

London, 24 December 2020

NEWS RELEASE/STATEMENT

The trade deal between the UK and the EU, which has just emerged, is a much-expected Christmas present for the economy and all of us, be that in the UK or in the EU. Some may even say ‘Global Britain’ has won over ‘Little Britain’. However, depending on one’s point of view, one ‘battle’ over future cooperation may have been won, but there is much more work to do!

The difficult negotiations about a future trade deal between the UK and the EU have come to a positive conclusion, something that is much welcomed by the German-British business community. We do not know all the details yet, but make no mistake, major change is still in the air and the way commercial transactions will be carried out across the Channel will significantly change on 1 January 2021.

From day one, trade in goods and services will become more expensive and in some cases it may even come to a standstill, especially as the new immigration law takes effect, potentially making the provision of some cross-border services impossible. As always, the devil lies in the detail and many of the details have been overlooked so far or have not been given enough consideration (how to deal with many of the still unclear customs formalities serves as one immediately pressing example). Many SMEs in the UK and in Europe will find trading with one another more expensive and in some cases prohibitively so. That a comprehensive deal on the future of the relationship could not be agreed upon will come at a price; lost opportunities, not only for many smaller businesses, but also for larger ones, as the regulatory costs will start to bite even more in the months and years to come. This in turn will reduce competition and, in the end, will make life more costly for all of us.

However, this free trade deal is hugely important, as an acrimonious divorce between the UK and the EU would have come at an even higher cost and potentially led to an erosion of the basis for future communications across the Channel. Using Theresa May’s words, one thing is clear: Britain has left the EU, but not Europe. We must continue to work together to address global challenges, be that Covid-19, climate change, upholding the rule of law and poverty-induced global migration.

We should also bear in mind that Brexit in its current form will reduce the opportunities for young people to experience other cultures. Internships, work experiences and study opportunities in the UK and in Europe will in some cases become impossible from an immigration point of view or at least more costly, especially as the financial support from the Erasmus programme will fall by the wayside. To build a future in the Europe which we inhabit together, both the EU and the UK should work on developing a new framework to enable exchange and opportunities so that individuals and businesses can continue to learn from and to get to know each other. If the next generations, unlike those in the past, do not have such opportunities, maintaining important linkages across the Channel will become more difficult and the younger generation of today will be unnecessarily deprived of opportunities. Therefore, the work is cut out for both sides to design a framework which enables opportunities, growth and prosperity for all. Both sides should be held accountable for this. The German-British Chamber of Industry & Commerce and its members are ready to support the process of building this future framework.

Dr Ulrich Hoppe
Director General

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Press contact:

Jana Toon, Press & PR

German-British Chamber of Industry & Commerce, 16 Buckingham Gate, London SW1E 6LB

Tel: +44 (0)20 7976 4188 Fax: +44 (0)20 7976 4101 Email: press@ahk-london.co.uk

Notes for editors:

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We would be grateful for copies of articles published.

London, 26 October 2020

NEWS RELEASE

The German-British Chamber's autumn survey shows that the German-British business community is still very much affected by the Coronavirus pandemic but, compared to earlier in the year, companies are slightly less pessimistic about the effects of the pandemic on their businesses.

Now just over 50% of the German-British business community is severely or more than severely affected by the Coronavirus pandemic. 20% of companies have seen no effects or even an increase in activity levels. The corresponding figures before the summer break were 75% and 15%. Nevertheless, companies expect the overall recovery to take longer than originally anticipated.

Travel restrictions/cancellation of trade fairs/events, decline in demand/cancellation of orders, and cancelled investments continue to have the largest impact on business operations. However, the effects have become slightly less pronounced in comparison to earlier in the year.

Despite the appearance of some light at the end of the tunnel for a number of businesses, Brexit challenges loom large for the German-British business community. As a consequence, a significant number of companies expect geographical changes to their supply chains and the location of their business activities in future. Some will relocate activities to the UK but many more will shift some of their operations to Germany or other EU member states.

A small majority still expects a minimum Free Trade Agreement to be concluded by the end of the year, but in any case, a large and growing majority (75%) expect Brexit to have a negative impact of more than 2% on the growth of the UK economy in 2021.

Dr Ulrich Hoppe, Director General of the German-British Chamber of Industry & Commerce, commented, "The survey results suggest that the German-British business community, despite being slightly less pessimistic about the shorter-term effects of the Coronavirus pandemic on their own businesses, continues to be worried about the longer-term effects. In addition, Brexit and the expected emergence of trade barriers will have a negative effect on its overall investment levels in the UK and economic growth will also be adversely affected to a significant extent."

82 online interviews were conducted with members of the German-British business community with UK operations. The study was part of the World Business Outlook survey of the Association of German Chambers of Industry & Commerce. Fieldwork was conducted between 5 and 18 October 2020. The full results can be found at: <https://grossbritannien.ahk.de/business-outlook>.

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Jana Toon, Press & PR

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Tel: 020 7976 4188 Fax: 020 7976 4101 Email: press@ahk-london.co.uk

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

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

London, 2 July 2020

NEWS RELEASE

The German-British business community is still profoundly affected by the Coronavirus pandemic. Currently, companies continue to reduce costs and/or staffing levels, but the majority can only do this at a pace which is substantially slower than the reduction in activities/turnover experienced. In addition, Brexit is seen as the largest hurdle to overcome the economic effects of the Covid-19 crisis.

However, compared to the Spring Survey the German-British Chamber of Industry & Commerce conducted at the end of March 2020, the German-British business community is slightly less pessimistic about the effects of the Coronavirus pandemic on their businesses. Nevertheless, they expect the recovery to take longer than originally expected and they are even more cautious about a quick overall recovery of the UK economy.

The end of the transition period on 31 December 2020 poses yet another risk for the UK economy. A large majority expects it to have a negative impact of more than 2% on the growth of the UK economy in 2021.

70% (versus 80% in the spring) of the German-British business community expect a decrease of more than 10% in this year's turnover but now only 15% (versus 30% in the spring) of businesses anticipate a decline of more than 50%.

A decline in demand/cancellation of orders, travel restrictions/cancellation of trade fairs/events and cancelled investments are still having the biggest effect on business.

Even though most companies (55%) in the German-British business community expect to recover by the end of the first half of 2021, more than 70% of them predict that the British economy will need much longer and will only recover towards the end of the second half of 2021 or later.

Dr Ulrich Hoppe, Director General of the German-British Chamber of Industry & Commerce, commented, "The survey results suggest that the German-British business community, despite being slightly less pessimistic about the shorter-term effects of the Coronavirus pandemic, is increasingly worried about the longer term as the expected speed of the recovery is judged to be much slower than anticipated in the spring. Many challenging months lie ahead with Brexit thought to be compounding the Coronavirus effects."

79 online interviews were conducted with members of the German-British business community with UK operations. The study was part of the World Business Outlook survey of the Association of German Chambers of Industry & Commerce. Fieldwork was conducted between 18 and 26 June 2020. The full results can be found at <https://bit.ly/3qiMyD2>.

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

06 April 2020

NEWS RELEASE

The German-British business community is massively affected by the coronavirus pandemic. Currently, many companies are looking to reduce costs and/or staffing levels, but the majority can only do this at a pace, which is substantially slower than the reduction in activities/turnover experienced.

The Spring survey of members of the German-British business community has revealed that like all other businesses, the German-British business community is massively affected by the coronavirus pandemic. Currently, many companies are looking to reduce costs and/or staffing levels, but the majority can only do this at a pace, which is substantially slower than the reduction in activities/turnover experienced. Therefore, a substantial hit to the bottom line will be unavoidable.

More than three quarters of the German-British business community expect a decrease of more than 10% in this year's turnover, with nearly 30% of businesses expecting a decline of more than 50%.

A decline in demand/cancellation of orders, travel restrictions/cancellation of trade fairs/events and cancelled investments are having the biggest effect on business.

80% expect their business operations in the United Kingdom to recover within 6 months following the end of the pandemic. However, they are less optimistic about the UK economy overall, for which they expect a significantly longer road to recovery.

Dr Ulrich Hoppe, Director General of the German-British Chamber of Industry & Commerce, commented, "The survey results suggest that the German-British business community, despite being severely impacted by the Coronavirus pandemic, is comparatively well positioned to recover once the pandemic is over. However, very challenging months lie ahead."

60 online interviews were conducted with members of the German-British business community with UK operations. The study was part of the World Business Outlook survey of the Association of German Chambers of Industry & Commerce. Fieldwork was conducted between 27 March and 1 April 2020. The full results can be found at <https://bit.ly/2wjiZzV>.

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London, 31 January 2020

NEWS RELEASE

Brexit is happening – the director general’s comment

The United Kingdom leaves the European Union on 31 January 2020. Dr Ulrich Hoppe, the director general of the German-British Chamber of Industry & Commerce, comments:

“The UK government’s strategy of de-aligning more than 40% of its trade in order to seek alignment for less than 20% does not appear to be logical in economic terms. Therefore, the advice by James Carville to Bill Clinton in 1992 (“It’s the economy, stupid!”) may no longer hold true. Questions of identity and so on may have become more important for large segments of society and as a result have been translated into policies. How long these other factors will stay that important remains to be seen, as the economic journey from de-alignment to new alignment will definitely not be frictionless and will involve some costs (even the Chancellor of the Exchequer admitted that recently). Of course, one could argue that in the long run (in which we are all dead) this strategy may make sense, as the economic performance of the EU has been in relative decline in comparison to America’s.

“However, according to the Centre of European Reform, the UK economy has already lost approximately 3% of its potential economic growth since the referendum in 2016. Therefore, it is crucial for the UK government to manage this “realignment” period well in order to minimise its overall negative economic impact. This is especially important, as it has also promised to look after the UK regions, which are in need of more investment. Geographically rebalancing the UK economy will be particularly important from a societal point-of-view, but will also be costly – in other words, the current government’s economic challenges are twofold.

“On the other side of the Channel, the EU and its member states with Germany at their helm must substantially step up efforts to become more dynamic and produce much higher growth rates. This, in turn, would also make it more attractive for the UK to stay closely aligned to the Union. This is something we will be working towards, not just in 2020, but also in the years further ahead, because we all still jointly need to address many other challenges, ranging from climate change to a fracturing world economic and political order.”

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