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BDI chief executive Joachim Lang on Brexit: "Europe must prevent a worst-case scenario"

Berlin (ots) -

- Lead negotiators must show even greater readiness to compromise
- A transition period to the end of 2020 is essential for business
- Companies are making preparations for a hard Brexit

"Europe must prevent a worst-case scenario with Brexit. A split between the United Kingdom and the European Union without a separation and transitional agreement and without clarification of the future relationship remains one of the possible options. This is a worrying situation just a few days before the decisive EU summit." This is what the chief executive of the Bundesverband der Deutschen Industrie (BDI - Federation of German Industries), Joachim Lang, told the German news media association (Bundespressekonferenz) in Berlin.

"The transition period, during which the United Kingdom continues to remain in the customs union and the internal market, can only be implemented with an agreement on the withdrawal - and that up to the end of 2020," Lang stressed. "This transition period is essential for our companies." Only in this way would it be possible to adjust to the many alterations to the legal framework for the time thereafter.

"A hard Brexit would be a disaster that would plunge tens of thousands of companies in Europe and hundreds of thousands of employees on both sides of the English Channel into major difficulties," Lang warned. Europe could not cope with a fiasco of this kind. For that reason, the lead negotiators must show even greater readiness to compromise. Lang: "The main point for German industry is to preserve the integrity of the internal market. Cohesion in the EU-27 has the highest priority for us in business."

The British government's Chequers proposals put forward in July caused serious concerns among German companies. But the point now was to emerge from the negotiating dead end: "For this, politicians must now not look at all the things that are not possible, but continue working at whatever points of agreement there are."

The next EU summit in a little over two weeks had to result in a negotiating breakthrough. "Otherwise Europe runs the risk of sliding into a disorderly Brexit. The result would be a huge crisis," the BDI chief said. Viewed rationally, all the substantive issues could be resolved sensibly. "A precondition is that reality finally dawns in London. Fear of the precipice has to stimulate the imagination."

Brexit was already casting its shadow over the future, Lang said. The United Kingdom had grown just 1.1 per cent in the first half by comparison with the same period last year. This was the second-worst result in the EU. The last time things were this bad was during the crisis years 2009 to 2011.

Lang said that many companies were currently forced to make preparations for no agreement until March 29, 2019. Some had announced they would halt production in the UK from April, as they had been unable to secure supply lines. Others were shifting headquarters from Britain, adapting their legal structures and looking for new transport routes.

Lang: "Business needs a sensible relationship in foreign trade with the United Kingdom. At the least this should include no customs levies or quotas on imports from the respective economic partner areas. In other words, we need a good trade agreement. The political leaders must work towards this over the weeks ahead."

The Federation of German Industries (BDI) is the umbrella organization of German industry and industry-related services. It speaks for 35 trade associations and more than 100,000 enterprises with around 8 million employees in Germany and 3,5 million employees in other countries. Membership is voluntary. 15 organizations in the regional states represent the interests of industry at the regional level.

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