



Dear Colleagues

As a Board and in our Chapters we have been discussing the need to revisit the shape and focus of the Association of Career Firms to ensure it is relevant and of value for the future of our industry. We are in the process of producing a positioning paper, and to ensure this is focused on what the members want the ACF to stand for and deliver on, we will be sending out a very short survey to everyone in the **first week of September**. We very much hope you will complete this. Having your say and helping shape our industry body is of the utmost importance.

Warmest Regards

The Board of ACF Europe

One month to the day since the historic vote in the UK to leave Europe we take a look at the early impact the decision is having on the career and talent agenda. This is a snapshot only but appears to be consistent from the views taken.

1. The initial bounce back has settled as we come to realize that this is going to be a slow process and a business as usual approach is critical to maintain momentum.
2. Early indications are that an already cautious hiring market has raised the level of caution further as we see certain roles pulled and other recruitment processes lengthen
3. This is not just a UK issue, mainland Europe is also stop start as it has been all year as a variety of issues not least terrorism are having an impact on business and employment
4. As companies take time to reflect the number one fear is that decisions will be paused and momentum is lost. This is the biggest silent threat to the economy and ongoing talent market
5. We will see an increase in FTC roles for those companies and sectors who need to change shape to mirror Brexit implications
6. Importantly there seems to be a real determination to ensure that this decision is limited in its negative implications and we continue to face into the macro challenges that ongoing globalization offers.

Brexit and the United Kingdom



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Brexit and Switzerland



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Switzerland: A stronger franc, a weaker Europe, even deeper interest rates: the British vote is expected to have far-reaching consequences for the Swiss economy.

Consequences on multiple levels are expected on the latest state of knowledge.

1. **The interest rates to stay low longer**
The ten-year interest rates have reached minus 0.5 percent, a new, all-time low. This means losses for savers and pension funds and for those companies that need to maintain high cash holdings due to their business.
2. **The pressure on the franc remains high**
According to the economists at UBS, the SNB will defend a first line at Franken 1:08 interventions. Should the pressure be too high, represents a rate cut is the second measure to keep a threshold of around CHF 1:05.
3. **Losses in export and tourism**
Great Britain takes 6 percent and the euro zone takes 40 percent of Swiss exports. According to UBS, the export industry, tourism and the Swiss financial sector could suffer most from the development.
4. **A Swiss agreement with Europe moves into the background**
According to many observers, Switzerland will have to queue in Brussels in the coming months. For Switzerland finding a mutually acceptable solution with the EU to implement the mass immigration initiative will be even more difficult.
5. **Chain reaction as a political Worst Case**
It is difficult to assess whether the Brexit will lead to a chain reaction and the exit of other countries. By this scenario the European economy is slowed down which also has an impact on Swiss economic growth. All these effects mean the Swiss economy will be impacted by the Brexit. Switzerland already has had a very negative impact on January 15th, when the Swiss Franc was floated against the Euro. So there is a trend to outsource production from Switzerland to EU-countries. But all this said the Swiss economic players have been reluctant to make moves at a large scale. So we have not (yet) had a stronger demand for outplacement. This might be coming soon...

Keep calm and carry on...

On the 23rd of June, 2016, British citizens voted in a referendum that the UK should leave the European Union. The decision was met with disbelief and left the UK and continental Europe perplexed.

What is clear is that the decision will have an enormous impact on both parties, but at the same time it is impossible to predict which areas and to what extent these areas will be affected. As long as negotiations have neither started nor been closed we are left to observations and forecasts.

We can see that the markets have nose-dived in the UK and sterling has plummeted. Possibly higher tariffs and increased bureaucracy - among other things - will make exports of continental companies more expensive. Major investments will not be made until the status of the UK vis-à-vis the European Union is clear. German companies founded in accordance with British law (Ltd. or PLC) could face problems as they may no longer benefit from the freedom of establishment, i.e. their right to establish offices in all European member states. Prominent examples are the holding companies of Air Berlin and the Müller drug store chain.

Companies on both sides of the channel may have to adjust their employment strategies and contracts. Looming problems could be associated with, for example, secondments between Germany and the UK, the question as to which (labour) law is applicable, working hours, holiday, antidiscrimination legislation, mass lay-offs, temporary employment agencies and related approvals granted by local authorities, employee representatives working in SA companies, and protection of personal data.

The results of a survey - conducted by the Economist Intelligence Unit and the Bertelsmann Stiftung among 782 executives of UK and Germany based companies prior to the referendum - suggest that nearly one third of UK and German businesses would either reduce capacities in the UK or even relocate capacities away from the UK. The sectors concerned most seem to be the technology and financial services sector, followed by the manufacturing sector. Major projects such as the merger between the London Stock Exchange and Deutsche Börse may also be in jeopardy.

The UK is among Germany's top three ranked trading partners. More than 2,500 German companies employ roughly 370,000 employees in the UK. On the other hand, approximately 3,000 UK companies operate offices in Germany. So it is highly likely that Brexit will hit Germany's economy hard. Studies by the research institute Prognos suggest that the German job market will lose more than 30,000 jobs until 2020 and up to 70,000 by 2025 due to Brexit. The same institute estimates a loss of more than 200,000 jobs across Europe by 2020 and more than 500,000 jobs by 2025.

But there are many more areas which will be impacted, such as Britons living in Germany who have decided to take on German citizenship. Or British students who want to remain part of Europe and may want to leave the UK, thus leading to a transfer of talent which could be significant... The list seems endless and will ultimately include many aspects we do not anticipate today.

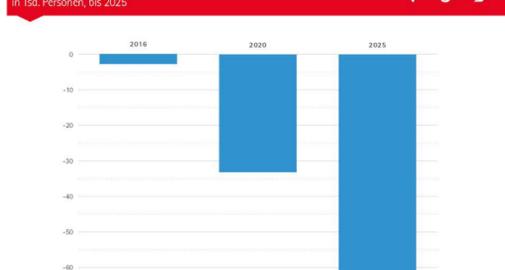
But let's keep calm, carry on and stay optimistic!

Brexit and Germany



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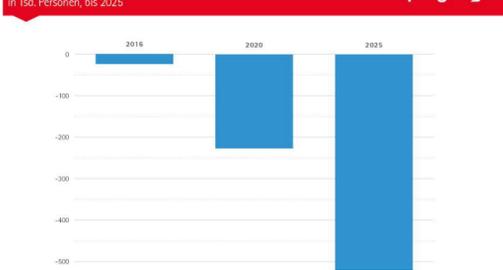
BREXIT: AUSWIRKUNGEN AUF DEN DEUTSCHEN ARBEITSMARKT
in Tsd. Personen, bis 2025



www.prognos.com/brexit

Quelle: Prognos Weltreport 2016

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