

German businesses 'reluctant' to invest in UK over Brexit uncertainty

German Industry UK needs 'certainty and clarity about way forward sooner rather than later'

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GIUK said German business would like continued free access without tariff and non-tariff barriers for exports to the UK, plus continued free access to the EU for exports from the UK. Photograph: Guenter Schiffmann/Bloomberg

German business leaders have issued a strongly worded statement warning they are reluctant to invest in Britain because of Brexit uncertainty.

The intervention from German Industry UK (GIUK), which represents firms including carmakers BMW and Mercedes-Benz as well as the Lufthansa airline, came as the UK's largest carmaker, Jaguar Land Rover (JLR), said a bad Brexit deal would put £80bn of investment and 40,000 jobs at risk.

Amid mounting anxiety from some of the UK's largest manufacturers, politicians from both sides of the House of Commons lined up to criticise the government's attitude towards business concerns during Brexit negotiations.

The Liberal Democrat leader, Vince Cable, accused the government of treating major employers with “complete contempt” by failing to listen to their concerns. Cable said he knew JLR boss Ralf Speth from his tenure as business secretary and that the German boss of the carmaker was “not bluffing” when he said on Wednesday that the firm’s place in the UK would be untenable in the event of a hard Brexit.

The shadow business secretary, Rebecca Long-Bailey, warned that Tory infighting over the nature of the UK’s departure from the European Union was putting jobs and investment at risk.

“They cannot continue to spar with each other and play ideological games whilst British jobs and industries are being pushed off the edge of a cliff,” she said.

The cabinet is due to meet at Chequers on Friday in an effort to thrash out disagreements among ministers about the right Brexit plan to pursue.

Just 24 hours before the summit, representatives of German firms employing 400,000 people in the UK joined JLR in issuing a dire warning about the impact of ongoing uncertainty. GIUK, whose members also include the train and bus operator Arriva – owned by the Germany’s state-owned rail company – and the steel producer ThyssenKrupp, said it needed “certainty and clarity about the way forward sooner rather than later”.

Bernd Atenstaedt, the chairman and chief executive of GIUK, said: “There is some reluctance from German business to invest in the UK with projects on hold because of the uncertainty about the future and, with only nine months left before the UK leaves the EU, time is running out.”

GIUK said German business would like continued free access without tariff and non-tariff barriers – such as customs checks – for exports to the UK, plus continued free access to the EU for exports from the UK, which is one of Germany’s most important export markets.

Atenstaedt told the Guardian that many GIUK members would not go as far as aerospace company Airbus, which has threatened to cut back their operations in the UK in the event of a hard Brexit.

JLR, the UK’s largest automotive business, this week became the latest manufacturing powerhouse to say it could be forced to withdraw investment from Britain in the event of a hard Brexit.

The warning sparked renewed criticism of the government’s attitude to industry, just days after the foreign secretary, Boris Johnson, was reported to have said “fuck business” when asked about employers’ Brexit concerns.

Cable said: “I got to know Ralf Speth well enough to know that he’s not bluffing when he says JLR’s position is that a hard Brexit would make the company’s position in the UK untenable.

“The Conservatives should listen. But there’s no evidence that they are willing to treat major employers with anything other than complete contempt.”

A spokesperson for the prime minister said the government took the views of the business community seriously. The spokesperson added: “We also know the importance of providing certainty as we leave the EU. We’re looking forward to providing further details in the white paper. But I would also make the point that we have already successfully negotiated an implementation period, so firms will be able to trade on the same terms as now until the end of 2020.”

Conservative MP Owen Paterson attracted criticism after brushing off JLR’s concerns in an appearance on the Radio 4 Today programme, claiming the company would be in a “wonderful position” and could buy car parts more cheaply.

Labour MP Alison McGovern, whose Wirral South constituency includes Vauxhall’s Ellesmere Port plant, said Paterson did not understand the automotive industry, particularly its use of “just-in-time” supply chains that require precision timing.

“It is quite stunning that Owen Paterson thinks himself better placed to comment on Jaguar Land Rover’s future than their own CEO. Perhaps even more striking is his obvious total ignorance of the just-in-time supply chains which make the car industry profitable and the fact that it is not tariffs but non-tariff barriers which would be the major obstacle to manufacturers in a no-deal Brexit.

“People in manufacturing towns across Merseyside, the north and the Midlands know all too well what it feels like when Tories show they just don’t care about our communities and our families’ livelihoods and they will not stand for it.”

A senior figure at one manufacturing trade body with strong ties to the automotive sector said: “I don’t think we’d dignify Owen Paterson’s remarks with a response because they’re not worth anything.”

Maria Eagle, whose Garston and Halewood constituency includes JLR’s Halewood plant, said the company was rightly concerned about the “appalling effects of the extreme Tory hard Brexit supported by half the cabinet and a hardline cabal of Brexit extremists”.

She said: “It’s about time this appalling government put the interests of the people of this country above their own manoeuvring to stay in office. Otherwise, our manufacturing industry faces total destruction.”

The EEF manufacturers’ trade body said: “This is not just an issue for big companies, however, but those SMEs who are also heavily exposed in the major supply chains and, as yet, are unable to know what scenario they are planning for. Time is now running out to secure the frictionless and tariff-free relationship we need with the EU if there are not to be serious consequences right across UK industry.”

Meanwhile, a survey by Scottish Engineering has found that just 1% of its members were positive about Brexit. Its chief executive, Paul Sheerin, said the organisation was worried about “a deeply concerning stance to business coming from parts of the UK government”.