

The Sunday Telegraph

It's time to hug the Germans close on EU reform

By Kamal Ahmed

Britain has had its fair share of run-ins with Germany down the years. But now it is time for a new approach.

As anybody who is au fait with the latest developments in young people's slang will know, a frenemy is someone who pretends to be your friend but is actually an enemy, gently stabbing you in the back as they smile to your face, (if that is physically possible, given the limited length of people's arms).

I am now going to make a bold bid for a new word to enter the urban lexicon. Enefriend – that is, someone who may appear to be an enemy but is actually a bosom buddy.

Now, Britain, let's face it, has had its fair share of run-ins with Germany down the years. But now it is time for a new approach – no more Achtung! and whistling The Great Escape theme tune, we need to extend the hand of friendship across the blustery Nordsee and join with our business partners.

The reason? Europe and the future of the European Union.

Much has been made of larger businesses' concerns about the forthcoming referendum on whether or not Britain should remain a member of a reformed EU. As The Sunday Telegraph revealed in June, the new president of the CBI, Sir Michael Rake, is certainly no fan of an EU exit.

As we also revealed, the CBI has been quietly visiting Germany to link up with its equivalent

organisation there and make common cause with those corporates that argue that a single European market, despite all its shortcomings, is better than the alternative.

The problem with becoming a Norway or a Switzerland – both outside the EU but with an advantageous trading relationship – is that Britain has a far larger economy and can expect a more defensive approach from union members if the present alliance is broken up.

For smaller businesses, less advantaged by economies of scale and more greatly burdened by the red tape of Brussels, the argument has always been finely balanced.

A survey by the British Chambers of Commerce revealed broad support for a renegotiated relationship with the EU, rather than retaining the status quo or countenancing full withdrawal. In this, British businesses have willing allies in Germany.

A smart organisation, Open Europe, is promoting the idea of a cross-EU push by businesses for reform before the referendum occurs. It has brought together business leaders from Britain, Germany and Sweden to find common cause under the banner "Get Europe back to business".

Lord Wolfson, the chief executive

of Next, is quoted alongside Luke Johnson, the founder of Risk Capital Partners and the former chairman of Pizza Express, as well as Marie-Christine Ostermann, managing director of Rulko Großeinkauf ("My business needs space to grow, not more red tape") and Swedish biotech entrepreneur Mats Arnhog ("Two things are needed in a democracy: elected leaders and the ability to reverse laws that don't work – at present the EU lacks both.").

Many German businesses know that, without Britain inside the EU, any reform agenda will stutter. France, whose sclerotic economy is on the brink of another recession, will become more powerful and the EU's opportunity to battle with the emerging market blocs of China and South America will lessen.

With fundamental demographics against it – the country's ageing and high-saving society tends to put it on the wrong side of the globalisation debate – German businesses are worried about being left in a more inward-looking EU.

There are even those who predict that with higher levels of growth and an increasing rather than declining population, the UK economy could become the largest economy in the EU.

If only Britain could up its productivity – a concern that the Governor

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of the Bank of England has vocalised – then Germany would truly be looking over its shoulder.

So, the stars are aligned. Businesses in the UK and Germany need to push a joint reform agenda to help both countries. Everyone might want to keep their frenemies close. But I would suggest keeping your enefriends even closer.

Sky's still the limit

There was much wailing and gnashing of teeth last weekend, when my colleagues on The Daily Telegraph revealed that BT had made an audacious £897m deal with UEFA for the exclusive rights to broadcast the European Champions League.

Surely this was not so much a shot across the bows for BSkyB as a bomb amidships. BSkyB has built itself as the Home of Sport, not the Home of Sport Apart From the Good Bits We Can't Afford. BSkyB's share price duly sank 10pc on Monday, equivalent to

£1.4bn off its market capitalisation.

Inside BSkyB, though, all is, relatively, calm. Yes, there was some irritation that UEFA entered exclusive talks with BT without asking the present incumbents, BSkyB and ITV, whether they wanted to rebid (BSkyB did not, thinking its £500m offer quite sufficient).

But beyond that, Jeremy Darroch, BSkyB's chief executive, may have been handed not so much a poisoned dart as a favourable one.

For the past decade, BSkyB has been trying to drop its "beer and football" image. Sky's entertainment channels are a growing and vital part of the business.

Over the past year, six Champions League games drew audiences higher than a million. That compares with 122 on Sky's other channels for programmes such as Game of Thrones, Stella and Madogs. In terms of return on capital employed, drama is more cost-efficient than European football.

Champions League games account for only 3pc of BSkyB viewing, compared with 19pc for Premier League football. Yes, BSkyB will have to bid big when the next Premier League rights become available but the business suddenly has £500m of extra spending for marketing, series acquisition and building innovations such as Sky Go and On Demand.

BT, protecting its broadband business, needs the Champions League more than BSkyB and therefore offered much more. Fortunately for Mr Darroch, BSkyB now lives by much more than football alone.