Outlook for German-British trade at its most positive since Brexit: 72% of German companies expect increased turnover

Thursday 9 October, 2025

Survey conducted by KPMG in Germany and the British Chamber of Commerce in Germany (BCCG)

85% of German companies expect improved relations with the UK; 6 out of 10 companies want both governments to make efforts to facilitate trade; 43% see security and defence as new areas of focus for cooperation between the two countries

- **Lasting optimism about turnover and investment:** 48% of German companies expect rising turnover in the German-British corridor for the current financial year and as much as 72% by 2030. 31% plan to invest over EUR 5 million in the UK by 2030, with 8% planning to invest over EUR 100 million.
- **Companies are encouraging their governments to facilitate trade cooperation between the UK and Germany:** 60% are asking the UK government to seek improved trade relations with the EU and 43% would like to see trade restrictions eased; 55% would like the German government to agree on improved trade conditions with the United Kingdom.
- **Growing business opportunities**: 25% of respondents see tangible benefits for their businesses from the trade agreements that the UK has recently successfully renegotiated or is still negotiating (+17 percentage points compared to 2024). 30% see opportunities in the UK's transforming industries and in the comparatively less restrictive regulations.
- **Cooperation in future-oriented fields**: Digitalisation (45% of respondents), security and defence (43%, +17 percentage points) and research (29%) dominate the agenda.
- **Post-Brexit day-to-day realities continue to weigh on the economy**: the introduction of the Electronic Travel Authorisation (ETA) system in 2025 affects 32% of companies, while changes to immigration rules affect 23%. The import control system ("Border Target Operating Model"), introduced in 2024, on the other hand, has now been absorbed and only affects 18% of companies (down from 34% in the previous year).

Berlin/London, 9 October 2025 – A survey conducted by KPMG in Germany in collaboration with the British Chamber of Commerce in Germany (BCCG) found that 85% of German companies expect the EU and the United Kingdom to improve their relations, with 40% even anticipating "significantly closer" cooperation. The seventh "**German-British Business Outlook 2025"** thus confirms a clear trend reversal.

This reassessment is driven by geopolitical tensions: the protectionist and unpredictable course of the US administration, coupled with the acute security threats in Europe and worldwide are bringing German-British relations to the fore. The UK-EU security and defence pact concluded in May 2025, and the Germany-UK friendship treaty of July 2025 send a strong signal to the market and create new confidence in bilateral relations.

However, trade figures remain a reminder that, since the Brexit referendum in 2016, trade volume between the two countries has fallen by around a third, from 38 million tonnes to 25 million tonnes (in 2024). The recent increase in exports from Germany to the UK – from EUR 65.0 billion (2021) to EUR 80.3 billion (in 2024) – is largely due to higher gold sales on the London Gold Exchange. Adjusted for this effect, exports have stagnated at around EUR 73 billion.

Companies want trade facilitation

60% of companies are asking the British government to seek improved trade relations with the EU, and 43% are in favour of reducing trade barriers. 55% of companies also ask the German government to use the upcoming 2026 review of the EU-UK trade agreement to achieve better economic conditions. 43% are calling for stronger bilateral cooperation at the political and economic levels.

"The upcoming review of the Brexit agreement offers the chance to shape economic relations more positively for the future and thus to respond to the rising geopolitical tensions globally," says **Andreas Glunz, Managing Partner International Business at KPMG in Germany.**

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He adds: "The new agreements concluded between Germany and the United Kingdom in 2025 go beyond symbolic gestures – they are promising building blocks of a new European architecture. Germany and the United Kingdom can jointly strengthen their economic and security policy ties and take a lead in Europe."

Optimism regarding turnover and investment is clearly on the rise

Business expectations in the German-British corridor are continuing to improve. Nearly half of all companies (48%) anticipate increased sales in 2025. In the five-year outlook, 72% are optimistic. At the same time, the proportion of pessimists for the same time horizon has more than halved, with only 11% now expecting long-term sales declines (compared to 26% in 2024).

The willingness to invest is also on the rise. Almost one in three German companies (31%) plans to invest more than five million euros in the next five years, with 8% planning to invest over 100 million euros. Notably, the number of medium-sized projects has increased: 12% of companies intend to invest between five and 100 million euros, compared to 7% in the previous year.

Nevertheless, caution remains palpable: 41% of companies have no investment plans for the current financial year.

"Companies are signalling a clear comeback for the British market. It is crucial that these initial signs develop into a stable trend. This requires reliable economic policy," says **Michael Schmidt, President of the British Chamber of Commerce in Germany (BCCG)**.

Growth opportunities in the United Kingdom: future-oriented industries, less regulation and new trade agreements

Almost half of German companies (48%) see the United Kingdom as a growing sales market (2024: 44%).

Transforming sectors, such as advanced manufacturing, clean energy, digital technologies, life sciences and defence, are particularly attractive. 30% of respondents see concrete opportunities in these sectors (2024: 24%).

Another 30% appreciate the United Kingdom's less restrictive regulations compared to the EU (2024: 24%). At the same time, 66% of German companies are urging the German government to reduce bureaucracy consistently.

The most significant change compared to the previous year concerns the UK's trade agreements: one in four German companies (25%) now considers the trade agreements concluded with India and the US in 2025 to be a relevant growth driver, up from just 8% in the previous year and 7% in 2023.

"Companies value the UK's business-friendly environment, which offers more freedom and less regulation. Added to this is the ability to conclude trade agreements independently, without taking other countries into account," emphasises **Andreas Glunz (KPMG in Germany).**

Key areas of cooperation: digitalisation and defence

Digitalisation remains the focus of German-British cooperation. Almost unchanged from the previous year, 45% of German companies (compared to 47% the previous year) see opportunities for cooperation in this area. The fastest-growing area is security and defence, which is now relevant to

43% of respondents – a direct consequence of the changed geopolitical security situation and the recently concluded UK-EU security and defence pact. Last year, the figure was only 26%.

"The war in Ukraine shows that Europe's ability to act is based on strong alliances. In a European 'coalition of the willing', security and defence can become a catalyst for technological and economic strength," emphasises **Andreas Glunz (KPMG in Germany)**.

After Brexit: New regulations between the UK and the EU are putting pressure on companies

Since 2024, new regulations that were initially postponed after Brexit have gradually come into force in the German-British economic area. The introduction of the Electronic Travel Authorisation (ETA) in 2025 does have the greatest impact. 32% of companies are experiencing burdens as a result. Almost one in four companies (23%) anticipate significant consequences from the changes to British immigration law that have already been enacted and those still anticipated (2024: 20%).

Other regulations, on the other hand, have now been adopted by the companies and have lost their severity, particularly the import control system ("Border Target Operating Model"), which was introduced in 2024. In 2024, 34% of companies cited this as a major burden, but this figure has fallen to 18%. The replacement of EU regulations with new UK law also plays a smaller role in how German companies perceive the situation: its influence fell from 28% last year to 17% this year.

"Companies on both sides of the Channel have adapted to the new realities after Brexit and borne the economic impact. In a world where protectionist tendencies are on the rise, we must build bridges instead of new walls. The German-British corridor will only remain viable in the future if political decision-makers clear the way now. In line with the geopolitical solidarity and long-term defence agreements, a corresponding economic agreement with substantial improvements and facilitations should now follow," concluded **Michael Schmidt (BCCG).**

The full results of our "German-British Business Outlook 2025" are available via our download link.

About the German-British Business Outlook 2025

For this year's survey, KPMG in Germany and the British Chamber of Commerce in Germany (BCCG) questioned German subsidiaries based in the UK and British subsidiaries based in Germany. A total of 120 companies took part (compared to 173 in the previous year). The survey took place between 20 May and 8 August 2025.

75% of the companies surveyed have their headquarters in Germany (compared to 82% in 2024), and 25% in the UK (compared to 18% in the previous year). Of those based in Germany, 46% have been active in the UK for over two decades and 22% for over fifty years.

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