

Brexit: A German View



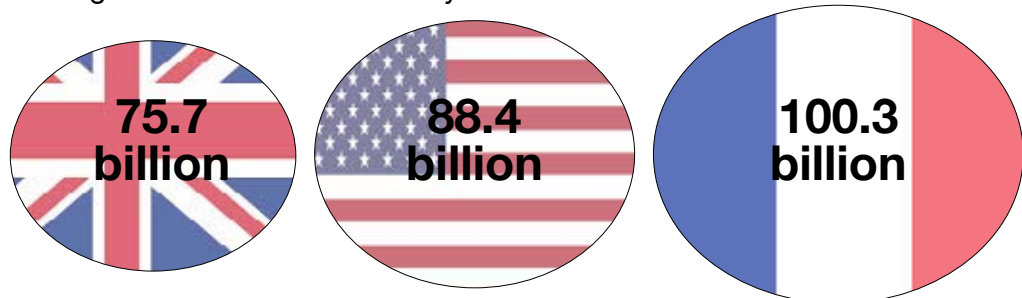
Should the Conservative Party win next year's general election the British people will get a referendum on whether or not the nation will stay within the European Union. The pledge from Prime Minister, David Cameron might lead to Britain leaving the EU, a scenario that has been coined as the Brexit.

This prospect is creating excitement and fear in equal amounts, as media and other commentators prophesise about the implications for Britain and the impact an exit might have on the EU itself. From this small island it is not always easy to gauge the perceptions of external audiences that have a stake in this decision. Arguably the country where the consequences of a Brexit would be most acute is Germany; an economy that counts the UK among its key export destinations and with an economic environment whose liberalism is more akin to the UK's ethos than other prominent EU members.

This short paper, written in collaboration with Linstock Communications' German partner, Kohl PR, assesses how a Brexit is viewed from a German perspective. It brings together the comments, sympathies and concerns of German industry and German media. Importantly it seeks to identify these views from a communications standpoint, so that UK businesses and policy makers can understand the position from which subsequent dialogue and communications on the issue of a Brexit can build.

Germany and Britain as trading partners

Statistics from the German Federal Statistical Office illustrate how significant Britain is as a trading partner for Germany. In a list of the ten most important trading partners in 2013, the UK ranks third with 75.7 billion euros, France being the biggest (100.3 billion euros) followed by the United States of America (88.4 billion euros). The UK is a decisive market for German goods; it is the market from which the UK imports more goods and services than any other.



By way of comparison, Germany is the UK's second biggest export market – although the UK ranks as only the sixth most important country for German imports.

What German industry thinks about a Brexit

Given the strength of commercial ties between Britain and Germany, it is interesting how the representatives of German industry think about the prospect of a Brexit. The former president of the **Association of German Chambers of Commerce and Industry** (Deutscher Industrie- und Handelskammertag, DIHK), **Hans Heinrich Driftmann**, warned in January 2013 that a British exit would damage the UK economy and lessen its political weight in the world. As Britain's advocacy of economic liberty has paved the way for the Single European Market in the past, the British departure would also be harmful for Germany, said Driftmann. He indicated that all the advantages of the Single European Market would be dropped. In the end, Britain would be forced to settle for several separate trade agreements with the European Union and third countries.

Volker Treier, deputy managing director of the **DIHK**, assessed a British exit to be a disaster both for the EU and for Britain. Treier believes Europe would lose its most important advocate for fair competition and free trade. This is a view echoed by **Ulrich Ackermann**, the chairman of the Department of Foreign Trade at the **German Engineering Federation** (Verband Deutscher Maschinen- und Anlagebau, VDMA), who sees Britain and Germany as sharing similar ideas concerning the opening of the markets. As such, both countries are important allies on the European level, especially in policy regarding foreign trade.

Markus Kerber, managing director of the **Federation of German Industries** (Bundesverband der Deutschen Industrie, BDI) also emphasised similar economic visions in both countries. Kerber named the extension of the markets, a reduction of centralisation, the promotion of free trade and lower regulation as examples of common economic ideas.

Volker Treier believes that the consequences of an exit for Britain would be severe; the UK would be obliged to pay tariffs on trade, London as a financial centre would be weakened and missing rules for the domestic market would scare off potential investors.

The president of the **Federation of German Wholesale, Foreign Trade and Service** (Bundesverband des Großhandels, Außenhandel, Dienstleistungen, BGA), **Anton Boerner**, reacts in a calmer manner. He argues in favour of Britain staying in the EU and said that he would welcome a deepening of Britain's membership and the termination of its special role in the EU. But if Britain really wanted to leave the European Union, Germany's industry would be able to live with an orderly retreat. The consequences of an exit would be more difficult for Britain than for Germany. Whatever the decision will be, Britain will remain a central trading partner for Germany, Boerner said.

What German media thinks about a Brexit

The subject of a Brexit has also featured prominently in the German media. The financial newspaper Handelsblatt summed up the pros and cons of a British exit:

Cons: The EU is similar to a housing community

The EU could be compared with a housing community. Its member states joined together because of common interests and they assume different roles. Britain questions the bureaucracy, fights against the agricultural subsidy and takes care that a transfer of competences to Brussels will be critically discussed. Thus they provide important impetus – and make themselves unpopular at the same time. In a housing community Britain would take over the role of a cleaner. Of course you can get rid of the cleaner. But it would be an illusion that you never have to clean up the house again.

Their critical attitude on the EU is the driving force behind reforms. Some of the German newspapers suppose that Cameron rides an anti-Europe course. But this oversimplifies. Britain wants a different EU. On many points they are fighting the right battle.

Of course there would be some subjects on which an agreement would be reached easier without Britain, for instance the financial transaction tax. But this is mainly a symbolic topic. A financial transaction tax would not be able to improve the EU. Without Britain the EU would lack an important drive for reforms. Thus a British exit would make the European Union poorer – not only in an economic way.

Pros: The British must learn it the hard way

Why moan about the horror scenario of a British exit? If Britain wants to leave the EU, Europe should let them go. The British exit (“Brexit”) would be expensive. With more than seven billion euros every year, Britain is one of the biggest net contributors in the EU. But while this step would be uncomfortable for the EU, it would be fatal for Britain. Simplification of tariffs, arrivals of international firms or international trading – Britain benefits in many ways from the EU.

As a former colonial and world power the British are used to setting guidelines. Searching for compromises is not their business. From the beginning there was no real commitment to European integration. Britain joined the European Coal and Steel Community only for one reason: to form the community straight after their ideas. In the following years they watered down many EU decisions. The strong reduction of their contribution to the European budget is one example. The British veto as a full member is quite useful, Cameron openly admits. This special status according to the motto “take the advantages, but stay out of the duties” can’t work in the long run.

The leading “**Frankfurter Allgemeine Zeitung**” comments:

Cameron has done the right thing. He won over not only the hearts of the British but also of those people who are frightened that what will remain from the European Union will be: a bureaucratic construction, that offers occupational therapy and a retirement plan for long-serving politicians. In this sense Cameron is the greatest pro-European of all heads of government.

It is desirable that Angela Merkel doesn't take Cameron's “No” amiss. We need the British for several reasons. Their belief that the liberty of economy is a benefit and that the state is not able to regulate everything is currently missing in the European Union. Therefore people notice only two things concerning the EU financial rescue packages running into the billions and a narrow-minded over-regulation. This is the reason for the EU scepticism in Britain.

There is a widespread suspicion in Britain that certain forces will initiate a redistribution of wealth and argue for an all-powerful superstate that intervenes in all matters of everyday life. The liberal British do not like this idea. Everyone in Germany who thinks along similar lines – and there are many – must be in favour of Britain playing a bigger role in the EU in future. We need more Cameron, not less.

Summary

For pro-Europeans German sentiment on Brexit is encouraging. German business sees in Britain an ally. An accomplice who shares a vision of economic liberalism and free trade, an instinct that served well in the vision formed in the Treaty of Rome. Although Britain's reputation in the EU can sometimes be that of a barrier to progress – a country that hampers decision making, it is appreciated that these challenges are important to keeping Brussels in check – a cleaner, in the metaphor adopted by Handelsblatt. For Germany a Brexit would pose the question of who would fulfil this necessary function and balance. There is also the reality that the UK and Germany are important trading partners and that a threat to this will be damaging, albeit more to the UK than Germany.

Perception of Britain's position in the EU can often be compared to its geography – out on its own, not part of the group, isolated. However, from a communications standpoint there are many points to build on and to demonstrate that, with Germany at least, there is much common ground and vision.

Contacts

Keith Brookbank

Director

Linstock Communications Ltd.

9 Holyrood Street
London Bridge
London SE1 2EL

T: 0207 089 2080

M: 07798 863 675

Keith@linstockcommunications.com

www.linstockcommunications.com

Peter Rall

Managing Partner

Kohl PR & Partner

Unternehmensberatung für Kommunikation GmbH (GPRA)
Schiffbauerdamm 40
10117 Berlin

T: +49 30 22 66 79 21

M: +49 172 320 2090

p.rall@kohl-pr.de

www.kohl-pr.de