

GERMAN INDUSTRY UK

THE VOICE OF GERMAN INDUSTRY IN THE UNITED KINGDOM



Key German Business Priorities for the Forthcoming UK-EU Negotiations for Brexit

(in cooperation with Airbus, Bayer, Boehringer Ingelheim, BOC, BSH Home Appliances, DB Schenker, DHL, E.ON, Mercedes-Benz, Miele, Siemens, ThyssenKrupp, Volkswagen and Helaba)

1. The UK has long been one of Germany's most important investment locations and markets worldwide. More than 15,000 German companies sell goods and services to the UK today, of which 2,000 have sales and service subsidiaries and 500 manufacturing plants here, employing some 500,000 British people in energy, financial services, life sciences, manufacturing, retail, transport and others. German direct and indirect investment in the UK stood at around £92 billion in 2014 and Germany exported goods to the UK to the value of around £74 billion in 2015.
2. The vote to leave the EU on 23 June 2016 by the British people potentially marks a fundamental change in how the UK trades with other countries. There are now many challenges for us and we have lost some of the certainty and stability of the UK market. We are concerned about the outcome of the negotiations between the British Government and the European Commission after Article 50 of the Lisbon Treaty has been triggered, probably in March 2017. These negotiations will have long-term implications for us.
3. It is therefore important that the British Government takes into account not only the views of British, but also of foreign businesses in the UK and as German business, we are very happy to cooperate as, following the vote of the British people, we want a smooth exit with minimum disruption of business.
4. These are the areas we are particularly concerned about:
 - A volatile exchange rate which we have already seen since the Referendum
 - Potential cost increases from possible new tariff and non-tariff barriers
 - Potential cost increases from possible new customs payments
 - Potential cost increases from future different rules and regulations in the EU and in the UK
 - Potential cost increases from higher transfer prices
 - Potential cost increases for re-organising our supply chains
 - Potential cost increases for company financing

Other concerns are that our employees may not be able to move freely between the EU and the UK and cooperation and joint ventures with British companies might become more difficult.

5. To build a successful future for the UK as a country where German companies want to invest, we recommend the British Government considers the following:
 - We would like continued free access without tariff and non-tariff barriers to the UK Market which is our biggest market worldwide after the US and France.
 - We would like continued free access without tariff and non-tariff barriers to the European Single Market for our exports from the UK.
 - We would like the UK to protect the economic and social benefits of EU funded projects, in particular the EU's Horizon 2020 Innovation and Research Scheme.
 - We would like to see the continued harmonisation of safety and environmental standards for global industries or sectors (e.g. aviation and automotive industries) where both parties benefit.
 - We would like the red-tape around the future movement of labour kept to a minimum as we need to deploy skilled people to and from the EU. That includes apprentices.
 - We would like the British Government to clarify the rights of German and other EU citizens living and working in the UK and vice versa.
6. However, we appreciate there could potentially be new opportunities for some of us exporting from the UK if and when the UK negotiates new trade deals outside the EU, which could be as advantageous to our companies here as it will be to British companies.

30 January 2017