



Germany's Reaction to Brexit

Germany, one of the largest export nations in the world, is concerned about the consequences Brexit could bring. The UK plays a key role for German businesses as it is the fourth largest trading nation for Germany after the USA, China and France.

BMW is expanding its UK warehousing near the channel to have buffer stock should there be any customs problems. Most of the parts used to manufacture the Mini series come from mainland Europe. The Mini Cabrio and Countryman are already being produced in the Netherlands and one consequence of Brexit is that more production may be lost in the UK.

The statistics from the VDA, the German Automobile Association, underline how important the UK is for the German car manufacturing industry. The UK is the biggest car export nation for Germany in the world. In 2017 almost 18% of the entire global German car exports went to the UK.

Politically, Germany is warming up for Brexit and is looking to employ 900 new customs officials to deal with customs controls that businesses may face. The German Chemical Association (VCI) has calculated that it could be faced with customs costs of up to 200 million euros in future for an export volume of 11.2 billion euros to the UK.

Similarly, to UK businesses Germany businesses want clarity on the issue. High-profile Germans recently wrote an open letter to *The Times* newspaper stating their regret that the UK has decided to leave the UK. Uncertainty does not aid any future investment decisions.

The *Handelsblatt* fears that Brexit will drag on and on and could lead to chaotic circumstances if 'No-Deal' happens. The cost to the German industry could amount to

up to 9 billion euros, with the car industry suffering the most, followed by the chemical and food industries. Hans-Olaf Henkel, a 'voice' of Germany industry and current MEP sums up the general mood, stating that Brexit is a 'lose-lose' situation.

To conclude, the German public, businessmen and businesswomen, are concerned about the consequences of Brexit and regret that the UK is leaving the UK.