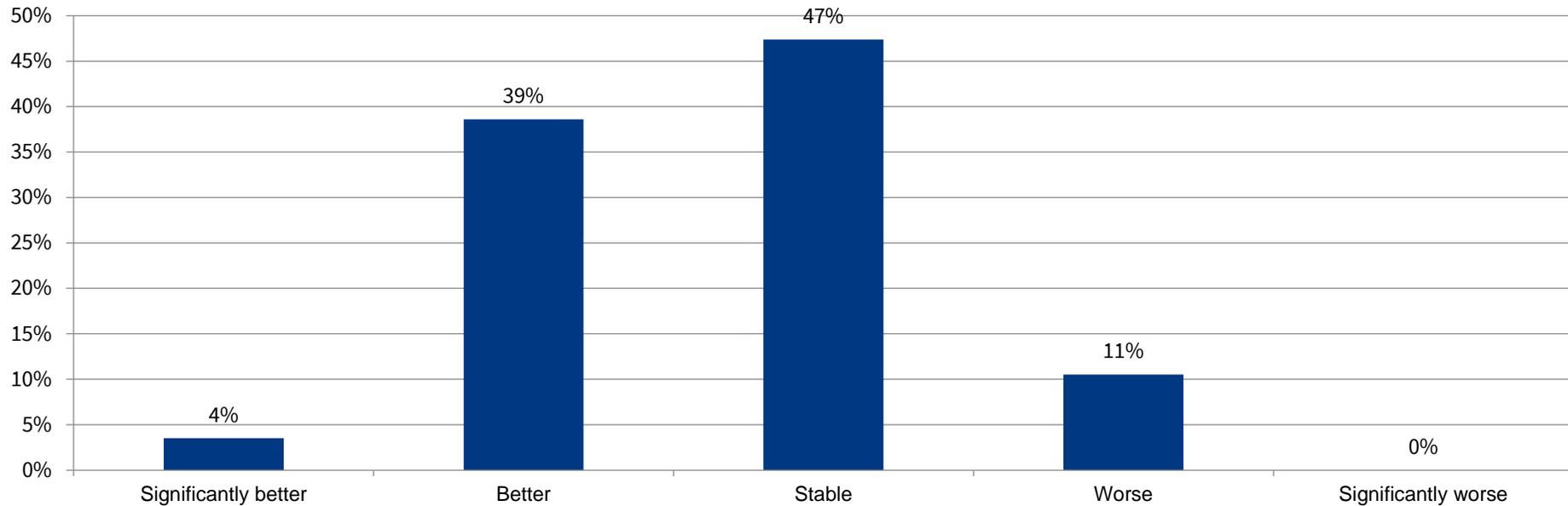


Currently, 55% view their own operations as performing positively or very positively, 37% as stable, and only less than 10% as negatively or worse. These numbers represent a significant improvement in comparison to autumn 2022 and they suggest that, in terms of their operations in the UK, companies are managing the current challenges well.



# German-British Business Outlook Spring 2023

How do you expect your operations in the United Kingdom to develop/perform over the coming twelve months?

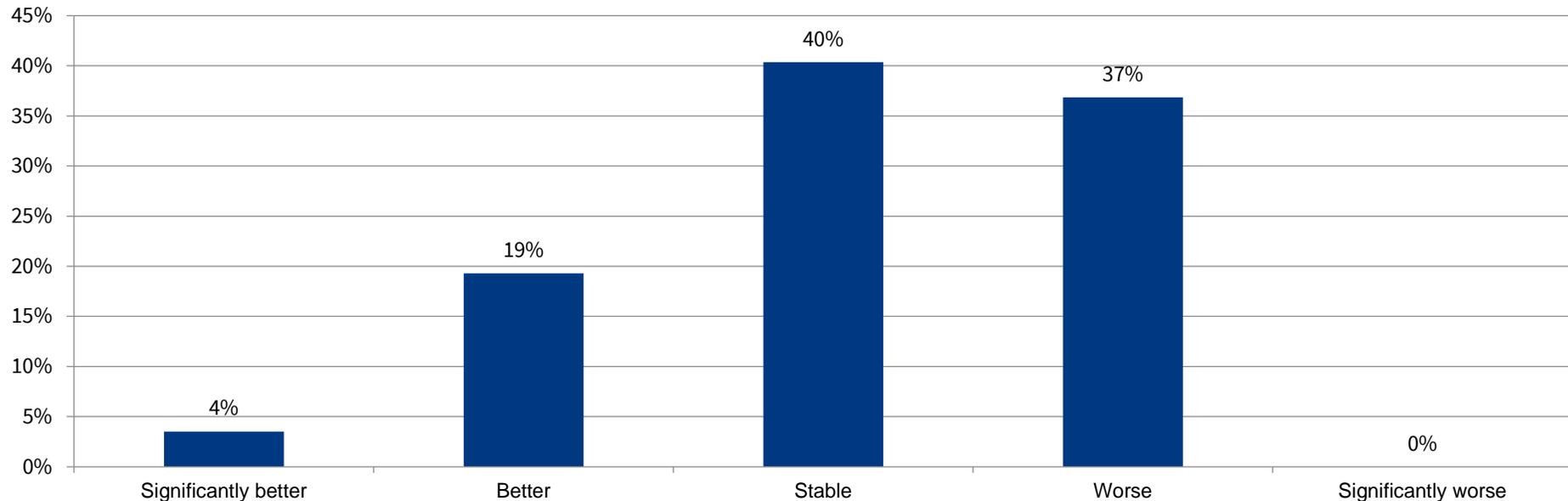


The outlook for the immediate future is also positive: more than 40% expect their business to perform better over the coming twelve months – a marked increase to six months ago when only a quarter expected their business to perform better over the subsequent months.



# German-British Business Outlook Spring 2023

How do you expect the United Kingdom's economy as a whole to develop / perform over the coming twelve months?

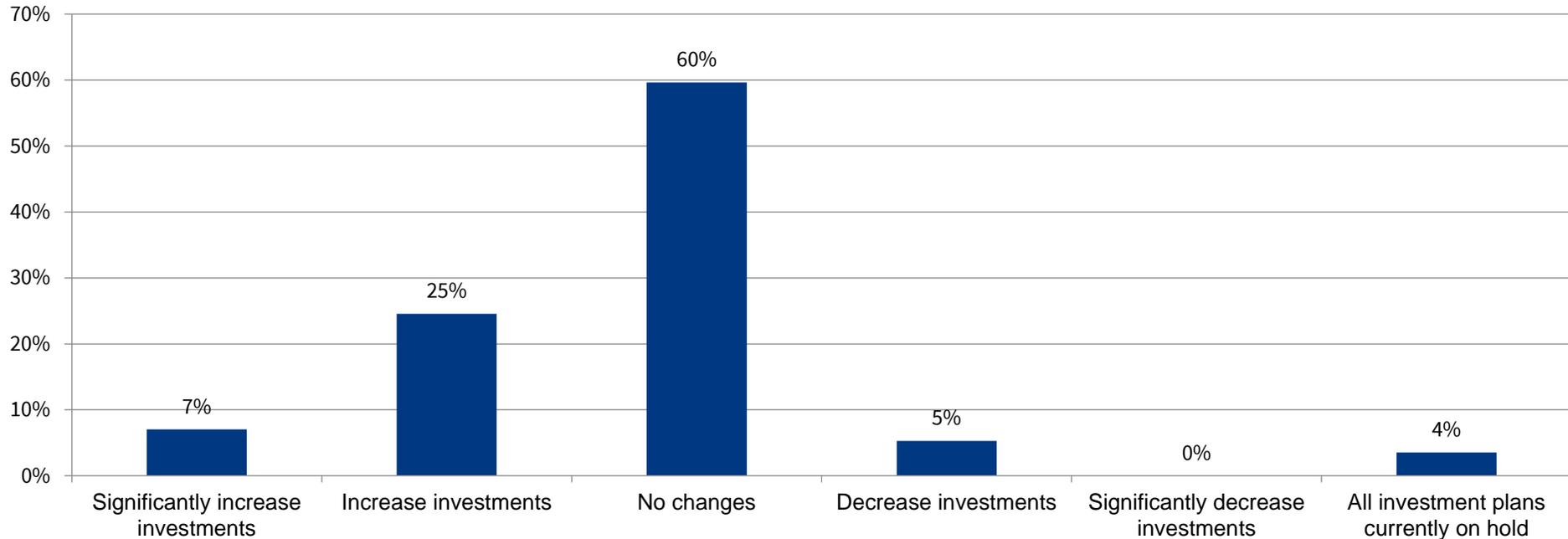


Regarding the overall development of the UK economy, the sentiment has improved in comparison to six months ago, but overall firms still hold cautious views: only 23% expect the UK economy to perform better over the coming twelve months with 37% expecting it to perform worse.



# German-British Business Outlook Spring 2023

What are your medium-term investment plans?

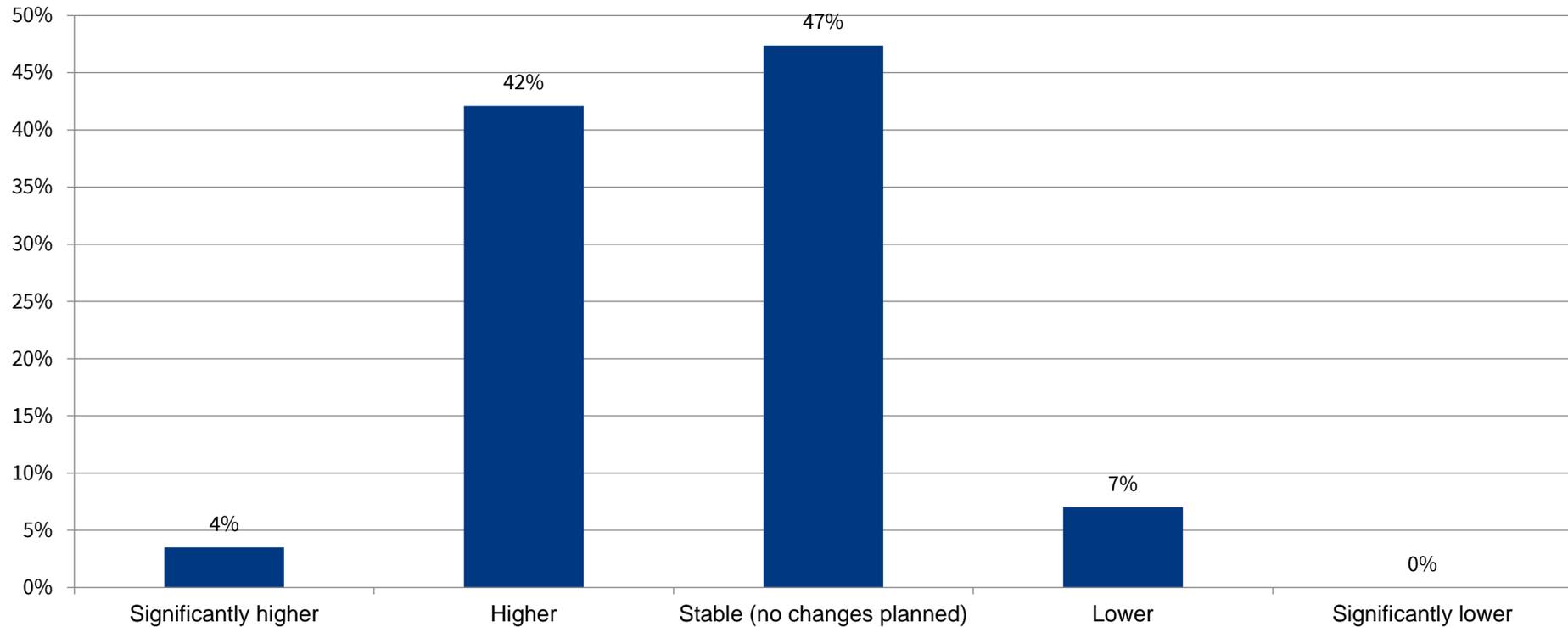


In comparison to six months ago, the investment plans of the German-British business community have not changed significantly and the overall picture is still positive, as one third of companies plans to increase their investments.



# German-British Business Outlook Spring 2023

What will your staffing levels look like in 12 months' time?

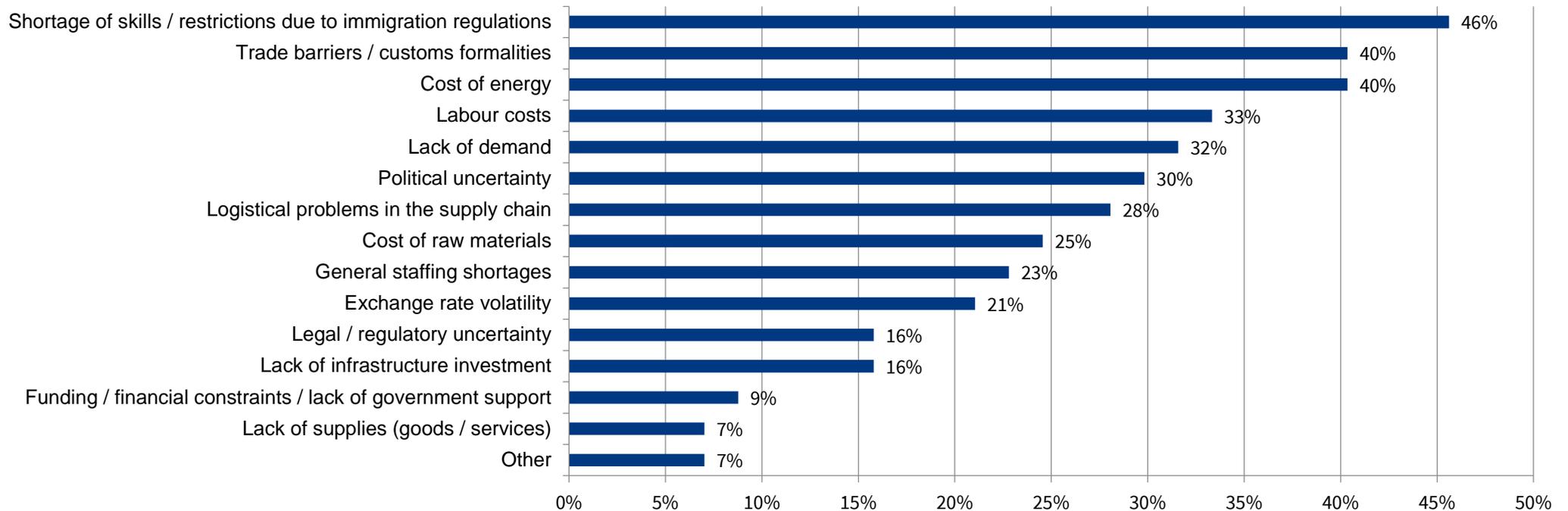


Now, nearly one half (46%) of companies expects to hire new employees over the coming year – this is a somewhat higher figure than in autumn 2022 (37%). It suggests that demand for labour continues to increase.



# German-British Business Outlook Spring 2023

What will be the largest challenges for your business in the coming twelve months? (Multiple answers possible)

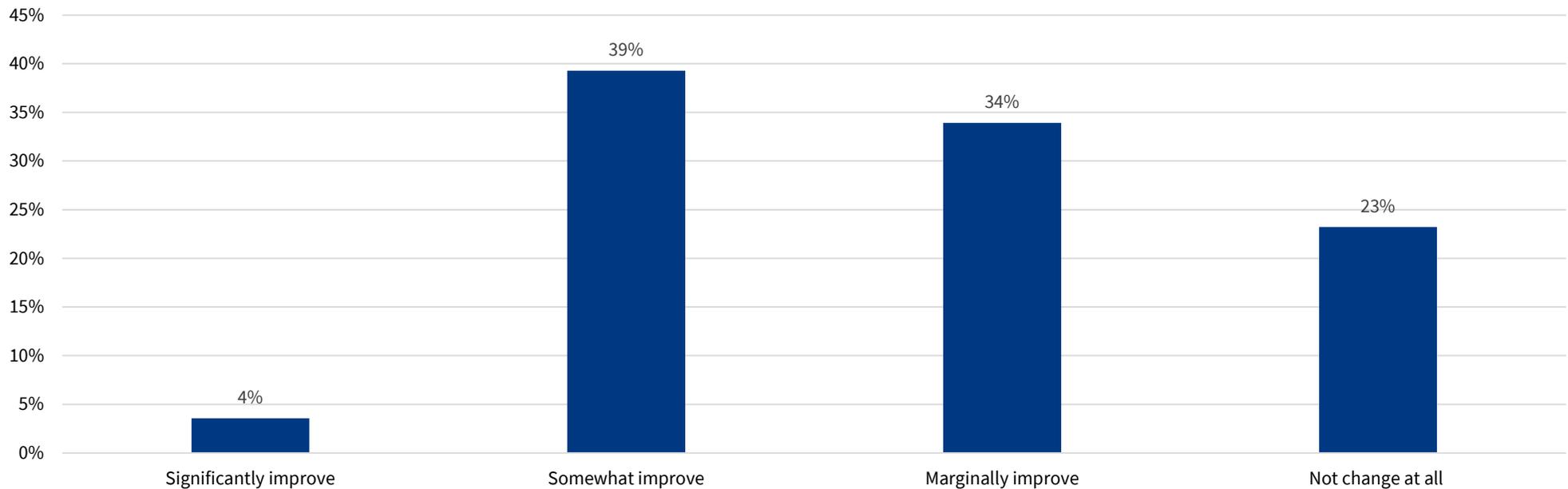


In line with their plans to increase staffing levels, shortage of skills, partly as a result of new immigration rules, is the largest challenge for companies in our community. The other administrative hurdles as a result of Brexit come a close second and energy cost are also still high up on the agenda. Whilst the pressure on supply chains is still an issue, it has moved down the ranks and is subsiding in its significance.



# German-British Business Outlook Spring 2023

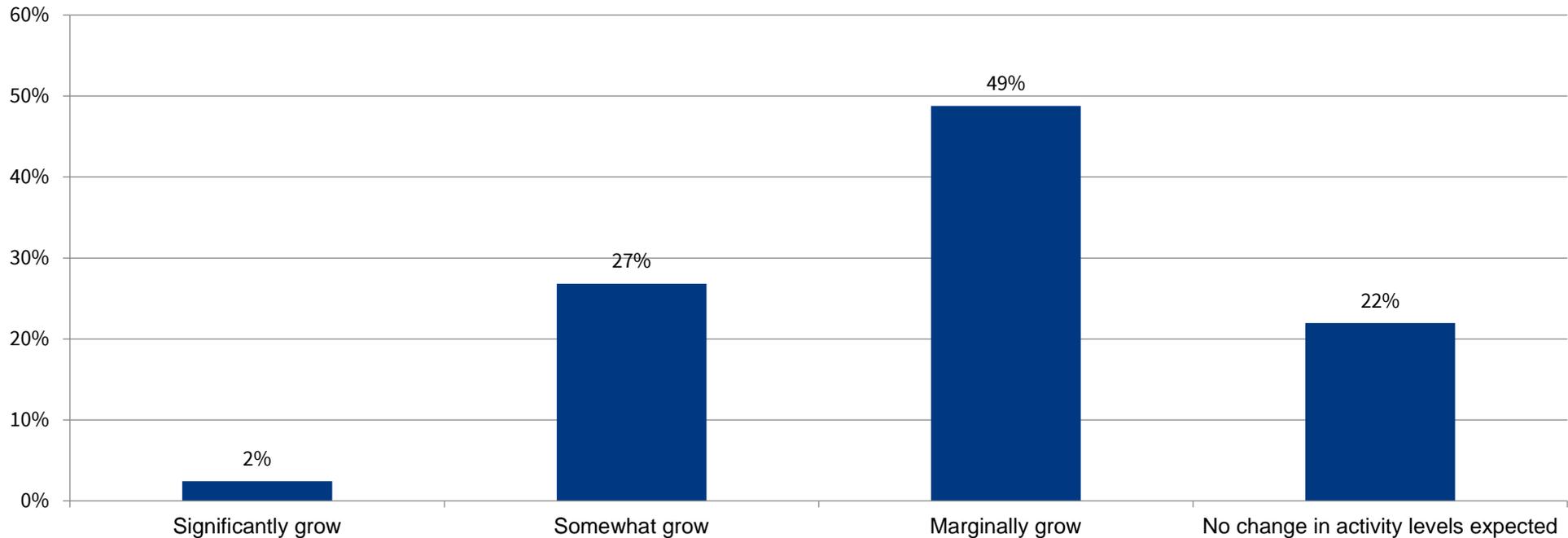
Once the recently agreed Windsor Framework (to address the issues with the Northern Ireland Protocol) has been fully implemented, do you expect that as a result the overall economic and political relationship between the EU and the UK will...



The recently concluded Windsor Framework is generally expected to lead to some improvement in the economic and political relationship between the EU and the UK, but only 4% expect this change to have any significance.

# German-British Business Outlook Spring 2023

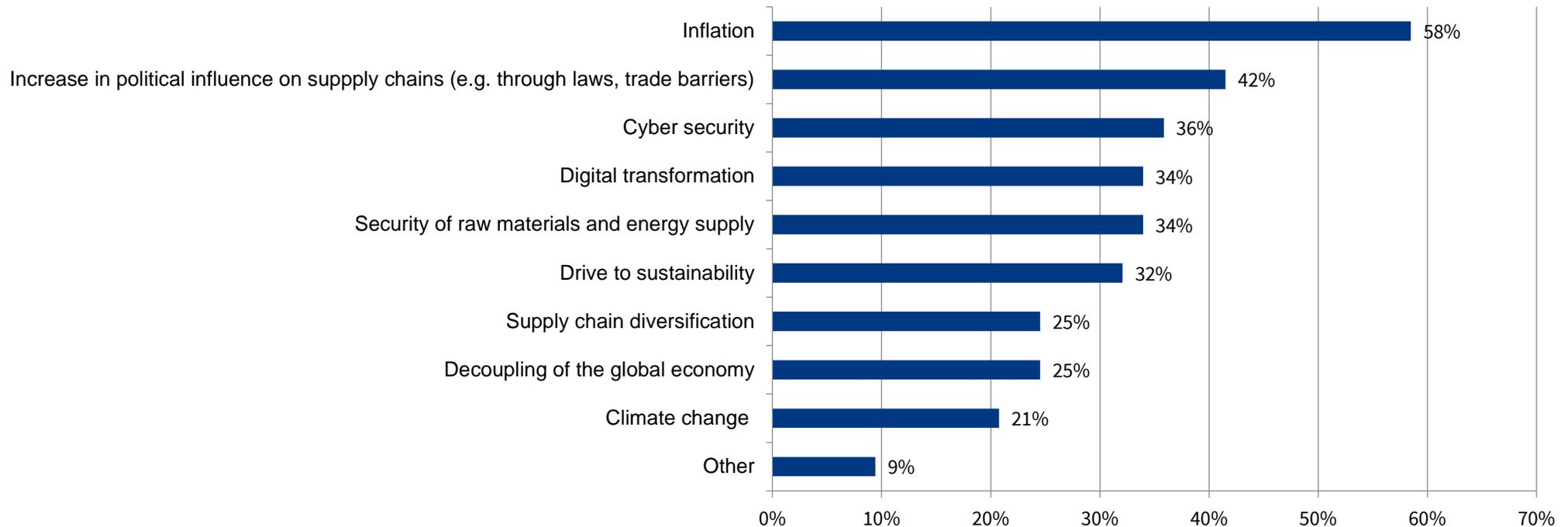
As a result of the expected improvement in the UK-EU relations, will your business activities in the UK...



In terms of the effects on their own business, the recently concluded Windsor Framework is viewed in a similarly positive way, but again, only few (2%) expect it to have any significant impact.

# German-British Business Outlook Spring 2023

What are the biggest geopolitical challenges for your company over the next five years? (Multiple answers possible)

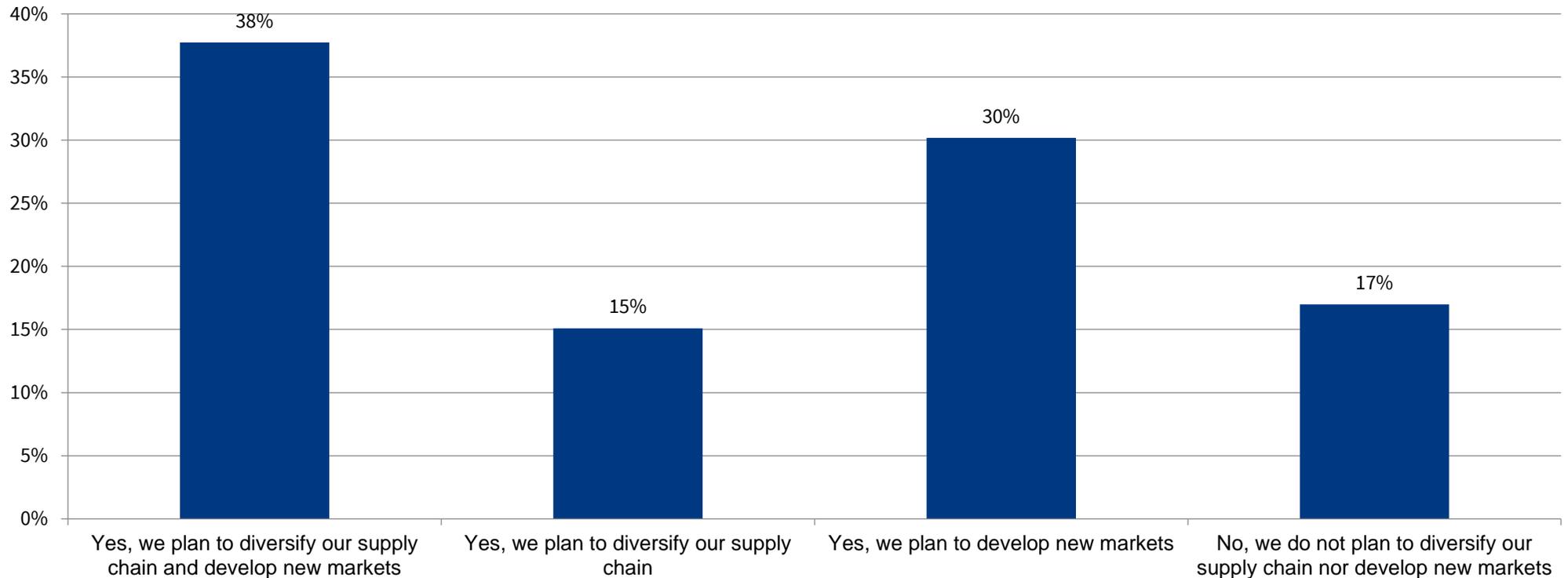


With regard to long term geopolitical challenges, inflationary pressures are expected to continue to be an issue in the years to come. This is followed by political “interference” and cyber security threats. Unexpectedly, only around 20% view climate change as a major geopolitical challenge.



# German-British Business Outlook Spring 2023

Do you plan to diversify your supply chains and/or intend to develop new markets?

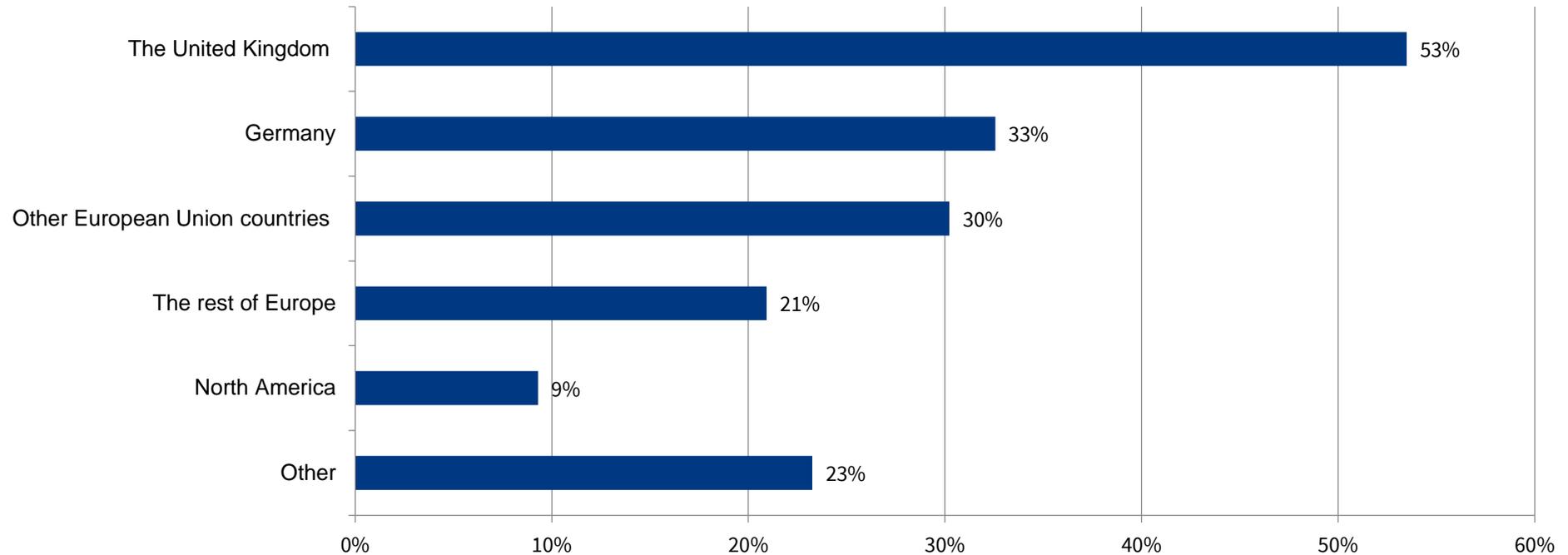


In terms of diversification pressures, it appears to be more important to develop new markets than to adjust supply chains.



# German-British Business Outlook Spring 2023

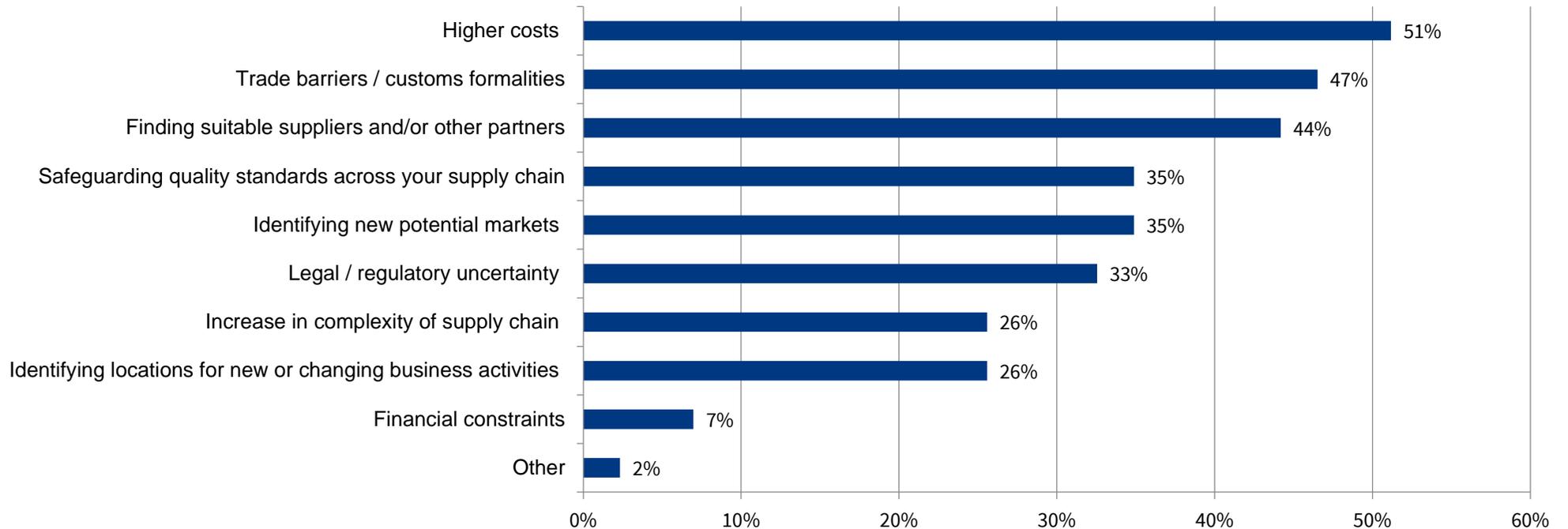
Which regions are you considering for supply chain diversification or developing new markets?



In terms of geographical diversification (be that markets or supply chains), the German-British business community is focussed on the geographical and political regions “closer” to home.

# German-British Business Outlook Spring 2023

What challenges (if any) do you see in diversifying your supply chains and/or when developing new markets? (Multiple answers possible)



Keeping costs under control when diversifying supply chains or venturing into new markets is the largest challenge for companies. This is followed by trade barriers/other administrative hurdles and difficulties in identifying suitable new cooperation partners.