Brexit can make UK highly attractive, says Axel Springer chief

Döpfner breaks with German consensus on Britain's post-EU future

by: Guy Chazan and David Bond in Berlin

One of Germany's most prominent businessmen has said Brexit will be more painful for the rest of Europe than for Britain, and a UK outside of the EU might prove "highly attractive" to foreign investors — in a sharp break with the German consensus on Britain's post-EU future.

Mathias Döpfner, chief executive of Axel Springer, one of Europe's largest media companies, said Britain was bound to experience short-term pain as a consequence of its June 23 vote to quit the EU, "but in three to five years from now, my bet would be that England will be better off than continental Europe".

Speaking to the Financial Times, Mr Döpfner said he saw Britain moving towards a "more free market-oriented model, while Europe is step by step transforming into a transfer union" — with funds being channelled from successful states to the struggling ones. "And that can put a lot of investors off."

"If Britain can create an alternative here, I think that is highly attractive," he said, in an interview at Axel Springer's headquarters in Berlin.

The comments are in stark contrast to the reactions of most of Germany's business and political elite, which believes that Brexit will be a disaster for the UK economy. Earlier this month, Eric Schweitzer, head of DIHK, the German chamber of commerce and industry, said the economic effects of Brexit would be "very negative" for Britain.

Axel Springer, which narrowly lost out to Japan's Nikkei in the race to buy FT Group last year, owns the mass circulation Bild, Germany's best-selling newspaper, as well as conservative broadsheet Die Welt. Under Mr Döpfner's leadership, the company has expanded internationally and invested heavily in digital properties such as Business Insider and Politico Europe.

Axel Springer has itself been hit by the after-effects of the Brexit referendum. It announced last month that it was scaling back its revenue guidance for 2016, saying the result of the June referendum had clouded the outlook for its business. The company, which derives roughly 12 per cent of its revenues from the UK, said it expected sales to be flat on the year, after previously predicting a small increase.

Mr Döpfner's views will be music to the ears of Brexiters, many of whom have argued that leaving the EU would allow the UK to turn into a low-tax, global trading hub like Hong Kong or Singapore, with a more deregulated and dynamic economy.

Others have argued the UK would be less open to trade and foreign investment if it left Europe — particularly if it loses access to the EU's single market.

In the short term, Mr Döpfner said the UK would be buffeted by currency fluctuations and turbulence in its property market. But in the long term it would be better off outside the EU.

UK recasts itself on world stage

He said it would, for example, be able to implement a "very healthy", "talent-oriented" immigration policy. "You basically integrate and invite the people that you benefit from and not people who only benefit from your social welfare system," he said.

Meanwhile, the EU would suffer because it would lose Britain's "healthy influence", in particular its "pragmatism" and "free-market orientation", which had led to "sensible compromises" in negotiations between member states. "If it is all defined, let's say, by France, Spain and Italy making compromises with Germany — I'm a little worried by that prospect," he said.