



GBR & FIDELIO: OLD YEAR / NEW YEAR IN GERMANY & THE UK

FIDELIO OVERTURE



GBR / FIDELIO 2024 & THE YEAR AHEAD

[Fidelio](#) and the [German-British Roundtable](#) (GBR) were delighted to host a virtual Roundtable *“2024 & The Year Ahead”* in late 2024. In our discussions we were joined by [David Smith](#), Economics Editor of The Sunday Times and [Dr. Ulrich Hoppe](#), Director General of the German-British Chamber of Industry & Commerce, as well as a range of participants from Boards and businesses across Germany and the UK. The GBR provides the opportunity for business and political leaders in both markets to connect on key themes of relevance to the economy and future growth; Fidelio fully recognises the importance for Boards and executive teams to continue learning and to contribute to horizon scanning.

Despite very significant challenges in 2024, both our key speakers were able to explore growth opportunities. Participant questions also focused on potential drivers of growth in these two key markets. It was marked that our Roundtable audience were more bearish than our two key contributors regarding the 2025 outlook and we were grateful to David and Ulrich for introducing and developing a note of optimism.

A snap poll taken at the outset asked about optimism levels:

- **61%** of our audience **felt that 2025 would be worse for Germany** than 2024
- **70%** of the audience **expected 2025 to be a better year for the UK**

While a small sample size, the poll reflected clearly how little business likes uncertainty; one obvious difference between the two markets being that Germany clearly faces substantial political uncertainty in the early months of 2025, with the UK having navigated its election in mid- 2024.

We set out below some of the key growth drivers our Roundtable was keen to explore for Germany and the UK in 2025.

FIVE KEY TAKEAWAYS

1. ECONOMIC GROWTH PROSPECTS

Economic growth is without a doubt a pressing concern for both Germany and the UK. UK GDP data has recently been disappointing; business is feeling unloved, but it may be that the UK sees some impetus to growth driven by public spending in 2025. Germany also faces significant challenges, having not experienced growth in recent years. The [German Council of Economic Experts](#) has painted a particularly gloomy picture for Germany's economy, which ranks lowest among G7 nations, with the UK only just above Germany in this pecking order.

2. DEFENCE AND GEOPOLITICAL DYNAMICS

With such a fragile geopolitical landscape, security and defence were seen as priorities in both Germany and the UK with implications for the relationship between the two countries. An upcoming [UK-German treaty](#) will be crucial for strengthening defence cooperation, especially regarding support for Ukraine. The UK stance on Ukraine has remained consistent across a change of government. Elections in Germany will be critical and some voices in our Roundtable suggested a new German government may adopt a more supportive stance towards Ukraine than its predecessor.

3. THE COST OF BORROWING

Higher borrowing costs and interest rates had been a major deterrent to growth and the UK market in particular has seen a shakeout in terms of infrastructure and property funding for example through REITs or infrastructure funds. (Fidelio has also seen a sharp uptick in Boards looking for stronger capital markets experience across these sectors and more broadly.) While reducing rates are now easing the pressure, performance remains challenging and needs to be addressed in order to close the discount for REITs and Investment Trusts.

4. PUBLIC FINANCES & THE ROLE OF GOVERNMENT

Both countries are grappling with constrained public finances. In the UK public debt has reached 100% of GDP, and there are concerns about the sustainability of government spending. Germany's challenges also reflect a bureaucratic structure and underinvestment in infrastructure and education. These constraints hinder the ability of both governments to invest adequately in growth initiatives. Our Roundtable was concerned that these limitations present a structural obstacle to growth in both markets and could cite practical examples of bureaucracy impeding business endeavour.

5. AI AND INNOVATION

The integration of AI into the economy presents both opportunities and challenges. While there is optimism about AI boosting productivity, there were concerns that its implementation may be hampered in Germany due to strict data protection laws and an overly cautious approach to innovation. Both countries need to navigate these technological shifts. The UK has adopted a more proactive approach to digitisation that may serve it well with regard to AI. The opportunity presented by greater productivity could, however, heighten political and social tensions further and it was felt that neither Germany nor the UK was well prepared here.

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Boards need to form a view on growth and the structural opportunities and challenges in the year ahead. In recent years Fidelio has noted Board Members being increasingly systematic in building an informed opinion on the geo-political and macro-economic landscape. Equally company expectations have increased, and CEOs require Boards to be informed, relevant and focused on specifics rather than general implications.

The GBR helps to build this insight and judgment in an Anglo-German context and will be active through 2025 tackling key themes of relevance for these critical markets. Ensuring Boards are well prepared and informed is also core to Fidelio's work of building high-performing Boards through:

- **Chair Advisory**
- **Board Performance Review**
- **Board & Executive Search**
- **Development & Succession**

For further information about how Fidelio can support your Board, including our support of and collaboration with GBR, please get in touch.

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