



## German-British Business Outlook Spring 2025



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**The German-British business community continues to be upbeat for their UK business activities, but global challenges and weaker economic growth are beginning to bite.**

Currently, 47% of survey respondents view their UK operations as performing positively or very positively, 34% as stable, and 19% as negatively. These numbers paint a similar picture to the autumn of last year, suggesting that most companies continue to operate reasonably successfully in the UK. As a result, investment plans within the German-British business community have remained broadly unchanged, with one third aiming to expand their activities.

In contrast to the positive outlook for their own operations, the sentiment towards the overall development of the UK economy has continued to deteriorate compared to six and twelve months ago. Currently, only 10% of firms (down from 21% in autumn 2024 and 34% in spring 2024) expect the UK economy to improve over the coming twelve months, with 48% expecting a sluggish performance (up from 33% in autumn 2024 and 19% in spring 2024).

As in past surveys, political uncertainty, administrative hurdles resulting from Brexit, the politics of the new US administration, as well as lack of demand (as a result of the weaker economic outlook) continue to be major challenges for doing business in the UK. However, in line with the slightly weaker economy, addressing skills shortages has become somewhat less challenging.

Unsurprisingly, the majority (63%) of companies, even those focused solely on the UK market, still expect to be negatively impacted by the current US trade policies, underlining the global interconnectedness of European trade relations.



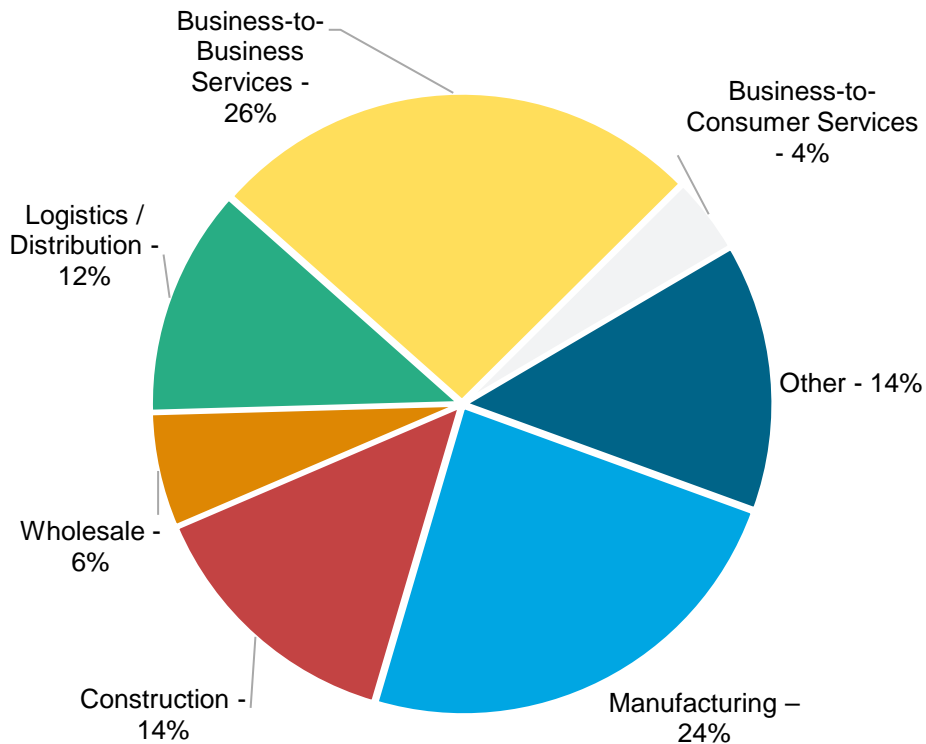
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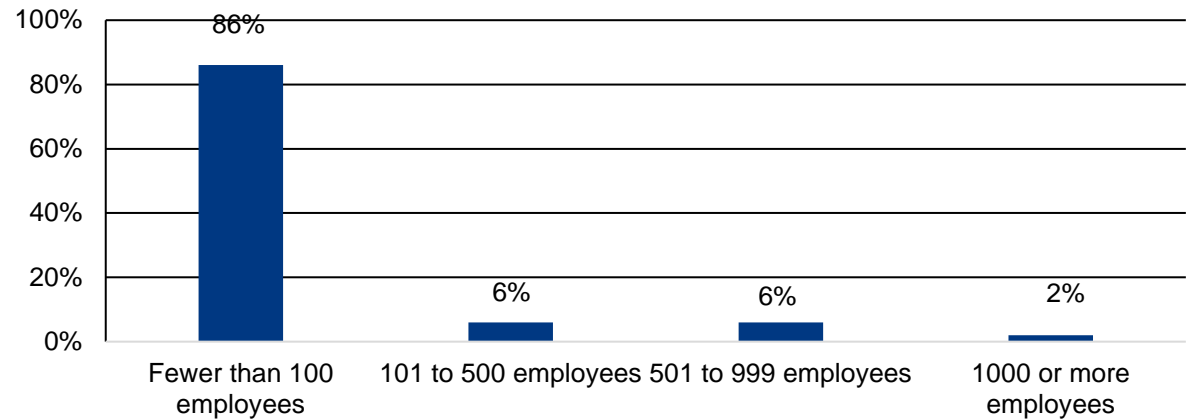
## The survey and its participants:

58 online interviews between 3 and 11 April 2025 with companies from the German-British business community, which have operations in the UK.

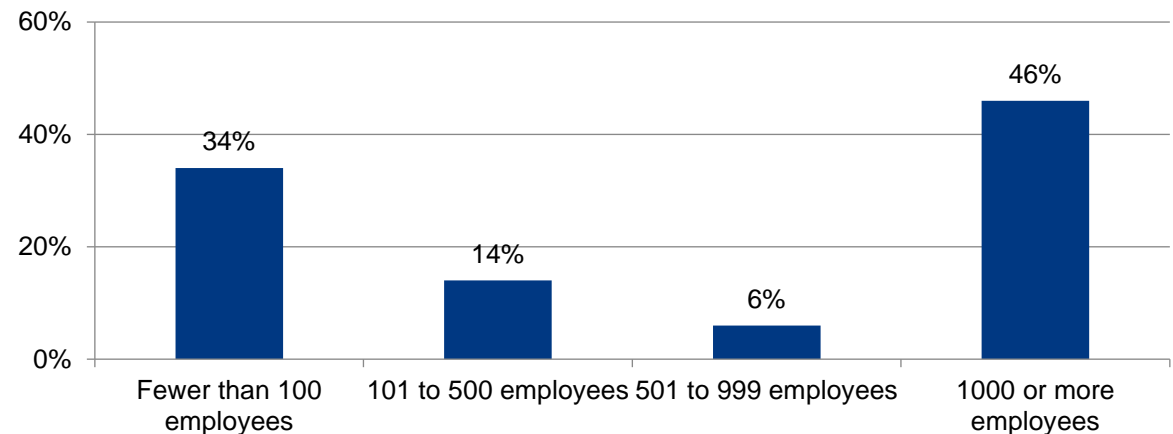
### In which sector is your company predominantly active?



### How many employees do you have in the United Kingdom?

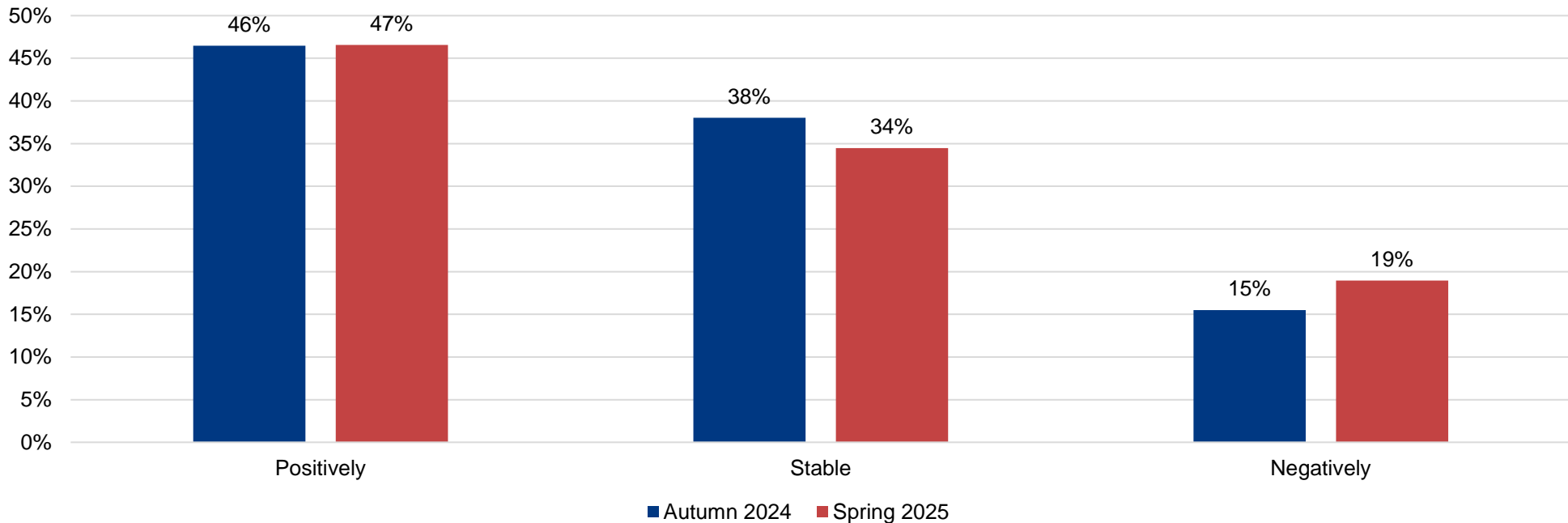


### How many employees do you have worldwide?



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

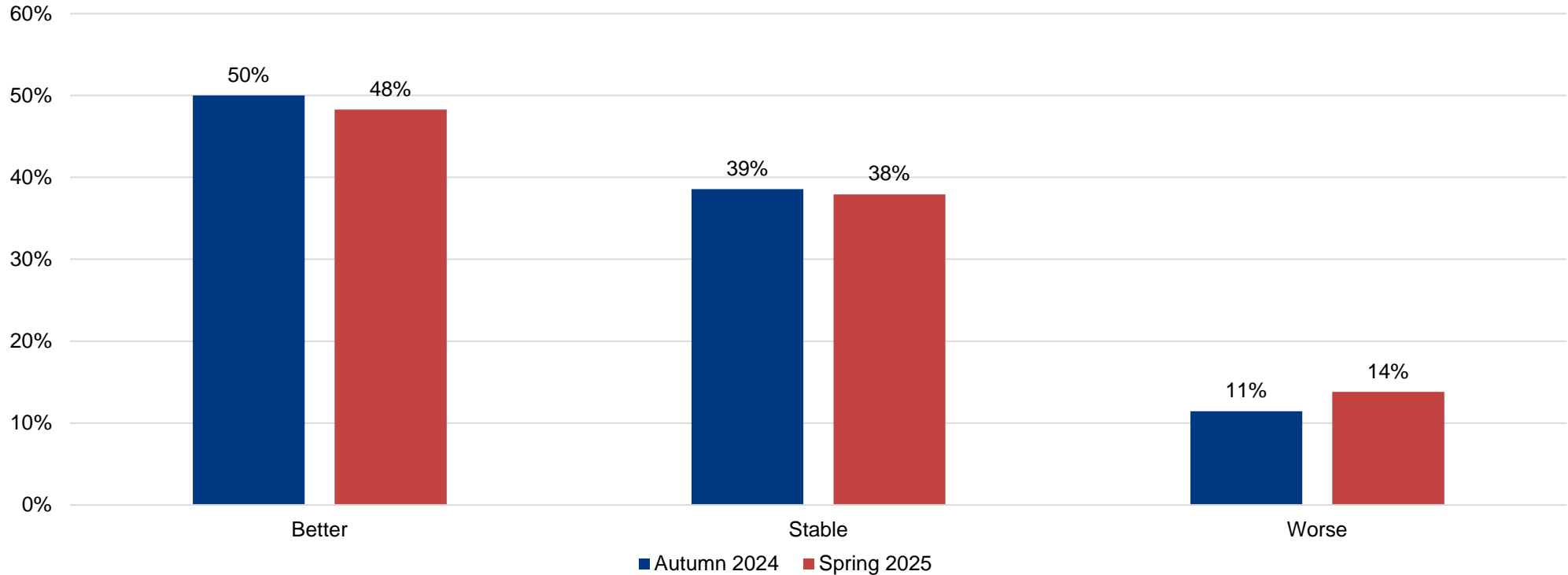


Currently, 47% view their own operations as performing positively or very positively, 34% as stable, and 19% as negatively. These numbers paint a similar picture to the autumn of last year, suggesting that most companies continue to operate reasonably successfully in the UK.



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



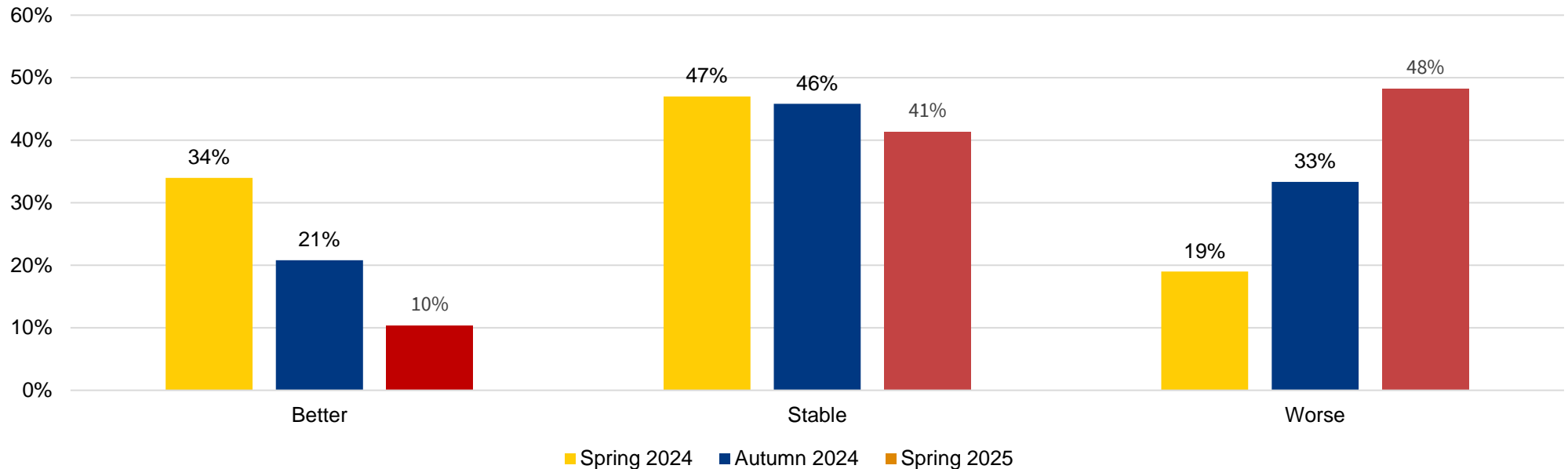
In line with the assessment of their current situation/performance, the overall outlook for the immediate future continues to be positive as well.



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

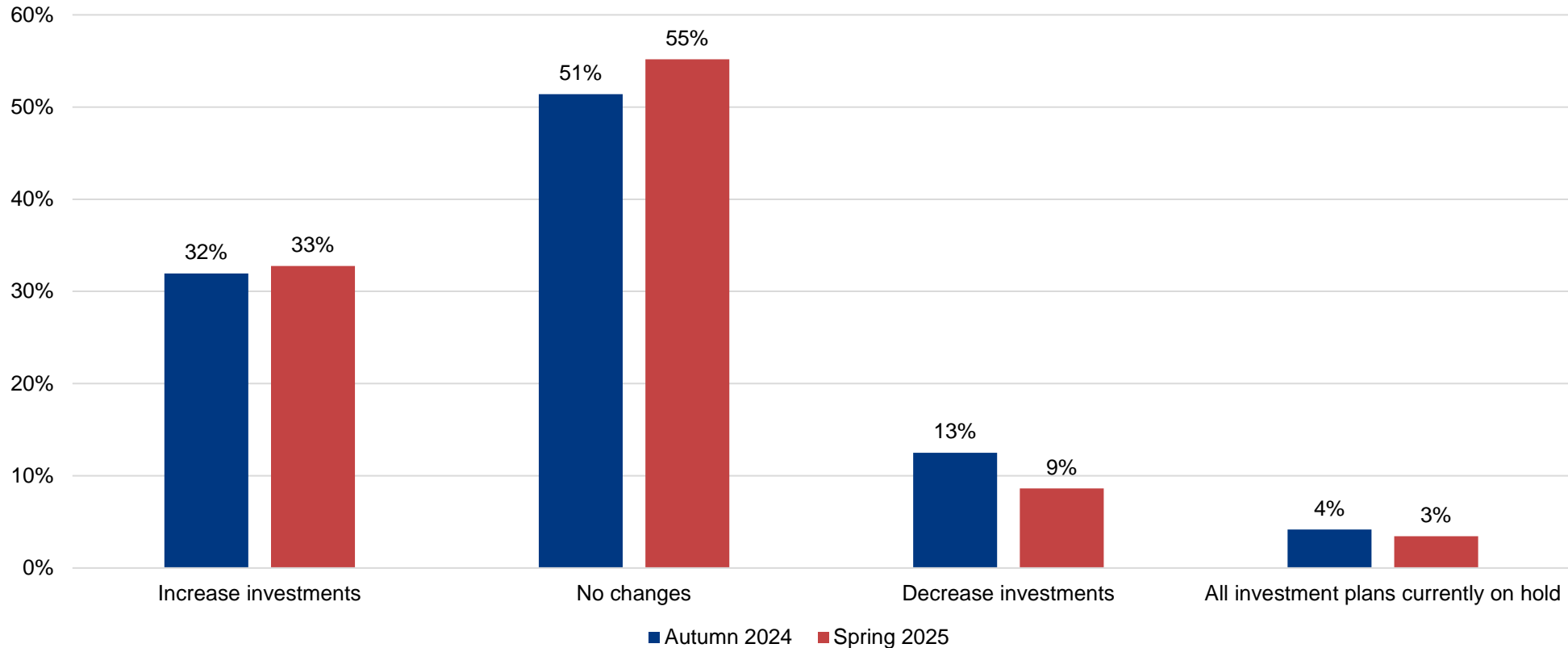


In contrast to the positive outlook for their own operations, the sentiment towards the overall development of the UK economy has continued to deteriorate compared to six and twelve months ago. Currently, only 10 % of firms (down from 21% in autumn 2024 and 34% in spring 2024) expect the UK economy to improve over the coming twelve months, with 48% expecting a sluggish performance (up from 33% in autumn 2024 and 19% in spring 2024).



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What are your medium-term investment plans?



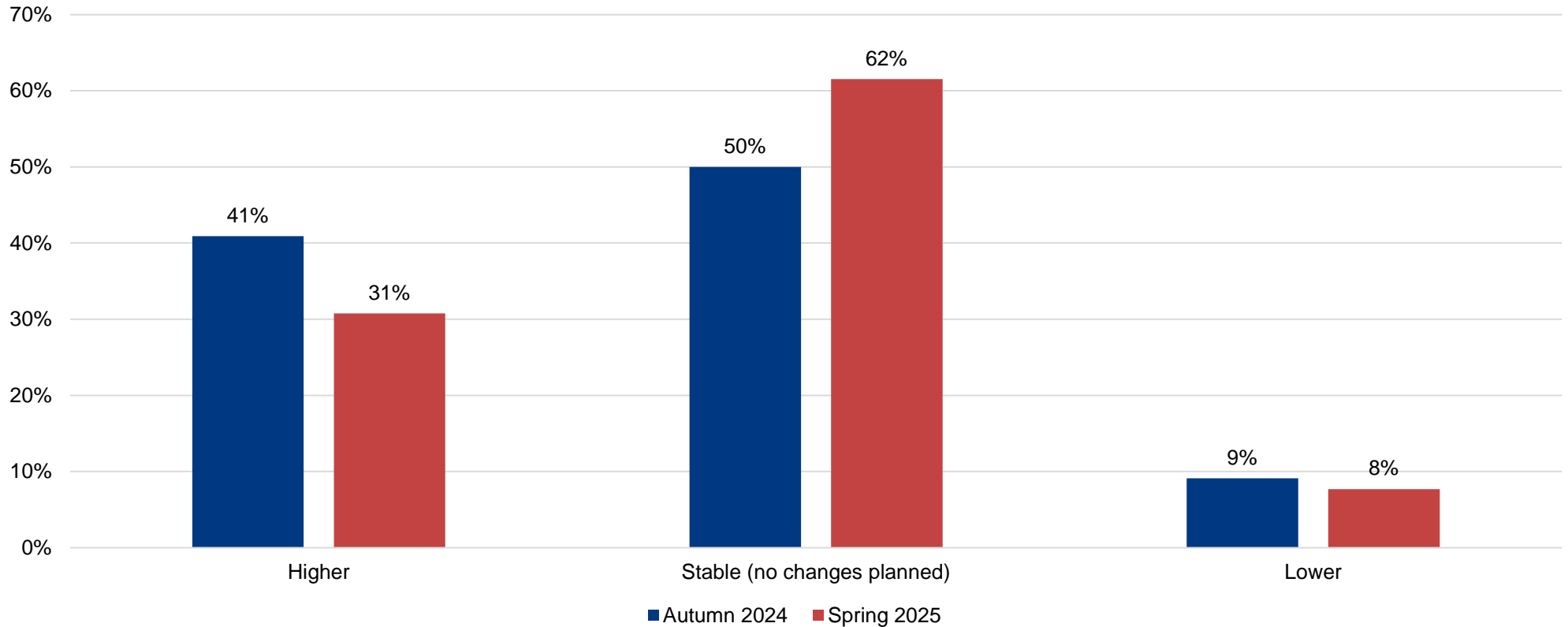
In comparison to the autumn survey's findings, the investment plans within the German-British business community have remained broadly unchanged, with one third aiming to expand their activities.



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



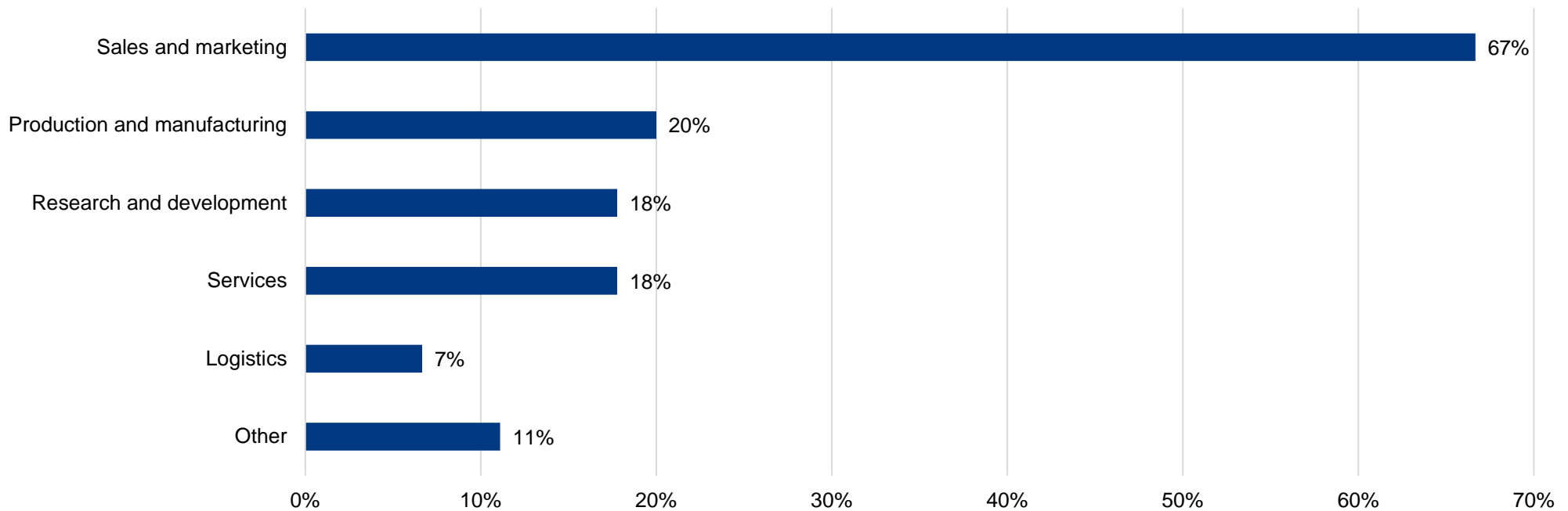
Approximately 30% of companies expect to hire new employees over the coming year – this is a slightly lower figure compared to autumn 2024, suggesting that in line with the more cautious overall economic outlook, the demand for labour has weakened somewhat.





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

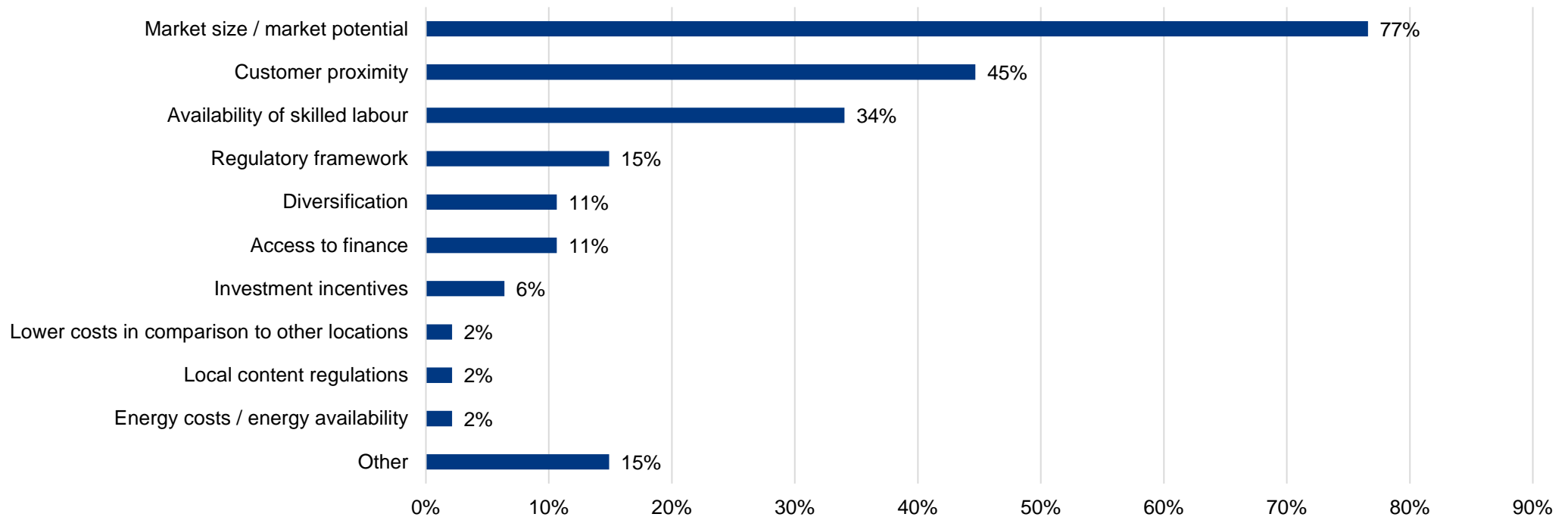


As in the past, the main reason for investing in the UK continues to be the importance of the British market, but the appeal as a manufacturing, as a research and development, and as a service location should not be underestimated.



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

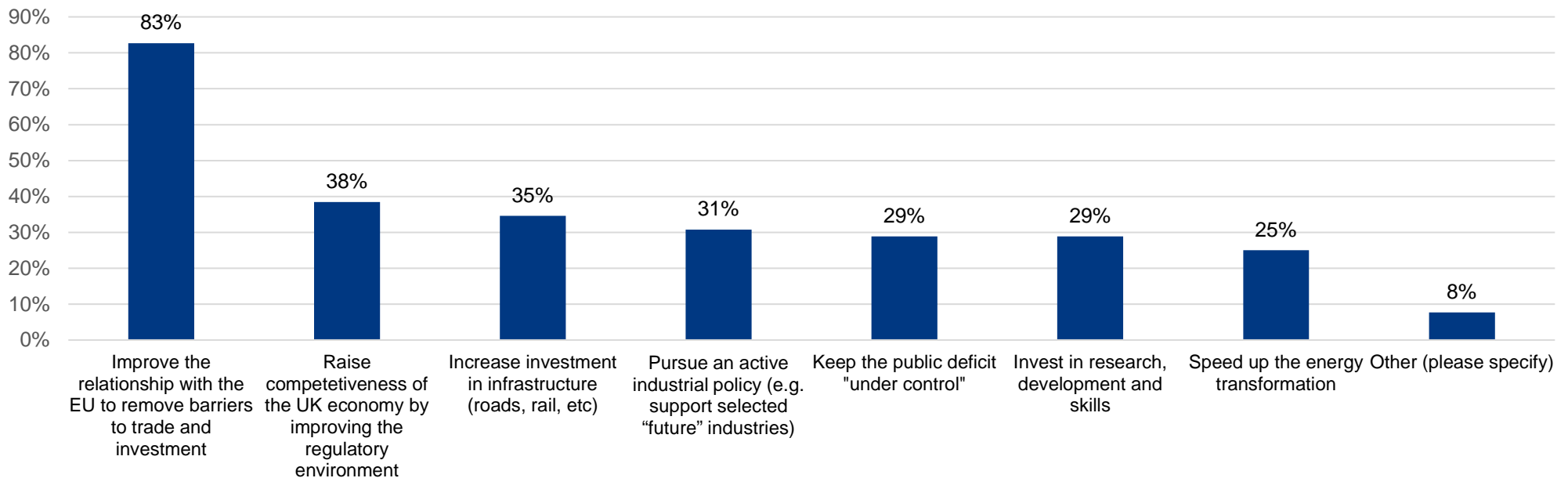


As aforementioned, the significance of the UK market is the key driver of German investment in the UK and the weighting of factors is comparable to previous surveys.



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



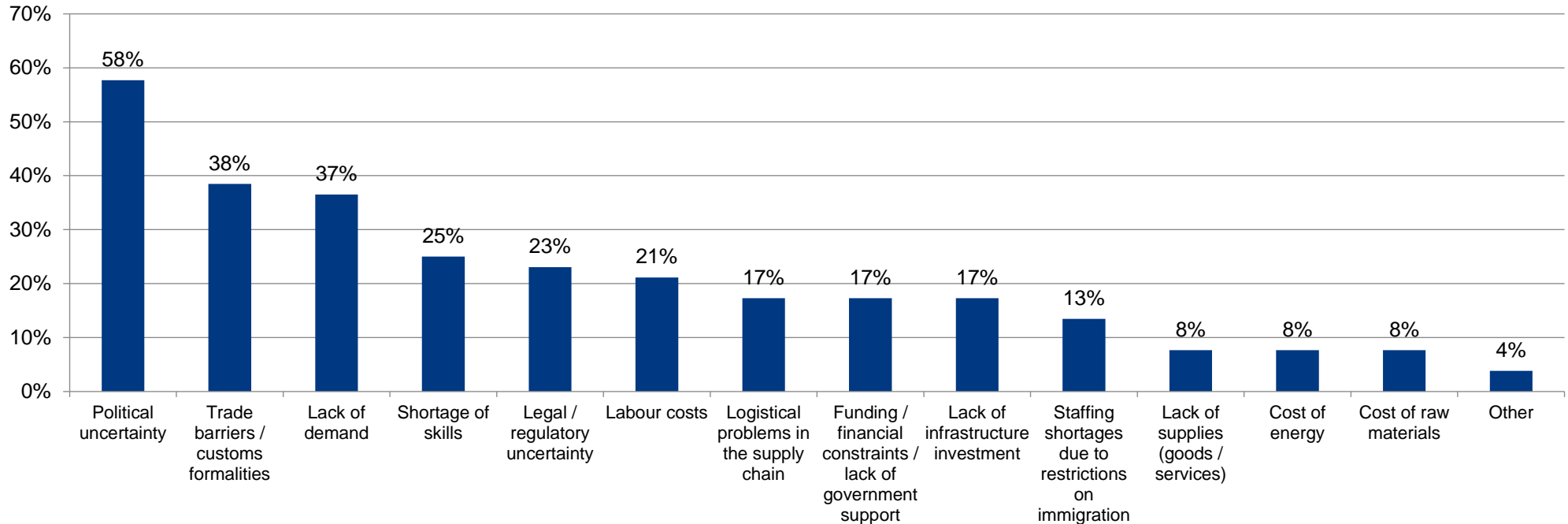
By a substantial margin, our community thinks that the UK Government's utmost priority should be to continue to improve relations with the EU (a similar figure to autumn 2024). Measures to improve the competitiveness of the UK regulatory framework and investment in infrastructure are also important for the business world. Pursuing an active industrial policy has somewhat moved down the list of priorities, whilst controlling the public deficit has grown in importance as a policy priority.



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



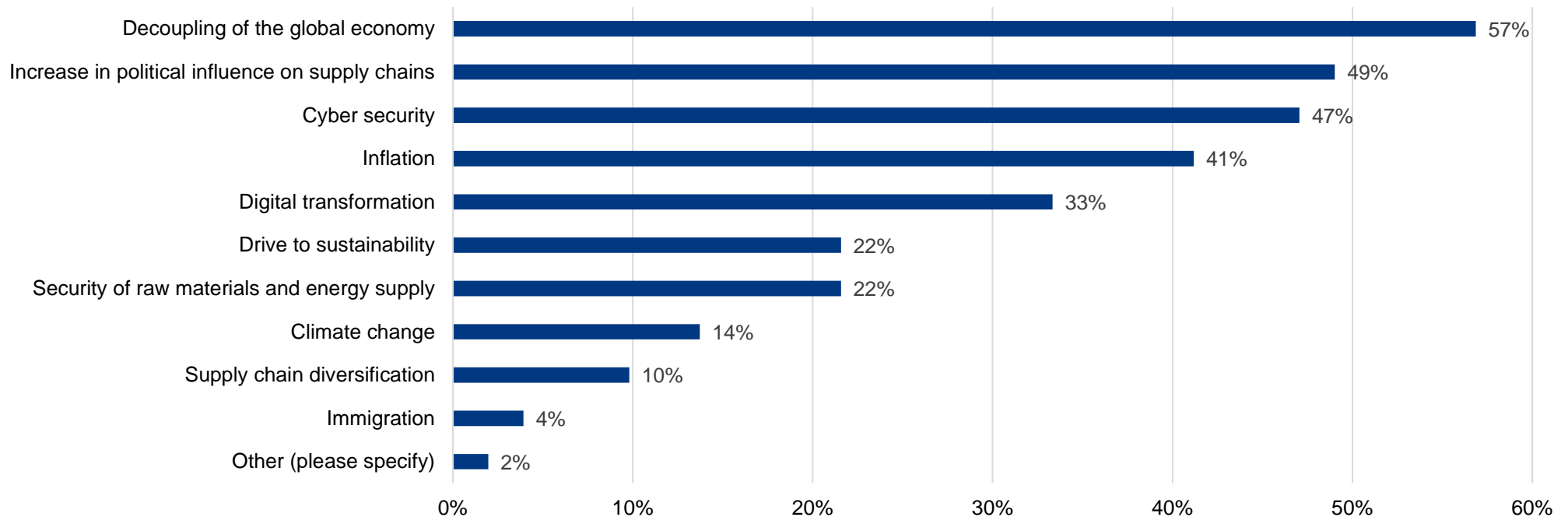
As in past surveys, political uncertainty, administrative hurdles resulting from Brexit, the politics of the new US administration, as well as lack of demand (as a result of the weaker economic outlook) continue to be major challenges for doing business in the UK. However, in line with the slightly weaker economy, addressing skills shortages has become somewhat less challenging.



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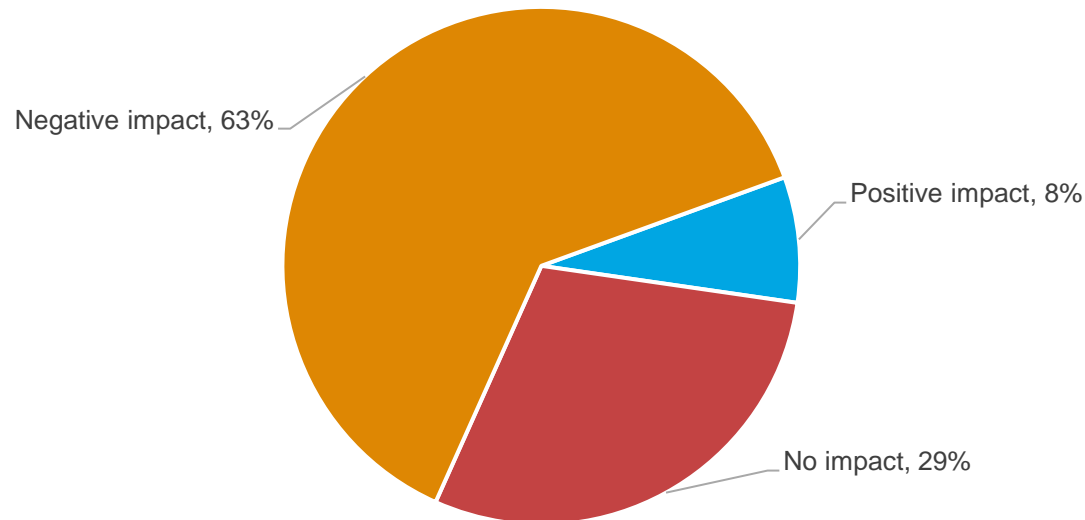
What are the biggest geopolitical challenges for your company over the next five years?  
(Multiple answers possible)



Assessing long term geopolitical challenges, the decoupling of the global economy and the political “interference” on supply chain structures feature most prominently, suggesting that the policies of the new US administration provide manifold challenges.

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What impact do you expect the new US trade policy to have on your company's UK activities?



As expected, the majority (63%) of companies, even those focused solely on the UK market, still expect to be negatively impacted by the current US trade policies, underlining the global interconnectedness of European trade relations.