
FRANKFURT CHARM OFFENSIVE FOR BREXIT-WARY LONDON FIRMS

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The marketing team of Frankfurt never expected its English-language dummy website to attract new businesses would actually go live after Britains European Union referendum.

We hadnt really assumed that we would need the site at all, spokeswoman Michaela Kahle told AFP, as the team thought Britons would surely vote Remain.

But as it turned out, the Welcome to Frankfurt Rhein Main site was not only put to good use, but has become a hit, with 27,000 views since Britain stunned the world by deciding to leave the bloc.

Quickly recovering from the shock, Kahle and her colleagues kicked into action, fielding inquiries from firms ranging from big banks to tiny financial technology start-ups looking at the possibility of relocating to the German financial capital.

While Britain has yet to trigger the two-year exit negotiations, corporations wary of the impact of Brexit have begun scouting for alternative European headquarters.

Its the very beginning, and the firms themselves dont know yet when, or whether at all, they will move, Kahle said.

FRANKFURT WOOS LONDON BANKS AFTER BREXIT VOTE

A German politician said on Thursday (18 August) he was trying to persuade foreign banks to make Frankfurt their home after Britains vote to leave the European Union, and outlined how Europes biggest economy wants to bolster its financial capital at Londons expense.

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But they are asking questions about German law on immigrant workers, the talent pool in Frankfurt, banking licences and regulation, and how easy it is to do business here in English.

Home to the European Central Bank, the EUs insurance regulator EIOPA and 198 banks, Frankfurt is a natural contender in the battle to lure the City of Londons financial behemoths.

But the city on the Main has never truly challenged London for pre-eminence in Europe.

Britains capital prospered thanks to factors including the English language, its cosmopolitan history at the heart of a world-spanning empire, and the big bang financial liberalisation of the

1980s.

Competition

As London cemented its status as a financial centre, its attractiveness only grew, as opening an office in the City meant direct access to a powerful network of expertise.

But Brexit may force many financial services providers to look at moving as they will need a place to do business inside the eurozone should they lose passporting rights that allow them to carry out euro-denominated trades outside the single currency area.

A delegation of politicians from Frankfurt and its federal state of Hesse made a trip to London in early August to meet bank executives and talk up their town.

With an eye on the City's firms, Germany's Bankenverband (banking federation) has launched a broadside of reform demands it says will help attract new companies.

Although Frankfurt has many advantages – including its physical and digital infrastructure, ease of doing business in English and reliable German legal system – it's far from a given that it will beat competition from Paris, Amsterdam and Dublin, Bankenverband managing director Michael Kemmer warned.

FRANCE, LUXEMBOURG ROLL OUT RED CARPET FOR POST-BREXIT BUSINESS

British Prime Minister David Cameron once gleefully offered to roll out the red carpet for French executives wanting to escape staggering wealth taxes.

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The government must do more to support financial start-ups and make business and the law more accessible in English, among others, he said.

Kemmer acknowledged with a chuckle the suggestion that his proposals – including loosening some regulations and abandoning plans for a financial transaction tax – were well-worn themes for banking lobbyists.

But he insisted that the need now is greater, as we're looking at real competition between cities as places to do business.

Bank lobbyists also want the European Banking Authority (EBA) relocated from London to Frankfurt.

Big commitment

While calling on the government to begin laying the groundwork immediately, Kemmer says he would be surprised if banks don't wait until everything is cleared up on a political level before deciding how to respond to Brexit.

Most companies may opt for a wait-and-see approach, but at least one firm has already made a big commitment to the city on the Main, managing partner Ralph Schonder of real estate consultancy Knight Frank told AFP.

We've had a big rental of 10,000 square metres since the vote, he said. At this speed, and given the location, it wouldn't have happened without Brexit.

Schönder acknowledged that such deals remain the exception – matching what other people familiar with the real estate market say.

Deals are being talked about, considered, but we're expecting it to happen later when the situation is clearer, managing partner Matthias Stanke at consultancy Colliers International said.

German financial regulator BaFin also confirmed a slightly rising trend of inquiries about the legal environment and possibilities available in Germany.

But there was no corresponding increase in the number of actual applications for a banking licence, said BaFin's spokesman.

With much of the sector biding its time before acting, it is unlikely commercial rents in Frankfurt will suddenly spike or that the city's international schools will suddenly fill up with the children of relocated bankers. None of the schools spoken to by AFP had experienced a surge in applications in the weeks since the referendum result.

But in the long term, while no-one welcomed Brexit, Bankenverband director Kemmer said, we can do everything possible to strengthen Frankfurt as a financial centre.

BACKGROUND

Britain's shock vote to leave the EU on 23 June has sparked questions over its role as Europe's financial capital, with cities like Frankfurt, home of the European Central Bank, and Dublin also hoping to cash in on any move out of London by financial companies.

The issue of whether euro clearing houses can remain in the British capital is set to be one of the most contentious issues as Britain seeks to negotiate its future trade relationship with the EU after its departure.

French President François Hollande warned that Britain's City of London financial district would have to give up its role in processing euro currency transactions after it leaves the European Union.

Britain has jealously guarded its status and won a recent EU court decision against the European Central Bank in order to keep hosting the euro deals.

HOLLANDE SAYS POST-BREXIT CITY MUST RELINQUISH EURO BUSINESS

Britain's City of London financial district would have to give up its role in processing euro currency transactions after it leaves the European Union, French President François Hollande warned on Wednesday (29 June).

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