

GERMAN INDUSTRY UK

The Voice of German Business in the UK



STATEMENT GERMAN BUSINESS WITH THE UNITED KINGDOM September 2025

OVERVIEW

The UK has long been one of Germany's most important investment locations and markets worldwide.

Some 25,000 German companies do business with the UK today. 15,000 sell direct and 7,500 via agents and distributors. 2,500 set up subsidiaries here, of which 2,000 are sales and services and 500 manufacturing companies, employing some 450,000 people.

The UK is not only important as a market but also of great strategic significance for German international business. Many takeovers of British companies confirm this.

Major German companies in the UK today are: Aldi, Allianz (since their takeover of Cornhill Insurance), BASF (Boots), Bayer, BMW (Mini and Rolls-Royce), Bosch (Atco-Qualcast and Worcester Heating), Daimler, Deutsche Bank (Morgan Grenfell), Deutsche Post (DHL), Eon (Midlands Electricity, Npower, Powergen and TXU), Heidelberg Cement (Hanson), Lidl, Linde (BOC), Otto Group (Freemans Grattan Holdings), RWE, Siemens, TUI (Thomson and First Choice), ThyssenKrupp and Volkswagen (Bentley).

Deutsche Post - DHL (50,000 employees), Aldi (44,000) and Lidl (33,000) are the largest German companies in this country. The majority of the German companies in the UK employ, however, only up to 200 people.

German business is mainly located outside London, in South East England and in the Midlands. German banks, insurance companies and consultants etc are based in London.

MARKET

German products (and services) have always sold well in the British market. 'Made in Germany', especially with reference to cutting edge innovation and modern design is still a sign of high quality. The strength of German business in the UK is therefore in the up market business where quality often matters more to the customer than price. German business sells mainly motor cars, machinery, electrical, as well as chemical and pharmaceutical products. German food too has been doing well for a long time.

However, business with the UK has declined considerably during the last few years, mainly because of Brexit but has picked up again recently.

COSTS

The UK has been offering good location conditions with lower labour and tax costs for some time.

Labour costs

According to the German Federal Statistics Office labour costs per working hour in manufacturing industry (direct pay and benefits) are today

In the UK - £27.03

In Germany - €39.50

Tax costs

Corporation tax: 25% on all profits.

Income tax: 20% on income from £12,571 to £50,270, 40% on income from £50,271 and £150,000, and 45% on income over £150,000.

GERMAN INDUSTRY UK
Ymwllch Isaf
Criccieth
Gwynedd LL52 0PW

Phone: +44 (0) 1766 523113
Executive President: +44 (0) 7802 798830
Chairman and CEO: +44 (0) 7879 498530

email: info@gi-uk.co.uk
website: www.gi-uk.co.uk

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Britain has no wealth tax and only one local (council) tax.

£1.00 = €1.16

VAT is 20%

The employer's contribution to social security of the employee (health, pension, unemployment and accident) accounts for a maximum of 15% of the gross salary of the employee (and the employee's own contribution for a maximum of 8%). In addition, red tape has been reduced, for example planning procedures have been shortened, trade union power run down and there is also no codetermination by law.

LABOUR RELATIONS

Labour relations can be described as good today. Most members of GIUK confirm this.

BUSINESS & INVESTMENT CLIMATE

The UK is an attractive location for German business. An ever expanding market and low costs are good arguments for a German company to set up in the UK. Also, the British investment climate has been favourable since the 1980's and government has been stable.

Many congratulations to Labour on winning the election so convincingly in 2024 and making a change in the UK and we very much welcome that they want to work closely with business and create the right conditions for investment.

We hope that the new Government will finally expand the country's road, rail and air infrastructure, upskill the workforce and reduce bureaucracy, long overdue. Roads are congested, freight transport by rail would help. Better educational standards and long-term dual vocational training are also absolutely necessary for our workforce, especially in the engineering sector. The reduction of forms importing from the EU and exporting to the EU, when hiring employees from the EU, and the recognition of EU qualifications would be further necessary measures as part of the closer cooperation with the EU, which Labour has promised. We would of course welcome deeper cooperation with a re-entry into the customs union and the single market, which Labour has so far ruled out.

In addition to the above, further measures are necessary in many sectors of business, such as expanding charging stations for electric vehicles, reducing long delivery times for parts, reducing fuel costs, definitive climate targets with investments in, among other things, battery technology, to name just a few from the automotive sector.

We have also long been calling for a long-term modern strategy for the economy in order to build up the urgently needed investments. This includes unlocking innovation, accelerate digital adoption and automation and AI.

More recent challenges are the increase of NIC for employers, the increase of minimum wage, the upcoming Employment Rights Bill and the tabling of US tariffs. There is also the strategy document that the Government published in June, setting out a new economic approach backing the UK's strengths, with ambitious plans for 8 high growth sectors. Also, very welcome, the Kensington Treaty between the UK and Germany on friendship and bilateral cooperation published in July which includes economic growth, resilience and competitiveness (chapter 4).

We will talk about all this at a dinner discussion in London on 20 November with our new Patron, the Ambassador of the Federal Republic of Germany to the United Kingdom, HE Susanne Baumann.

We had arranged a meeting with the Rt Hon Baroness Gustafsson of Chesterton CBE, Minister of State for Investment at the Department of Business & Trade to discuss all this but unfortunately she resigned from Government in August but we have since contacted her successor Jason Stockwood and invited him to a dinner discussion early next year to talk about this.

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