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Why Germany is so crucial to the Welsh economy from inward investment to tourism

Chief executive of German Industry UK, Dr Bernd Atenstaedt, fears that investment by German firms into Wales will fall in the event of a no deal



(Image: Getty Images)

The huge importance of Germany on the Welsh economy has been highlighted by German Industry UK.

The body, which is based in Criccieth in Gwynedd, is the voice of German business in the UK.

With continuing uncertainty over the UK's future trading relationship with the European Union, here its chairman and chief executive, Dr Bernd Atenstaedt, explores the huge trading ties between the two countries and a why a no deal could see inward investment from German firms into Wales declining somewhat.



Dr Bernd Atenstaedt

The total value of Welsh exports, goods and services worldwide, is now £17.2bn per annum. 61% of Welsh exports of goods and services go to the EU.

And 39% of Welsh imports and services come from the EU.

Of the Welsh exports to the EU, 18% go to Germany. Germany is the top export destination for Wales.

The six main Welsh exports in goods to Germany are (in this order) transport equipment, road vehicles, electric machinery, iron and steel, medicinal and pharmaceutical products, power generating machinery and equipment.

Germany is therefore important for the Welsh economy.

For the UK there are 2,500 German firms employing 450,000.

German investment in Wales

There are now some 70 German owned companies in Wales employing more than 12,000 people.

They include:

- Supermarkets Aldi and Lidl, both with up to 2,000 employees and head offices in Cardiff.
- Prepared food manufacturer Rowan Foods (Oscar Mayer) with 950 in Wrexham.
- Bus company Arriva with 600 with a head office in Bangor.
- Diagnostic solutions company Siemens Healthcare with 500 in Llanberis.
- Windfarm developer npower Renewables, with a head office in Port Talbot and 350 employees.
- Sealant solutions company Freudenberg Oil and Gas Technologies in Port Talbot and plastic fabrication company Ensinger in Rhondda Cynon Taf, each with some 300 employees.

There is also another major, but only partly owned German company in Broughton, North East Wales, Airbus with 6,500 employees.

Wales is therefore important for German business.

Tourism

A million foreign tourists visit Wales every year, the main countries of origin are (in that order) the Republic of Ireland, the USA and Germany.

Some 12% of all overseas tourists, altogether 120,000 Germans come to Wales every year.

Germany is therefore important for Welsh tourism.

Post Brexit



Eluned Morgan (Image: Robert Melen)

After Brexit As the new Minister for International Relations of the Welsh Government, Eluned Morgan, said recently, Brexit makes the need for a new strategy for Wales all the more urgent.

Strengthening the special relationship with the US may be of great importance for Wales,

However, the valuable relationship with Germany should also be encouraged as Germany will continue to be of great importance to the Welsh economy and of course Germany is an important member of the EU and will provide the next President of the European Commission.

The trouble is that Wales voted to come out of the EU in June 2016 which did not go down too well in Germany. We wanted Wales to remain.

Here Scotland has a great advantage over Wales as the Scots voted to remain which was very welcome in Germany.

As it is, investment of the 70 German companies in Wales is now on hold waiting for the outcome of the Brexit negotiations. If it comes to a no-deal on 31 October with border controls, tariffs etc, I expect investment from German companies in Wales will decline somewhat.

However, I am confident established German business with Wales will continue more or less as before.

That will probably go for established Welsh exports to Germany also and of course for tourism.

The relationship between Wales and Germany has always been strong and should continue.

Many town twinnings, like Cardiff and Stuttgart, and partnerships between Welsh and German universities will keep the Welsh-German relationship going and of course the 130,000 or so Germans living and working in Wales, who will have settled status, are another stabilising factor.

The Welsh Government has recently opened two new offices in Germany, in Berlin and Dusseldorf, to underline the Welsh Government's determination to maintain, and even further strengthen, the relationship between the two countries after Brexit.

Brexit should not dampen the partnership with Germany.

This is very welcome. Hopefully, there will be enough government funding for this initiative to have an impact in Germany.

<https://www.business-live.co.uk/economic-development/germany-crucial-welsh-economy-inward-16789859>