



German-British Business Outlook Autumn 2024



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

 **PartnerForYourSuccess**

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The German-British business community continues to be successful, but the overall sentiment is not as positive as it was six months ago. Unsurprisingly, participants believe the UK Government should continue to prioritise resetting its relationship with the EU, estimating that this could improve their trading conditions.

Currently, 46% of respondents view their own operations as performing positively or very positively, 38% as stable, and 15% as negatively. This predominantly positive outlook is likely due to the strong competitive position that companies in the German-British business community have built over the past five years. Nearly 40% were able to improve their position in the market vis-à-vis their competitors, with only 16% experiencing a decline in this respect. Being a “German” brand or German owned seems to be a competitive advantage in the British market.

In contrast to the positive outlook for their own operations, the sentiments for the overall development of the UK economy have deteriorated. Now, only 21% of firms (compared to 34% in spring 2024) still expect the UK economy to perform better over the coming year and 33% are expecting a sluggish performance (19% in spring). As a result, only 32% (44% in spring) aim to expand their activities. However, demand for labour continues to be strong with 40% of companies expecting to hire new staff over the coming year.

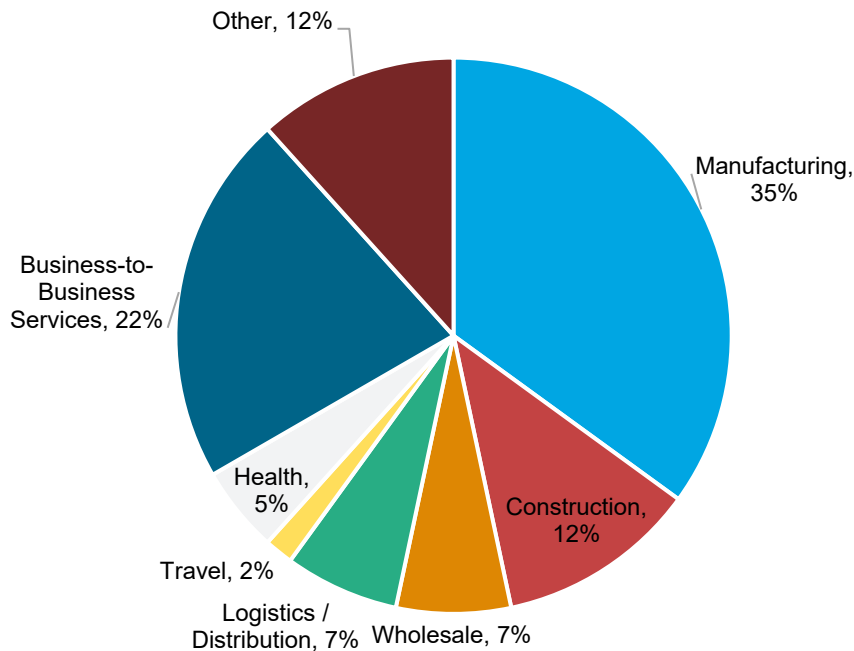
As with our past findings, political uncertainty, lack of demand, shortage of skills, and administrative hurdles as a result of Brexit continue to be major challenges for doing business in the UK. Therefore, it is not surprising that 80% of the German-British business community believe that the UK Government’s biggest economic priority should be to continue to improve the relationship with the EU. Interestingly, just 20% of participants consider controlling the public deficit a key priority.

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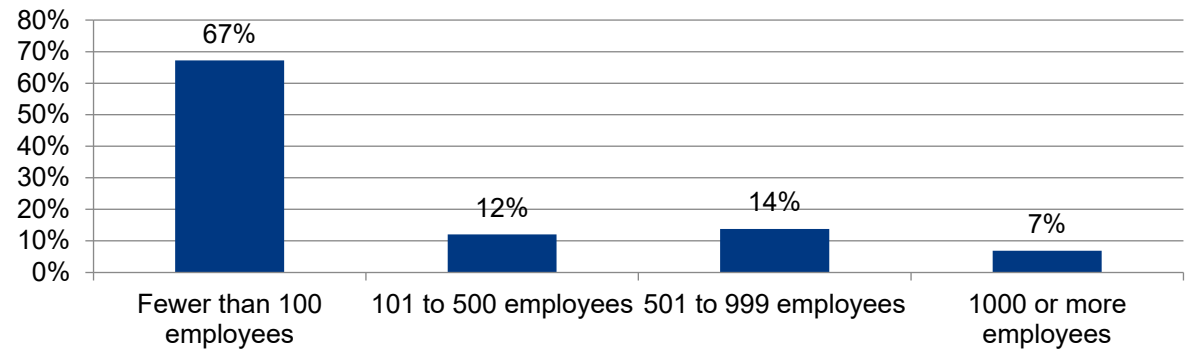
The survey and its participants:

72 online interviews between 3 and 15 October 2024 with companies from the German-British business community, which have operations in the UK

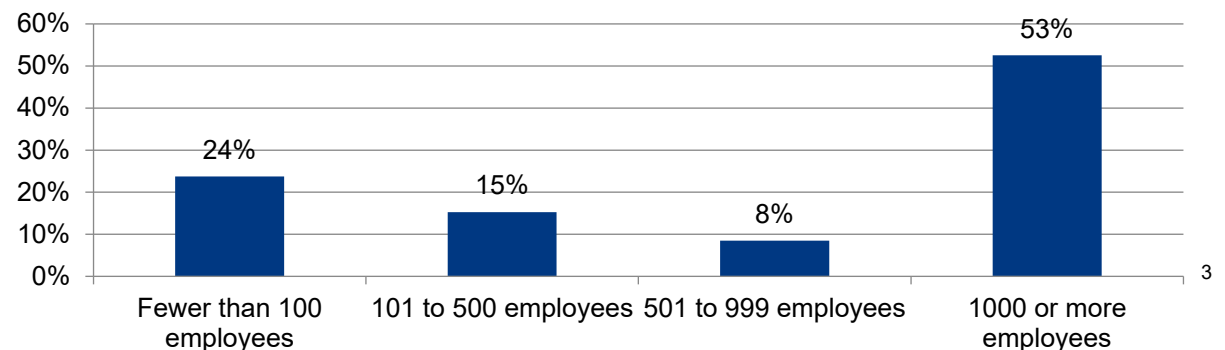
In which sector is your company predominantly active?



How many employees do you have in the United Kingdom?

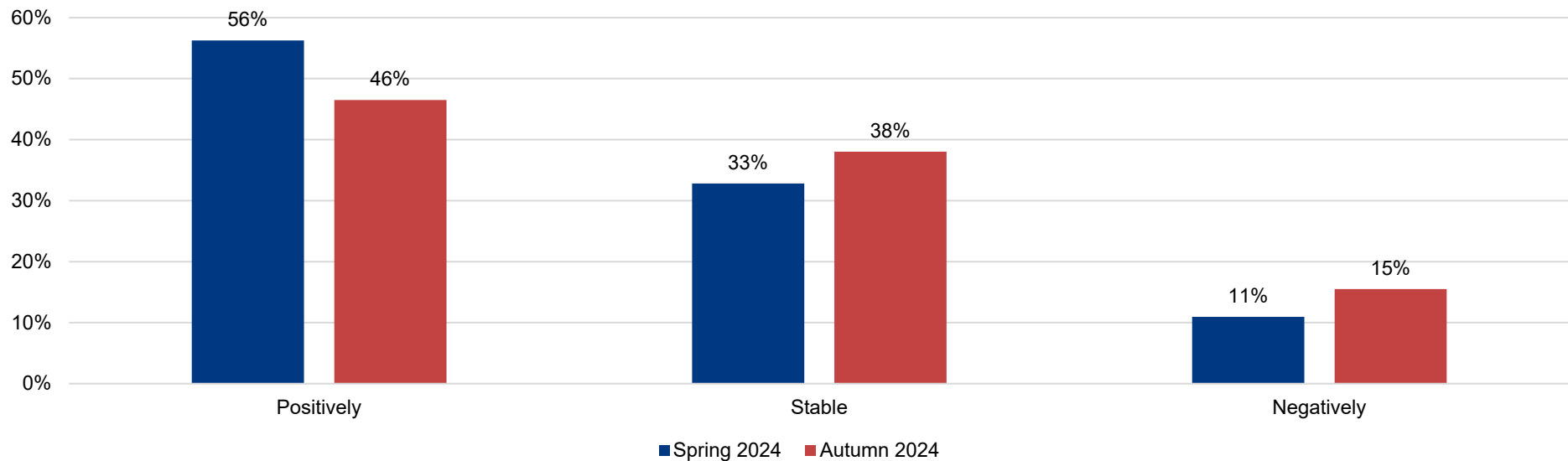


How many employees do you have worldwide?



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

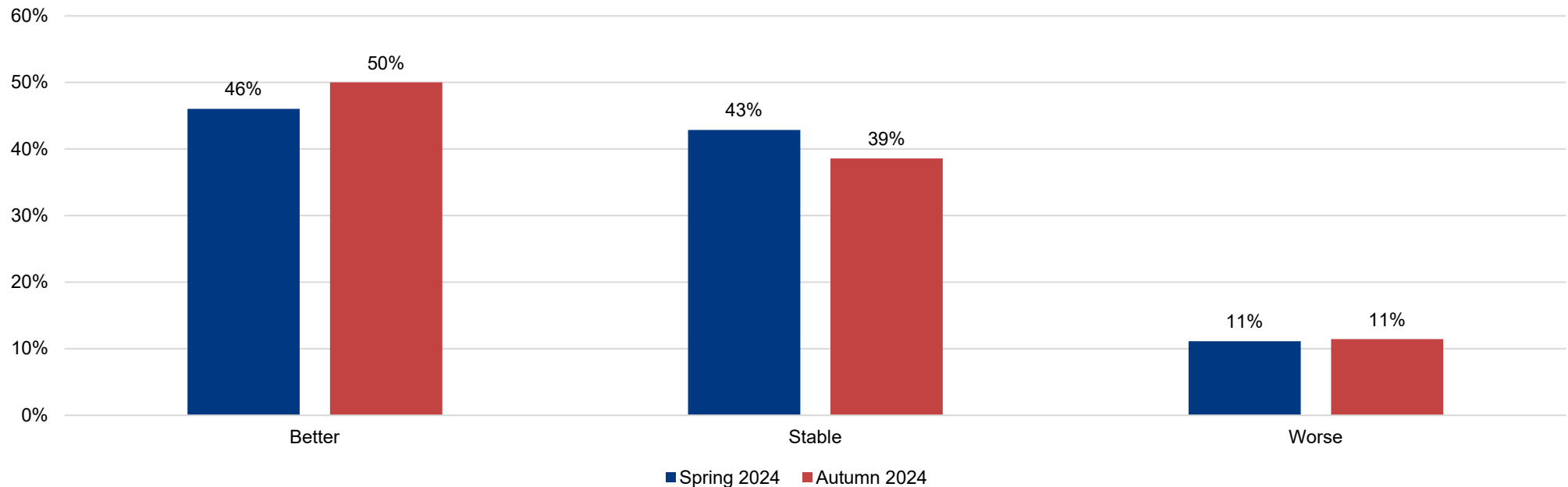


Currently, 46% view their own operations as performing positively or very positively, 38% as stable, and 15% as negatively. These numbers present a somewhat weaker picture compared to the spring of this year, indicating that while companies remain successful in their UK operations, they are encountering slightly more challenges than they did six months ago.



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How do you expect your operations in the United Kingdom to develop/perform over the coming 12 months?

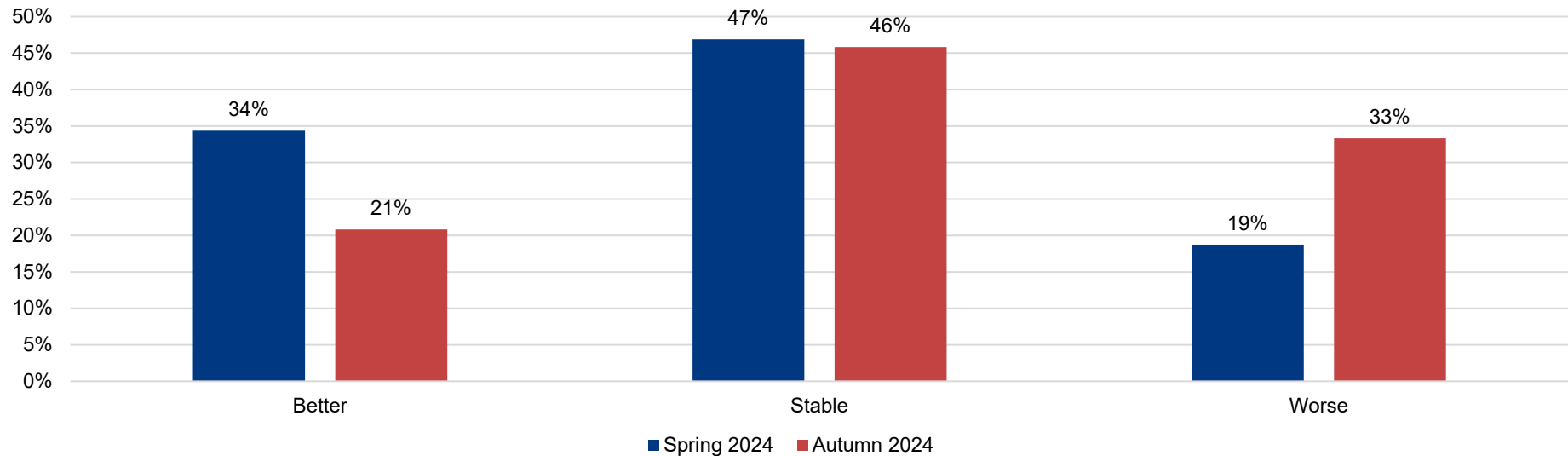


Despite the current situation/performance being viewed slightly less positively than in spring 2024, the outlook for the immediate future has improved somewhat with 50% expecting their business to perform better over the coming twelve months.



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How do you expect the United Kingdom's economy as a whole to develop/perform over the coming 12 months?

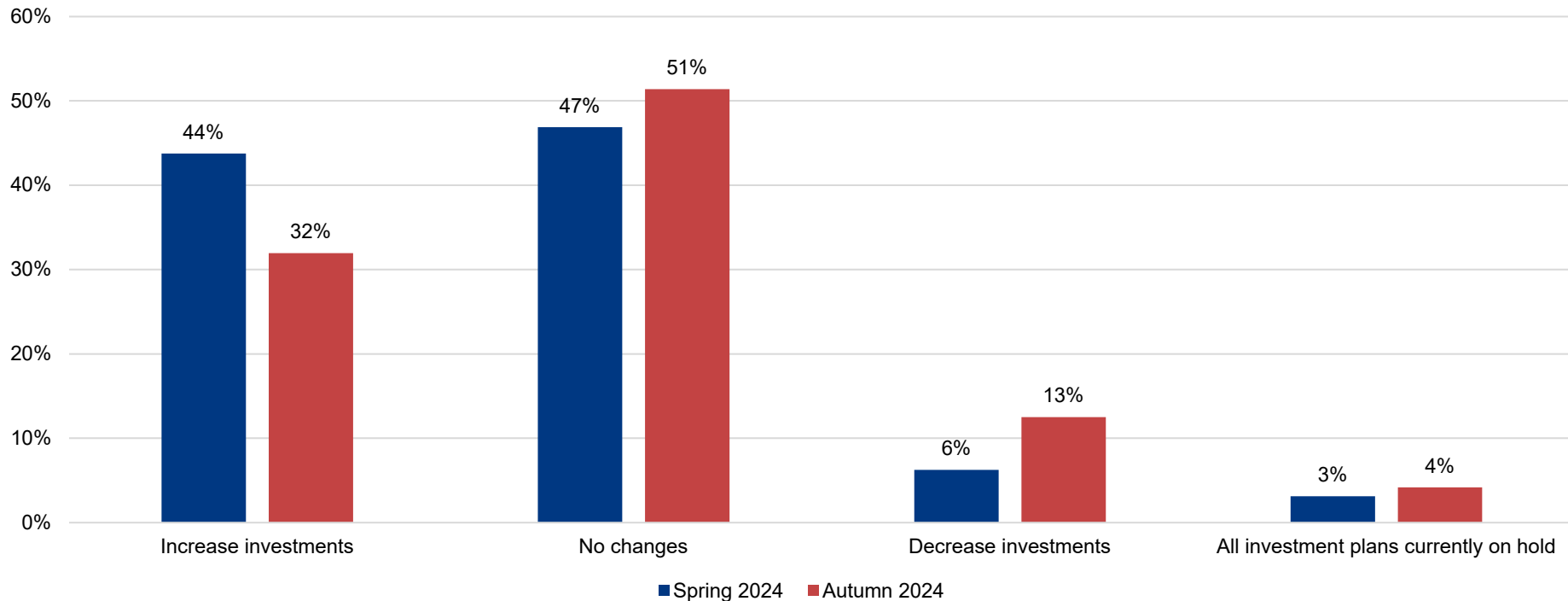


In contrast to the positive outlook for their own operations, the sentiment for the overall development of the UK economy has deteriorated in comparison to six months ago. Now, only 21% of firms (instead of 34% in spring) expect the UK economy to perform better over the coming twelve months, with 33% expecting a sluggish performance (versus 19% in spring).



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What are your medium-term investment plans?

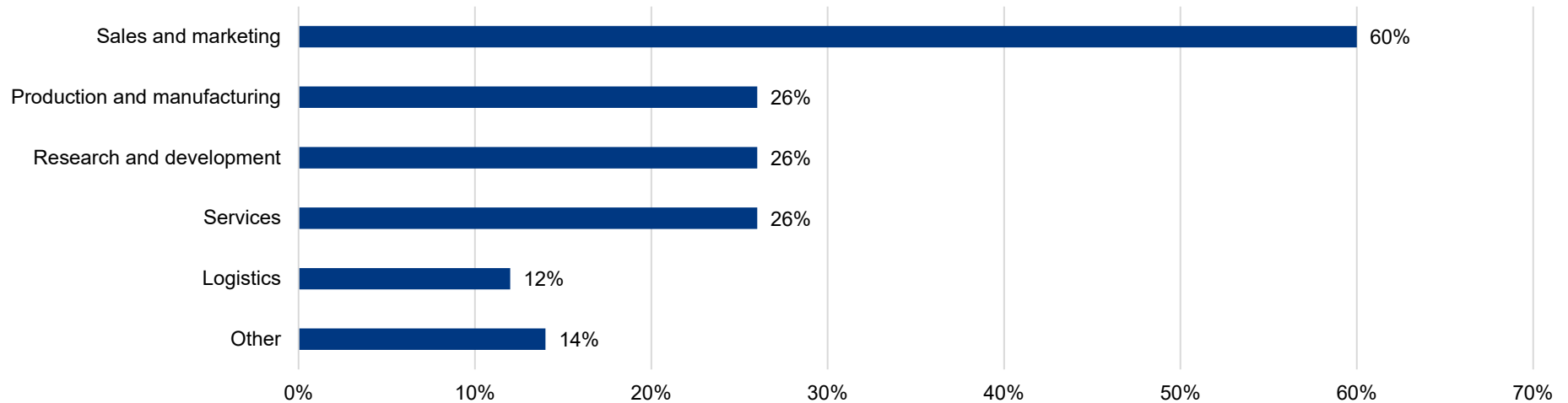


In comparison to the spring survey's findings, the investment plans of the German-British business community have experienced a slightly negative development, as only 32% (instead of 44%) aim to expand their activities further – probably a reflection of the more cautious outlook for the overall development of the UK economy.



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In which areas do you currently make or are planning to make significant investments in the UK? (Multiple answers possible)

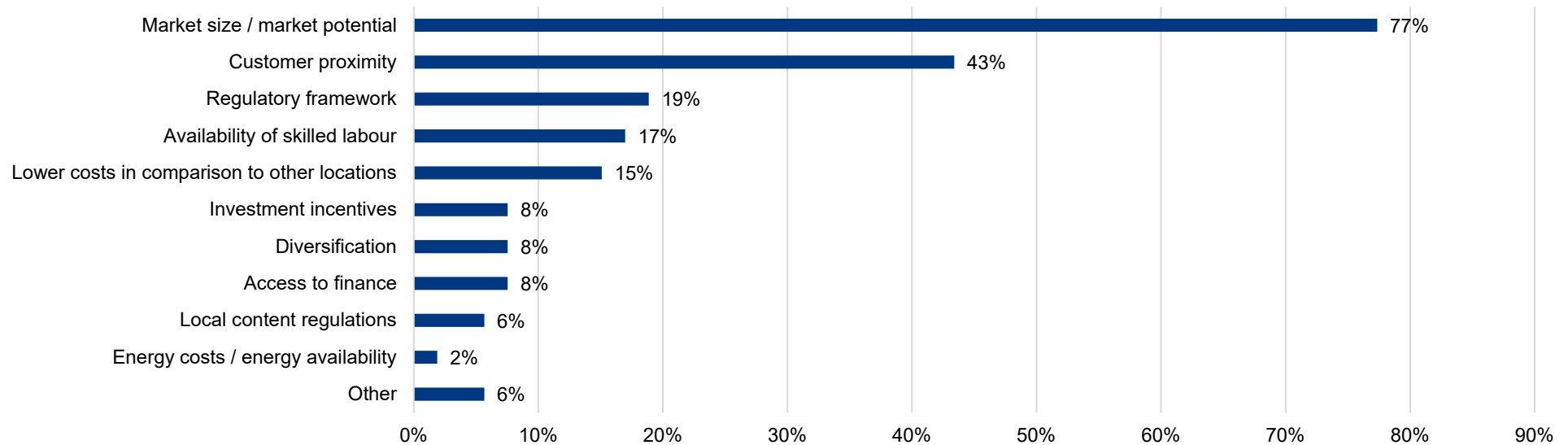


The main reason for investing in the UK continues to be the importance of the British market, but the appeal as a manufacturing or as a research and development, and as a service location should not be underestimated.



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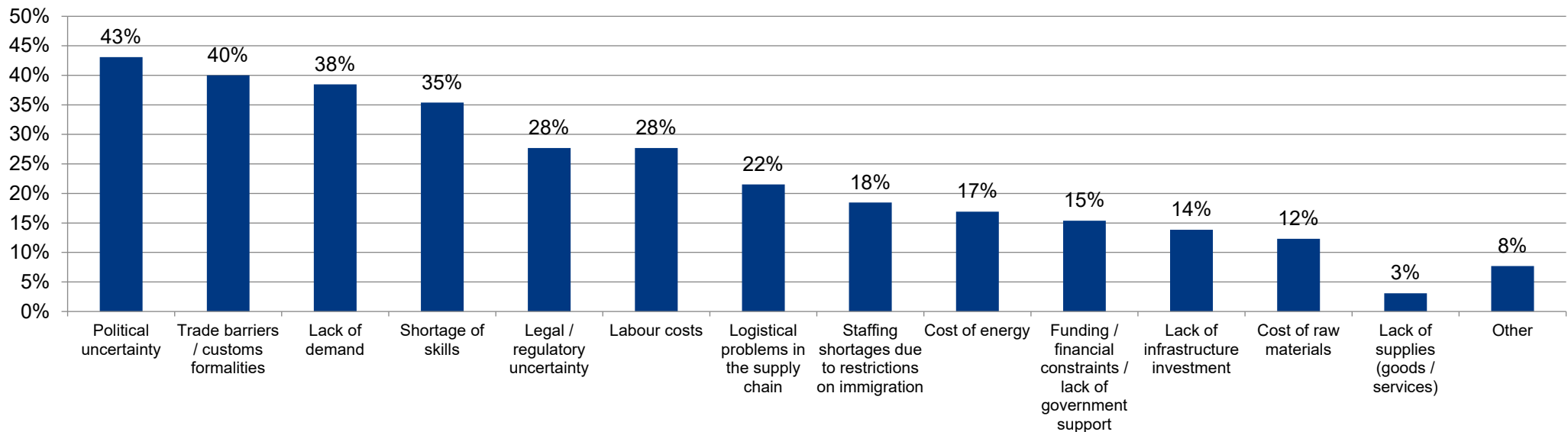
Which factors play a dominant role in your decision to invest in the UK?
(Multiple answers possible)



As aforementioned, the significance of the UK market is the key driver of German investment in the UK and the weighting of factors is comparable to previous surveys.

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What will be the largest challenges for your business in the coming 12 months?
(Multiple answers possible)



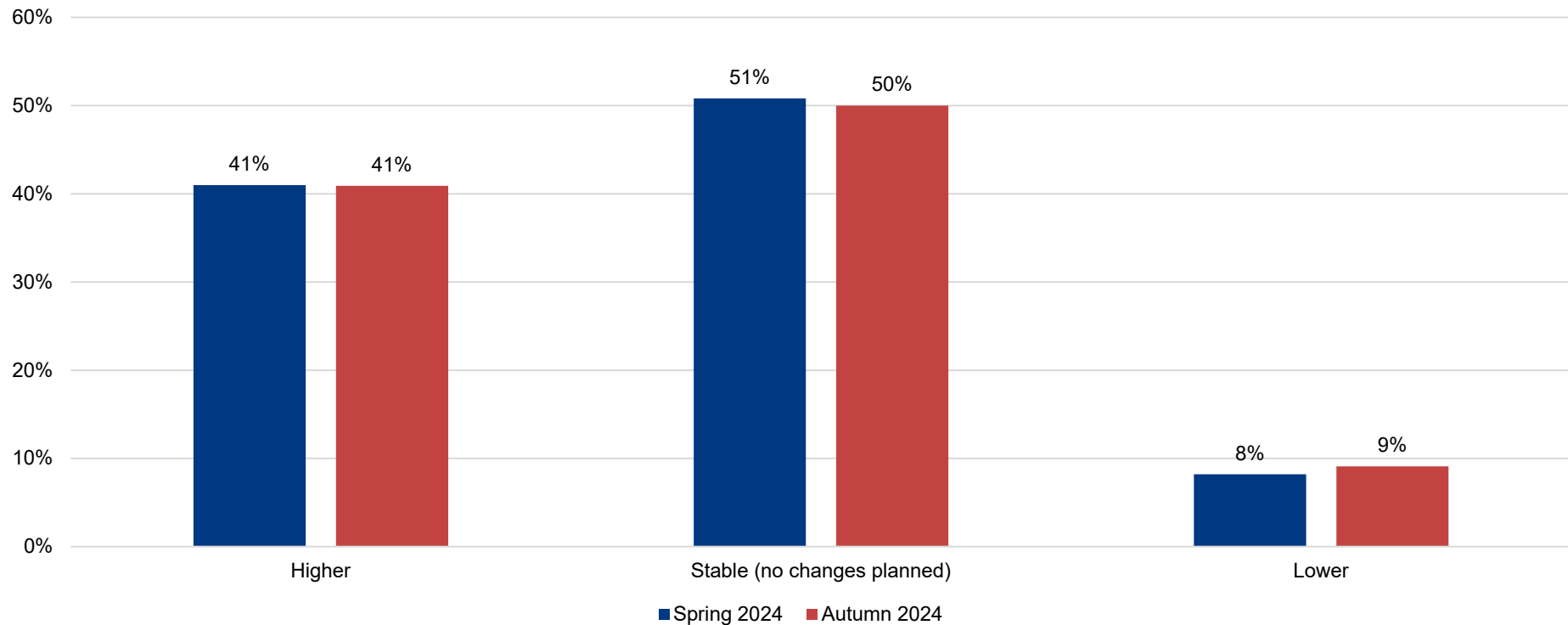
Like in past surveys, political uncertainty, lack of demand, administrative hurdles as a result of Brexit and shortage of skills continue to be major challenges for doing business in the UK.



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

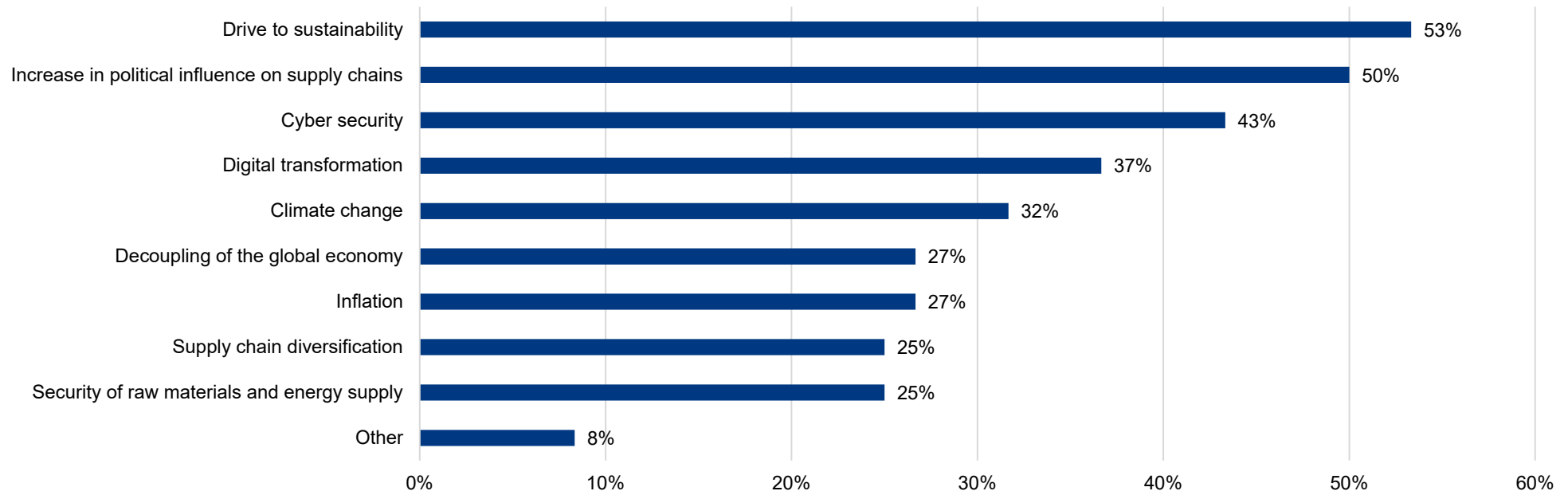


Approximately 40% of companies expect to hire new employees over the coming year – this is a similar figure to the spring, suggesting that the demand for labour continues to be strong.



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

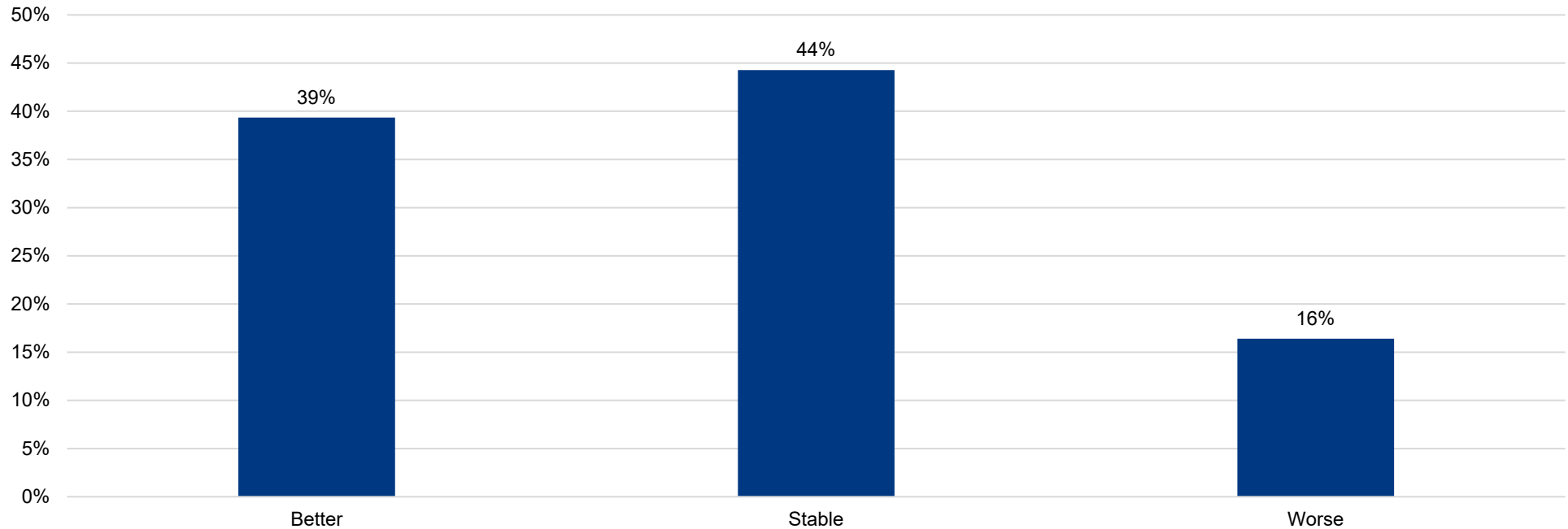


Assessing long term geopolitical challenges the drive to sustainability, political “interference” on supply chain structures and cyber security issues continue to take top positions - a very similar result to spring 2024.



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How has your competitive position in the UK market changed over the last 5 years?

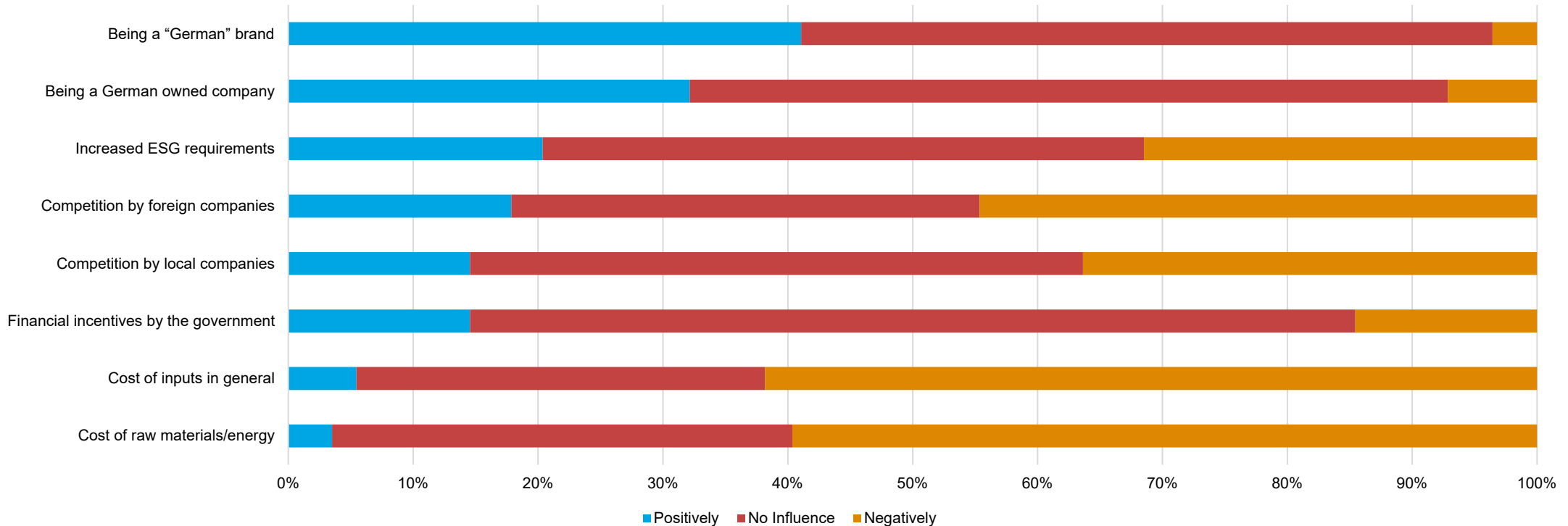


On balance, the competitive position of the companies in the German-British business community has developed well over the last 5 years. Nearly 40% could improve their position in the market vis-à-vis their competitors, with only 16% experiencing a decline.



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How have the following factors influenced your competitive position over the last 5 years?

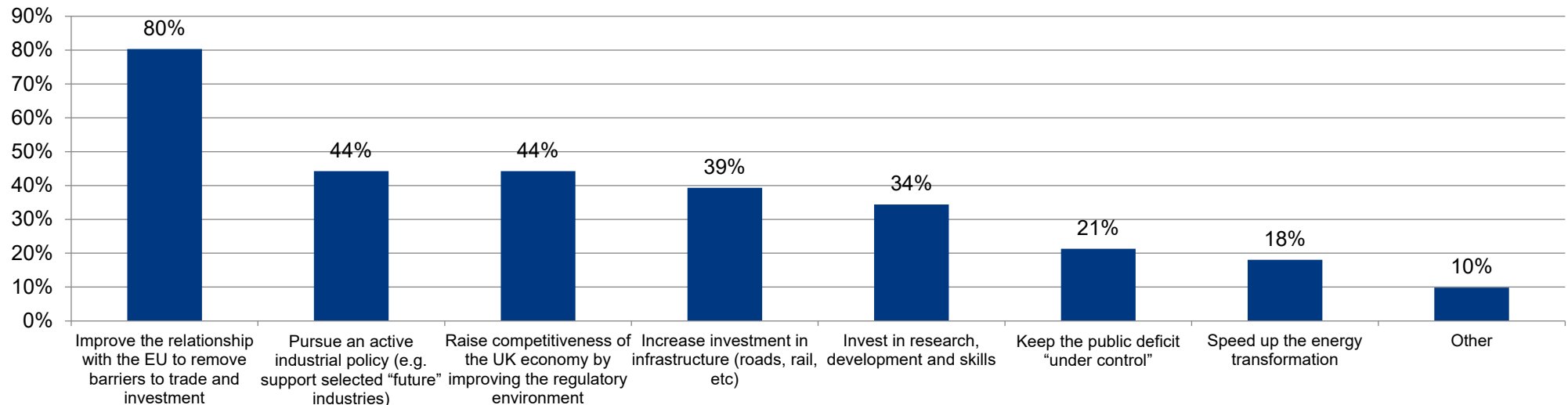


Being a "German" brand or German owned seems to be a significant competitive advantage in the British market.



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What are the top three economic priorities the current UK government should focus on?



By a substantial margin, our community thinks that the UK Government's utmost priority should be to continue to improve relations with the EU. Nearly half favour an active industrial policy and measures to improve the competitiveness of the UK regulatory framework. Interestingly, only 20% of participants view controlling the public deficit as an economic priority.

