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## GERMANY'S UNITED FRONT ON BREXIT CRUMBLES AHEAD OF LONDON'S TUESDAY VOTE

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The Irish Times (15 January 2019)

After holding the Brexit line drawn by Chancellor Angela Merkel more than two years ago, Germany's united front is crumbling as anxiety builds before Tuesday's parliamentary vote in London. A no-deal Brexit could bring chaos to Germany's crucial manufacturing and exporter sectors, its chamber of commerce, says.

A new study says German businesses face a  $\square\square$  billion no-deal Brexit price-tag in customs fees  $\square$  and a further €200 million each year to finance additional customs formalities.

That forecast by Germany's chamber of industry and trade (DIHK) follows another bleak study by the Bruegel Institute in Brussels. It suggests the UK's departure will also add  $\square\square\square$  billion to Germany's EU budget bill by 2020  $\square$  Berlin's share of the  $\square\square\square\square$  billion hole left by London's departure. Another hole could be ripped in the EU's finances, and Germany's budget, if Britain walks away without paying in funds it owes in the current budget round.

The EU would, rightly, view as a hostile act if the UK didn't fulfil its financial obligations, wrote Mr Guntram Wolff, head of Bruegel, in a report before a Brexit hearing in the German parliament on Monday.

In this case I would recommend to the EU and the Bundestag . . . to make no concessions. Such alarming numbers  $\square$  and language  $\square$  have challenged the verbal discipline Chancellor Angela Merkel has imposed on her own backbenchers and German business managers in 2016. She warned that loose lips would undermine her authority, divide the EU27 or complicate European Commission-led negotiations with London.

But with the Brexit clock ticking, and Dr Merkel a weakened political figure, some German managers have cast aside the chancellery gag-order. In Germany around 750,000 German jobs depend on free trade with the UK, said Mr Eric Schweitzer, DIHK president. Without a deal, millions of euro would be due in customs registration fees and billions in duty.

Particularly vulnerable are just-in-time production chains, crucial for the auto industry.

Mr Holger Bingmann, president Germany's export trade body BGA, has warned of a massive knock-on effect of a no-deal Brexit.

Because of the short amount of time [until March 29th] there will be a lot of chaos either way, which will in turn affect trade, he said. Growing nervousness in Germany has raised questions over whether the federal government has done enough to prepare for all Brexit scenarios.

It has no central, co-ordinated Brexit department, although the federal budget for 2019 has made financial provision to employ 900 more customs officials. But those staff have yet to be found, employed or trained, meaning bottlenecks are possible.

The UK is Germanys fifth most important trade partner, with a trade volume worth [ ] billion annually.

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