



## German-British Business Outlook Autumn 2023



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Chamber of Industry & Commerce  
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## Executive Summary:

**Assessing the performance of their own activities in the UK, the German-British Business community is currently not as positive as it was six months ago. However, when looking ahead the mood continues to be optimistic.**

Regarding the overall development of the UK economy, our community continues to be very cautious. Nevertheless, nearly 40% of respondents will invest more in the medium term and a similar number expect to employ more staff.

Even if the main reason for investing in the UK is the importance of the British market (50% plan to invest in sales and marketing activities), her appeal as a manufacturing location should not be underestimated, as approximately 30% of respondents plan increase investment in production and manufacturing activities.

Political uncertainty and the lack of demand (because of a relatively weak economy) now feature most prominently as challenges for our businesses. These are followed by trade barriers, shortage of skills and labour costs. In comparison to spring, energy costs have moved down the agenda from third to sixth position.

In terms of the effects on their own business operations, the Windsor Framework and the resulting improvement in the relationship between the EU and the UK is viewed more positively than six months ago. Now 42% (versus 29% in spring) expect this to have a measurable positive impact on their business activities.

With regard to long term geopolitical challenges, inflationary pressures are expected to continue to be an issue. Political “interference” on supply chain structures, as well as general issues around the security of supply of energy and raw materials, have somewhat moved down the agenda.



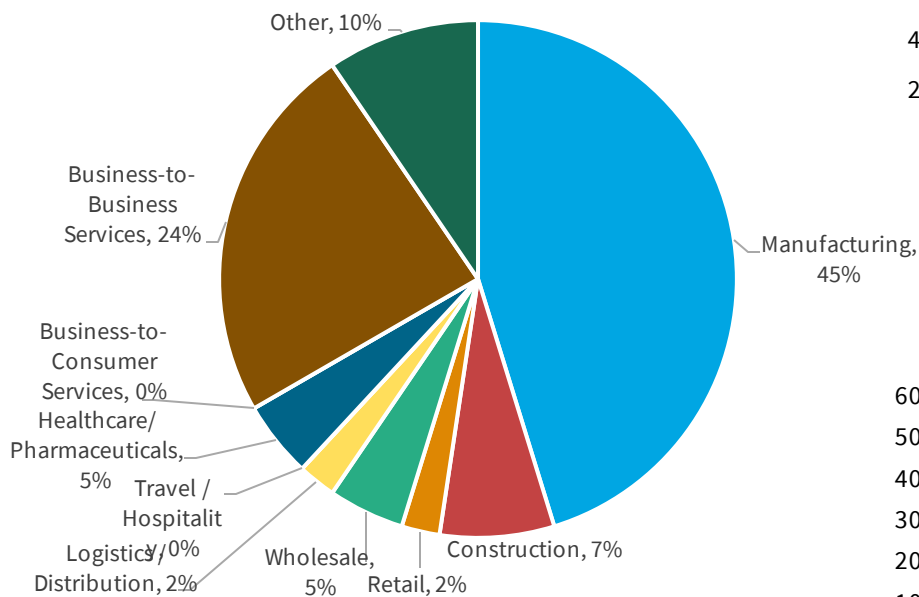
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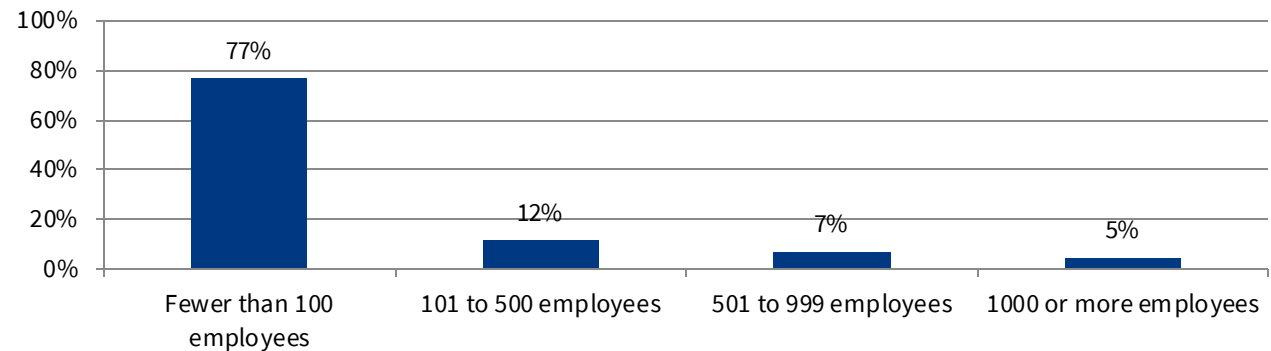
## The survey and its participants:

51 online interviews between 6 and 16 October 2023 with companies from the German-British business community, which have operations in the UK

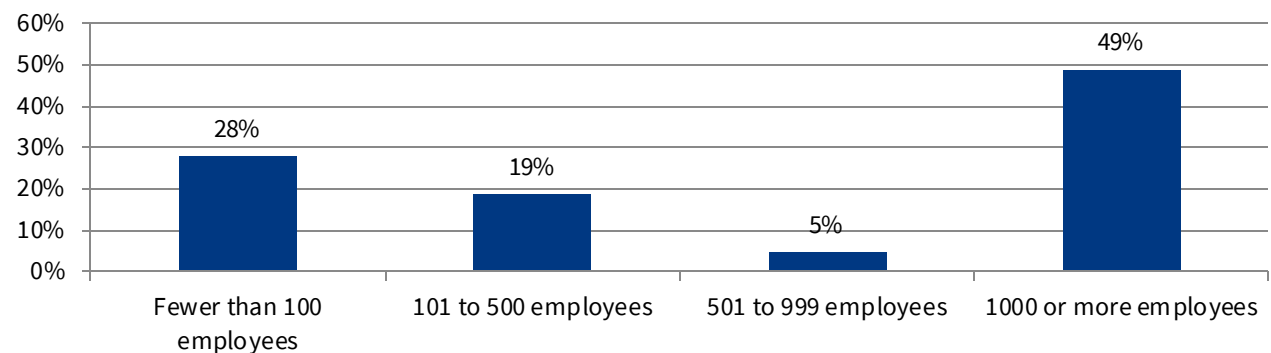
In which sector is your company predominantly active?



How many employees do you have in the United Kingdom?



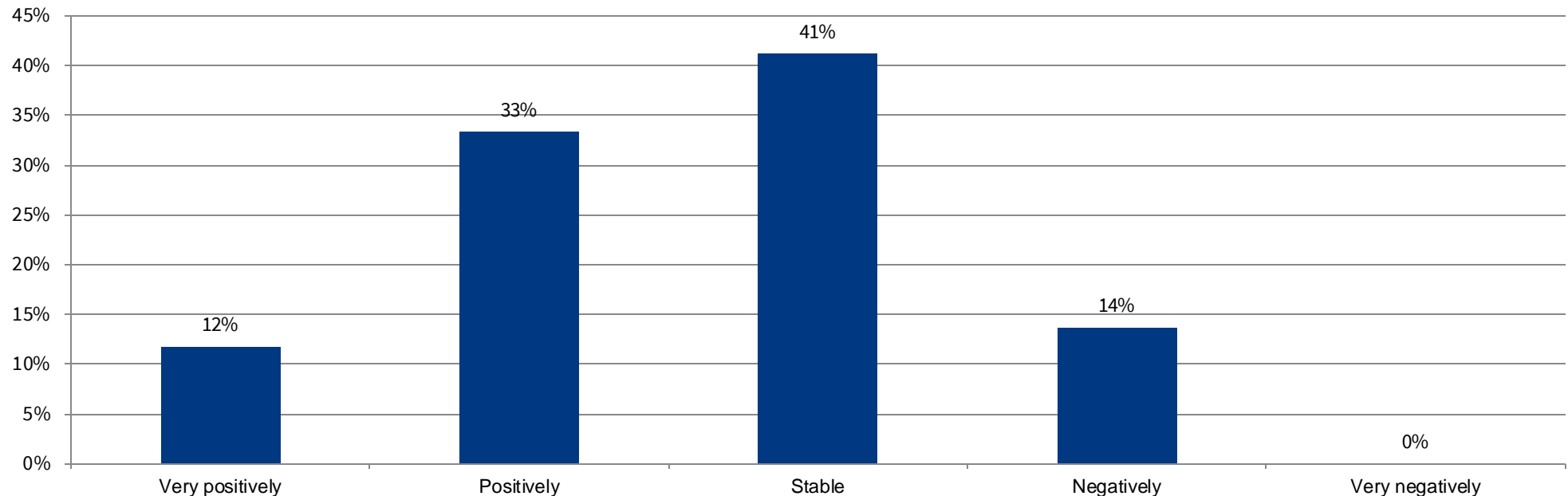
How many employees do you have worldwide?



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



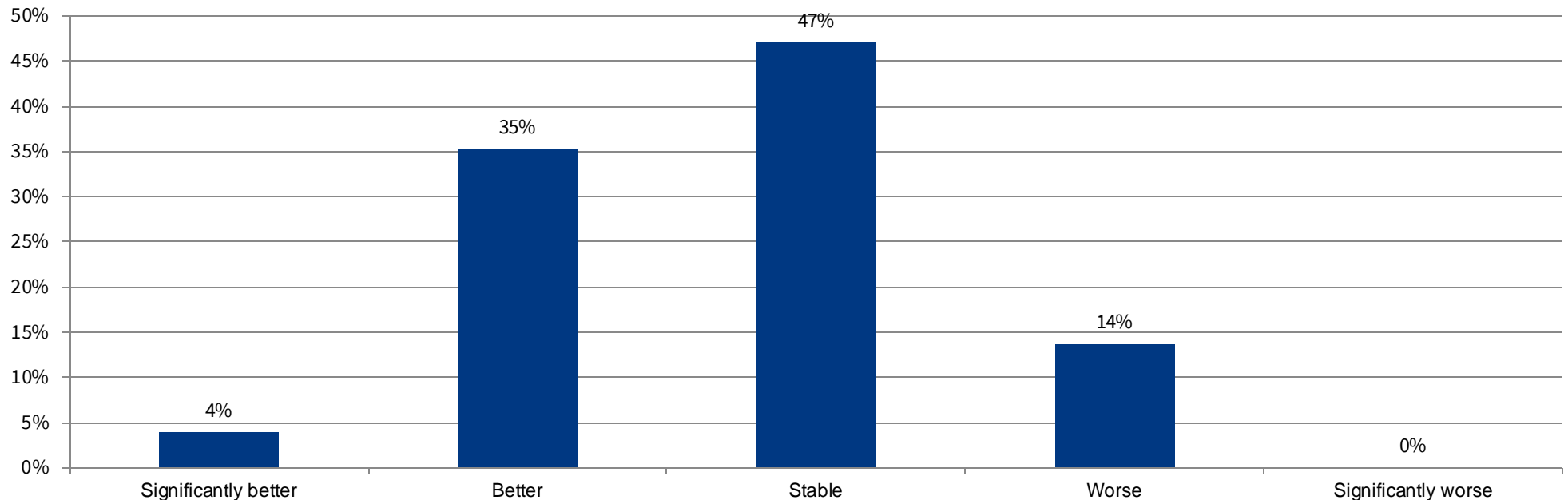
Currently, 45% view their own operations as performing positively or very positively, 41% as stable, and 14% as negatively. These numbers represent a somewhat deteriorating picture in comparison to spring 2023, suggesting that, in terms of their operations in the UK, companies are currently facing stronger challenges.



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



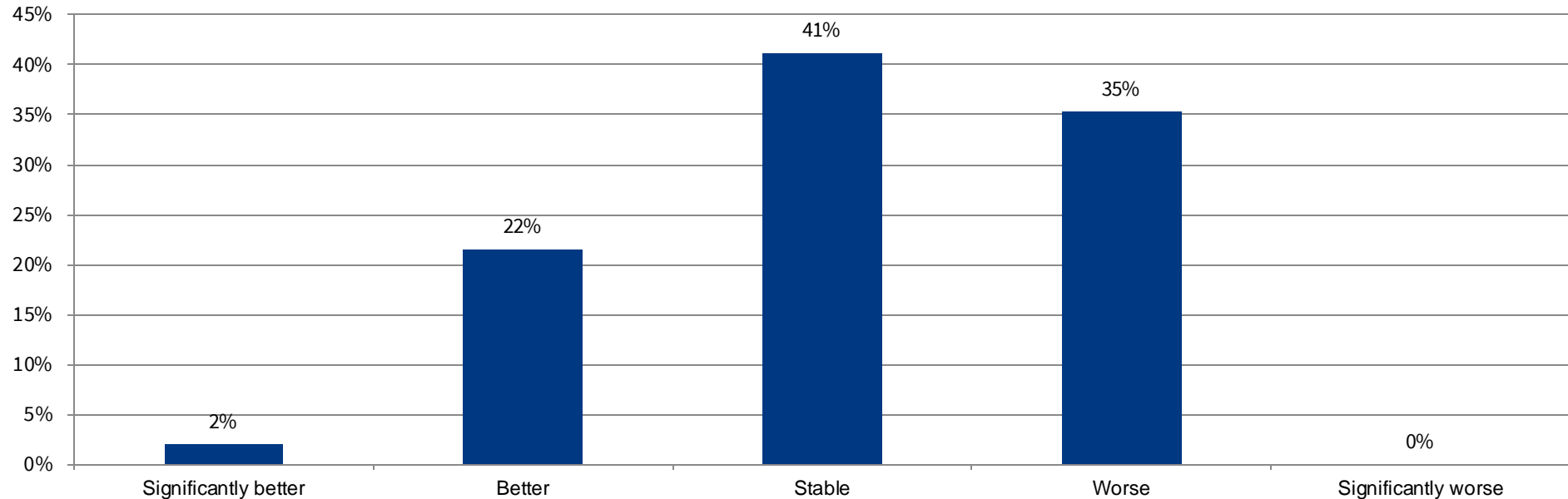
Despite the current situation being viewed as more challenging than six months ago, the outlook for the immediate future is as positive as in spring of this year, with roughly 40% expecting their business to perform better over the coming twelve months.



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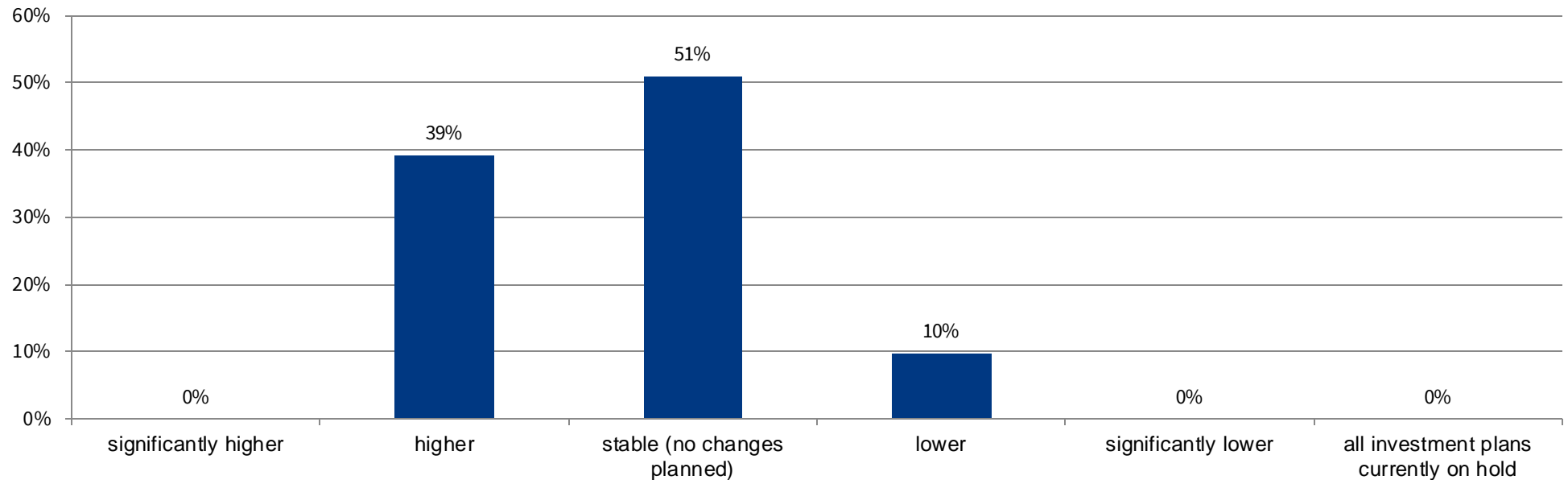
How do you expect the United Kingdom's economy as a whole to develop / perform over the coming 12 months?



Regarding the overall development of the UK economy, the sentiment has not changed to six months ago, as firms continue hold cautious views: only 24% expect the UK economy to perform better over the coming twelve months, with 35% expecting it to perform worse.

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In the medium term, your future investment in the UK will be...

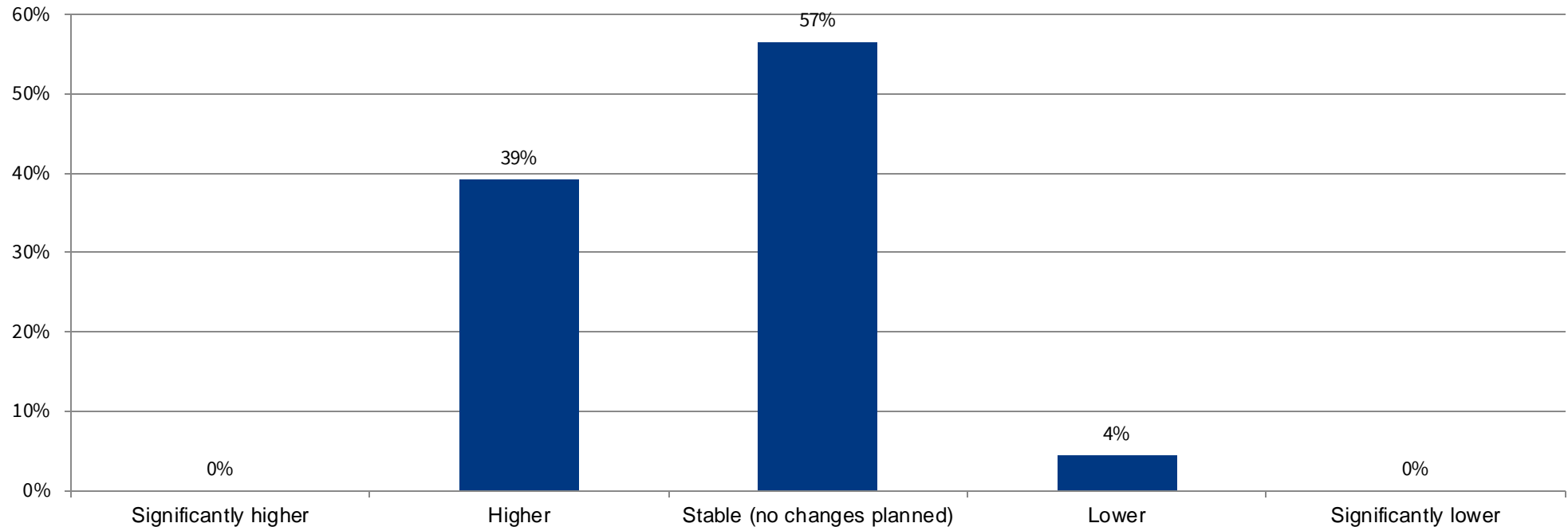


In comparison to six months ago, the investment plans of the German-British business community have experienced a positive development, as nearly 40% aim to expand their activities – a reflection of the positive outlook for their own business activities in the UK.



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



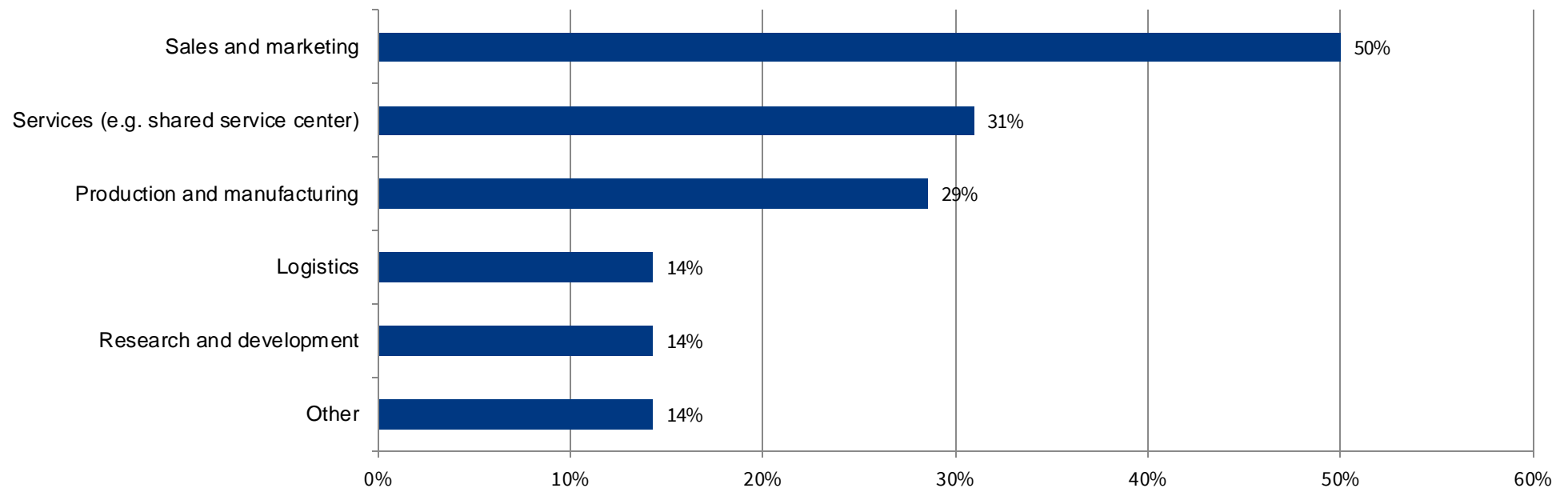
Now, approximately 40% of companies expect to hire new employees over the coming year – this is a somewhat lower figure than in spring 2023 (46%). Even so, demand for labour continues to be strong.





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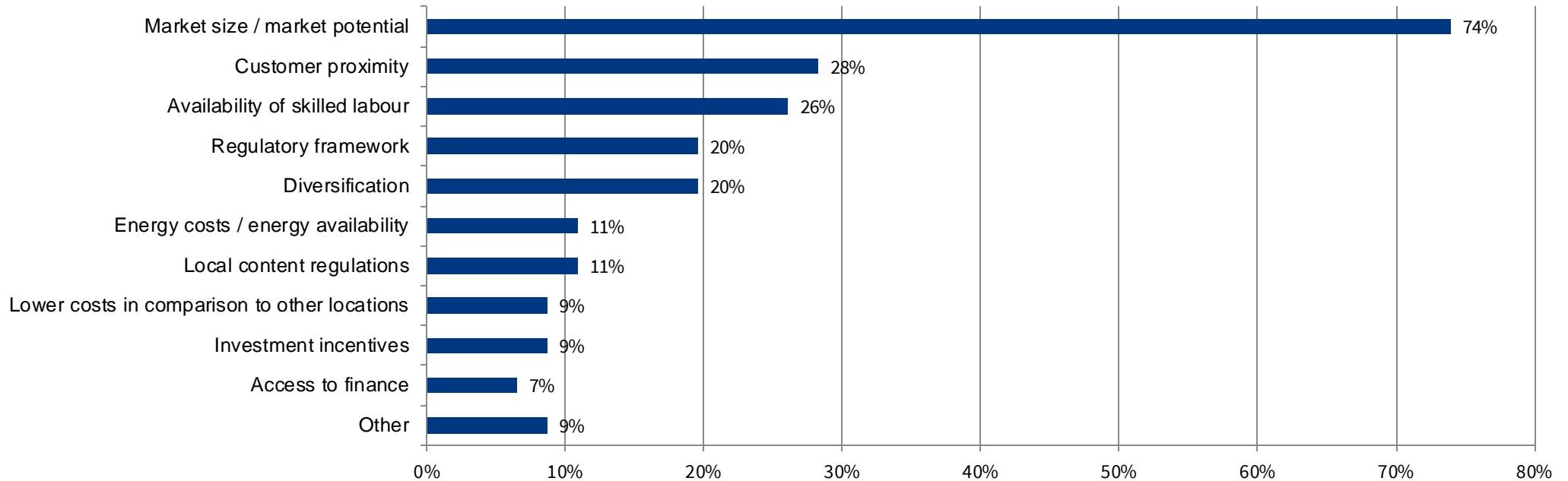
In which areas do you currently make or are planning to make significant investments in the UK? (Multiple answers possible)



The main reason for investing in the UK is the importance of the British market, but the appeal as a manufacturing location should not be underestimated.

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

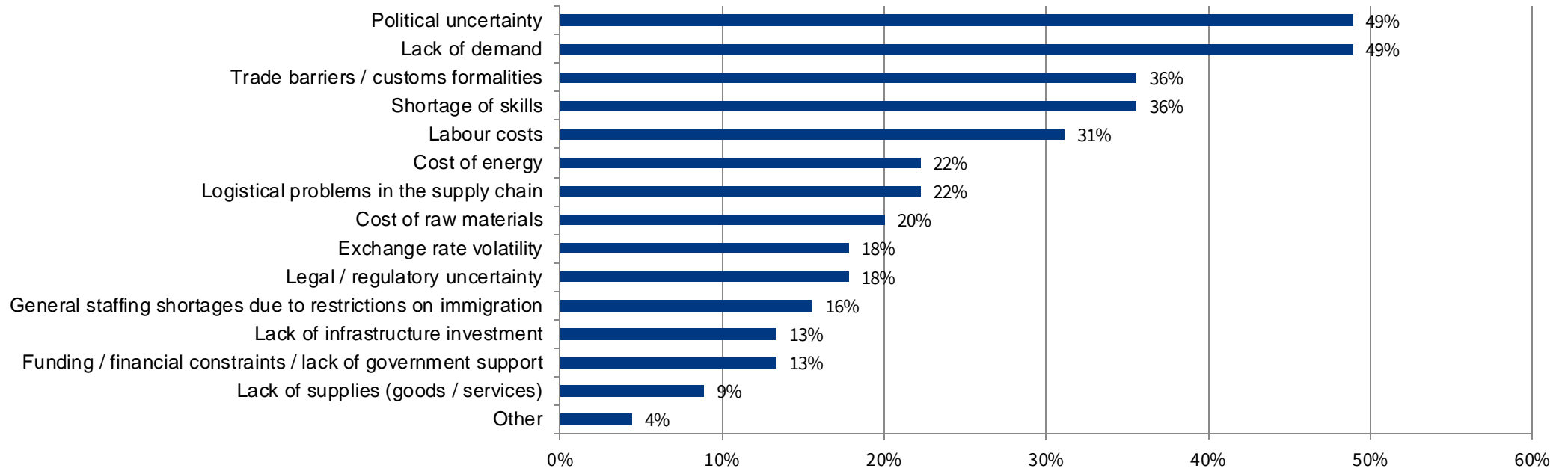


As mentioned before, the significance of the UK as a market is the key driver of German investment in the UK.



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

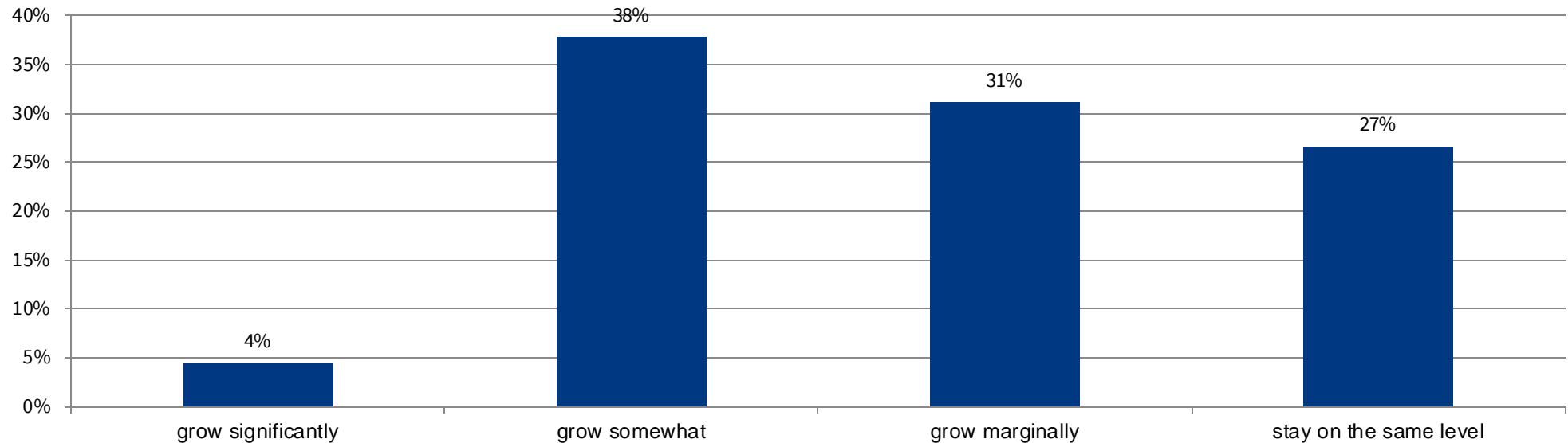


In comparison to spring of 2023, political uncertainty and lack of demand have moved into pole position (in spring of this year they were further down the agenda, i.e. in 6<sup>th</sup> and 5<sup>th</sup> position) as challenges for doing business. The cost of energy does not feature as prominently as six months ago, but the shortage of skills and administrative hurdles as a result of Brexit are still high up on the agenda for our businesses.



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As a result of the recent improvement in the overall economic and political relationship between the EU and the UK, do you expect your business activities in the UK to...

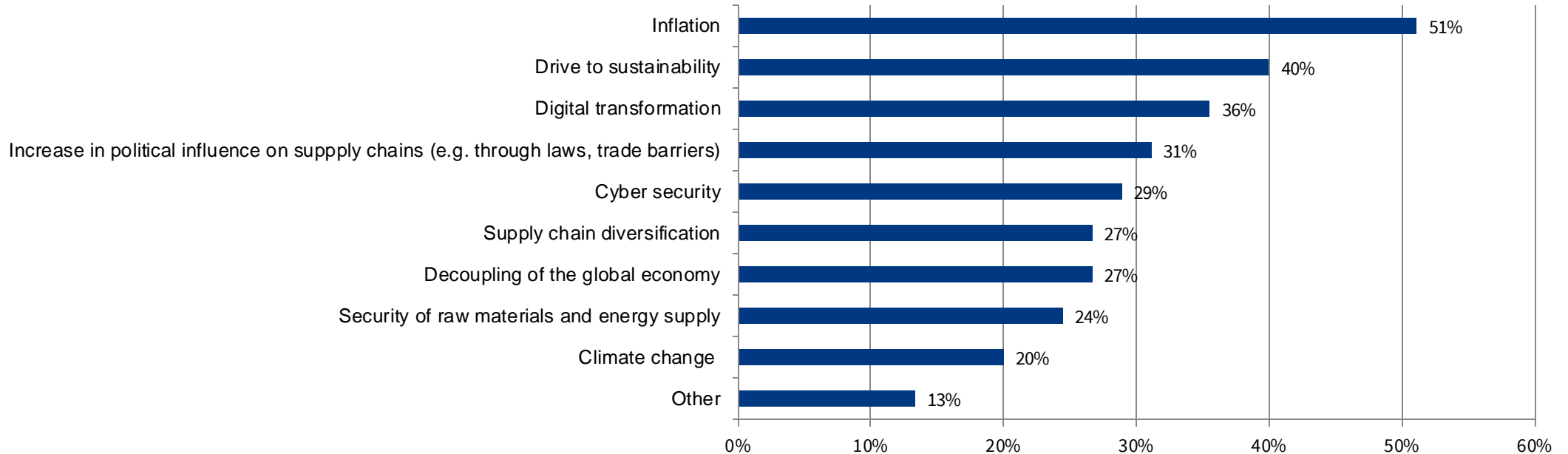


In terms of the effects on their own business, the recently concluded Windsor Framework and the resulting improvement in the relationship between the EU and the UK is viewed more positively than six months ago. Now 42% (versus 29% in spring) expect it to have positive effect on their business activities.



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



With regard to long term geopolitical challenges, inflationary pressures are expected to continue to be an issue in the years to come. Political “interference” on supply chain structures, as well as general issues around the security of supply of energy and raw materials have somewhat moved down the agenda.