

NEWS RELEASE

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.

According to the recent Autumn Survey of the German-British Chamber of Industry & Commerce, the sentiment for the overall development of the UK economy has deteriorated somewhat in comparison to six months ago. Now, only 21% of firms (instead of 34% in spring 2024) expect the UK economy to perform better over the coming year and 33% anticipate a sluggish performance (versus 19% six months ago). As a result, only 32% (instead of 44% in spring 2024) aim to expand their activities further. However, demand for labour continues to be strong as 40% of companies expect to hire new employees over the coming year.

When assessing their own operations, 46% of respondents view them 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 significant competitive advantage in the British market.

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. 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, only 20% consider controlling the public deficit a key priority.

Dr Ulrich Hoppe, Director General of the German-British Chamber of Industry & Commerce, commented, “The survey results suggest that the UK continues to be good place to do business with many opportunities to be seized, but challenges remain and a closer relationship with Europe is a crucial element in fostering growth.”

72 online interviews were conducted with members of the German-British business community with UK operations. The study was part of the World Business Outlook and conducted in conjunction with the German Chamber of Commerce and Industry (DIHK). Fieldwork was conducted between 3 and 15 October 2024. The full results can be found at: <https://grossbritannien.ahk.de/en/german-british-business-outlook>

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Notes for editors:

The German-British Chamber of Industry & Commerce in London, founded in 1971, is a business to business organisation of about 800 British and German member firms. It provides business contacts, information and advice to its members and many thousands of non-members in both countries. More information can be obtained through its website: www.germanbritishchamber.co.uk.



NEWS RELEASE

Some optimism has returned to the German-British business community, but challenges remain

According to the recent Spring Survey of the German-British Chamber of Industry & Commerce, the German-British Business community has become more optimistic in comparison to six months ago, not only in terms of the outlook for their own activities in the UK, but also for the development of the UK economy overall.

As a result of the increase in confidence, more than 40% of respondents will invest more in the medium term and a similar number expect to employ more staff.

The main reason for investing in the UK continues to be the importance of the British market with 70% planning to invest in sales and marketing activities. However, the UK's appeal as a manufacturing location should not be underestimated, as approximately 15% of respondents plan to increase investment in production and manufacturing activities - a higher share than the manufacturing sector's overall contribution to the UK economy (10%).

Political uncertainty and the lack of demand (despite the somewhat improving economy) continue to feature most prominently as challenges for our businesses. These are followed by trade barriers, shortage of skills, and regulatory uncertainty. In comparison to our survey results in 2023, energy costs are having a smaller impact on business operations, moving from most (in spring 2023) to third most influential factor (in autumn 2023) and now settling in twelfth position.

With regard to long term geopolitical challenges, political "interference" in supply chain structures, the drive to sustainability and the digital transformation is what keeps companies awake at night. However, overall they feel relatively well prepared to face these challenges.

In terms of the efficacy of the UK government's policies to address climate change, our respondents' views suggest that UK policy has not become more effective over the last two years.

Dr Ulrich Hoppe, Director General of the German-British Chamber of Industry & Commerce, commented, "The survey results suggest that a bit more optimism has returned to the German-British business community, but challenges remain."

64 online interviews were conducted with members of the German-British business community with UK operations. The study was part of the World Business Outlook and conducted in conjunction with the German Chamber of Commerce and Industry (DIHK). Fieldwork was conducted between 4 and 21 April 2024. The full results can be found at: <https://grossbritannien.ahk.de/en/german-british-business-outlook>

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