Santander Trade Barometer

Autumn 2025

Foreword

As we approach the end of 2025, it's clear that international trade is no longer a peripheral consideration for UK businesses — it's now a central pillar of their growth strategy. The latest findings from our Trade Barometer show a notable rebound in confidence, with 73% of firms optimistic about their growth prospects over the next 3 years. This marks a significant recovery from the turbulence earlier in the year and reflects a renewed sense of purpose among UK businesses.

However, this optimism is not universal. Confidence among domestic-only firms continues to soften, shaped by persistent cost pressures, rising taxation, and a challenging macroeconomic environment. At the same time, more businesses are looking beyond the UK for growth, with nearly half now considering international expansion — up from just a third in the spring.

This shift speaks not only to domestic headwinds, but to a broader recognition of the opportunities emerging across global markets — from new trade agreements to the reconfiguration of supply chains and the accelerating pace of digital transformation. It's in this context that we've launched Navigator Global, Santander's new end-to-end digital platform designed to help businesses overcome the practical and regulatory challenges of international expansion by connecting them to verified partners, local expertise and real-time insight. Navigator Global is now live in the UK and the US and will roll out to all Santander markets by the end of 2026.

But ambition alone isn't enough. To translate potential into performance, businesses need the right ecosystem of support — from skills and innovation to export finance and trusted international networks.

At Santander, we remain committed to helping UK firms navigate this increasingly complex landscape. Whether through our specialist teams, our global connections, or now through Navigator Global, our focus is on making sure that companies of all sizes have the confidence and capability to realise their international ambitions.

Jane Galvin
Head of Corporate Clients,
Santander UK

John Carroll
CEO, Navigator Global by Santander

'We are unblocking trade barriers, so UK businesses seize the opportunities our trade deals create. From India to the US, we're pursuing an ambitious trade agenda that reflects where businesses see real potential for growth.'

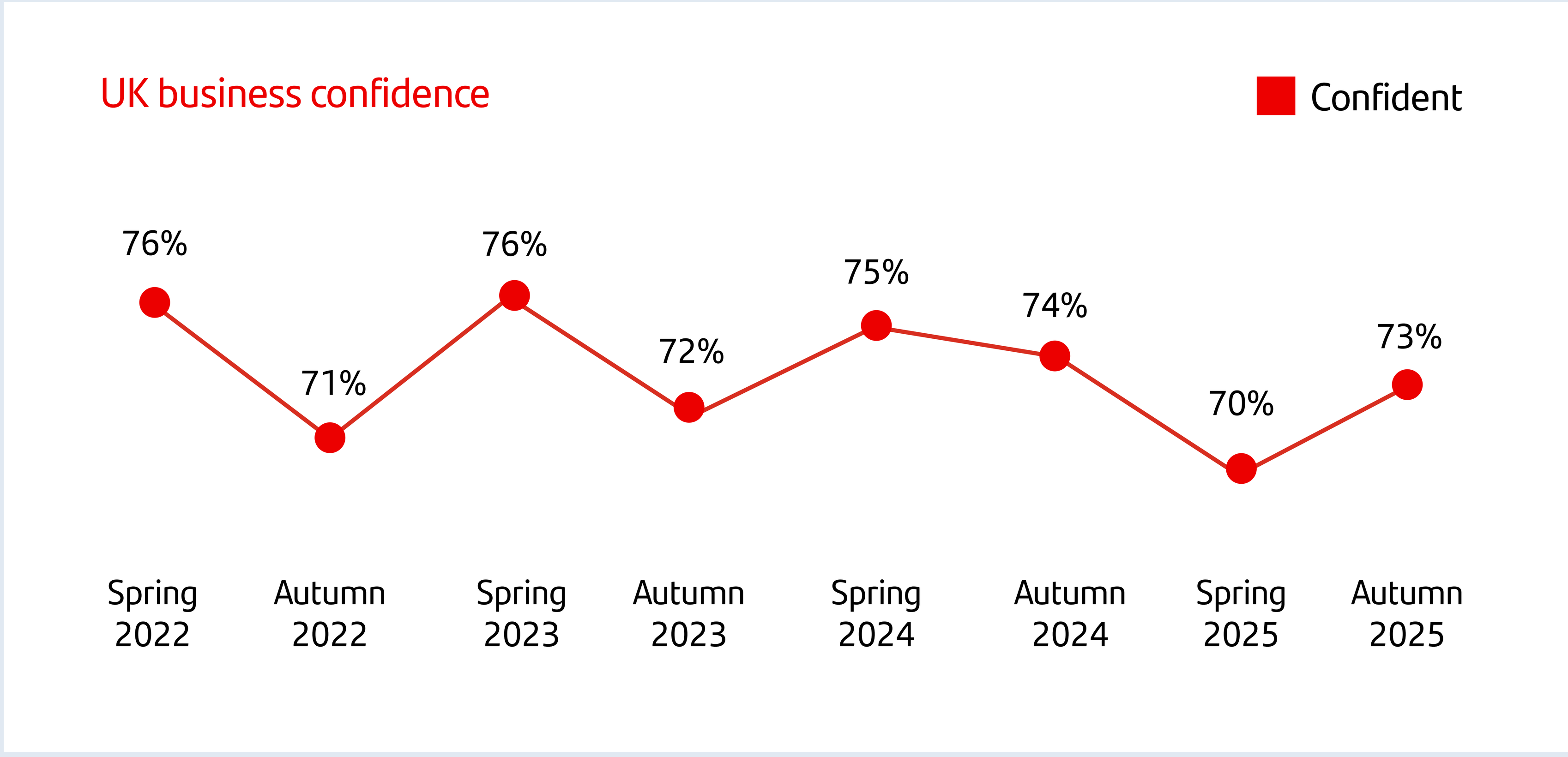
'Our Trade, Industrial and Small Business Strategies work hand in hand to ensure businesses across every region have the skills, infrastructure, and support they need to compete on the world stage.'

'We want every business, whether they employ ten people or 5000, to be able to exploit the international opportunities these trade deals represent. Let's all raise our ambitions.'

Sir Chris Bryant MP
Minister of State
(Minister for Trade)

Key headline measures

After a turbulent start to the year, UK businesses are regaining their footing. Confidence has rebounded, returning to levels seen in late 2024 and signalling a renewed sense of direction across many sectors. While the macroeconomic environment remains challenging, firms are increasingly looking outward — towards international markets — as a route to sustainable growth. While this shift in sentiment is not uniform, there's a growing recognition across the board that the UK's future prosperity will be shaped by its ability to trade globally.

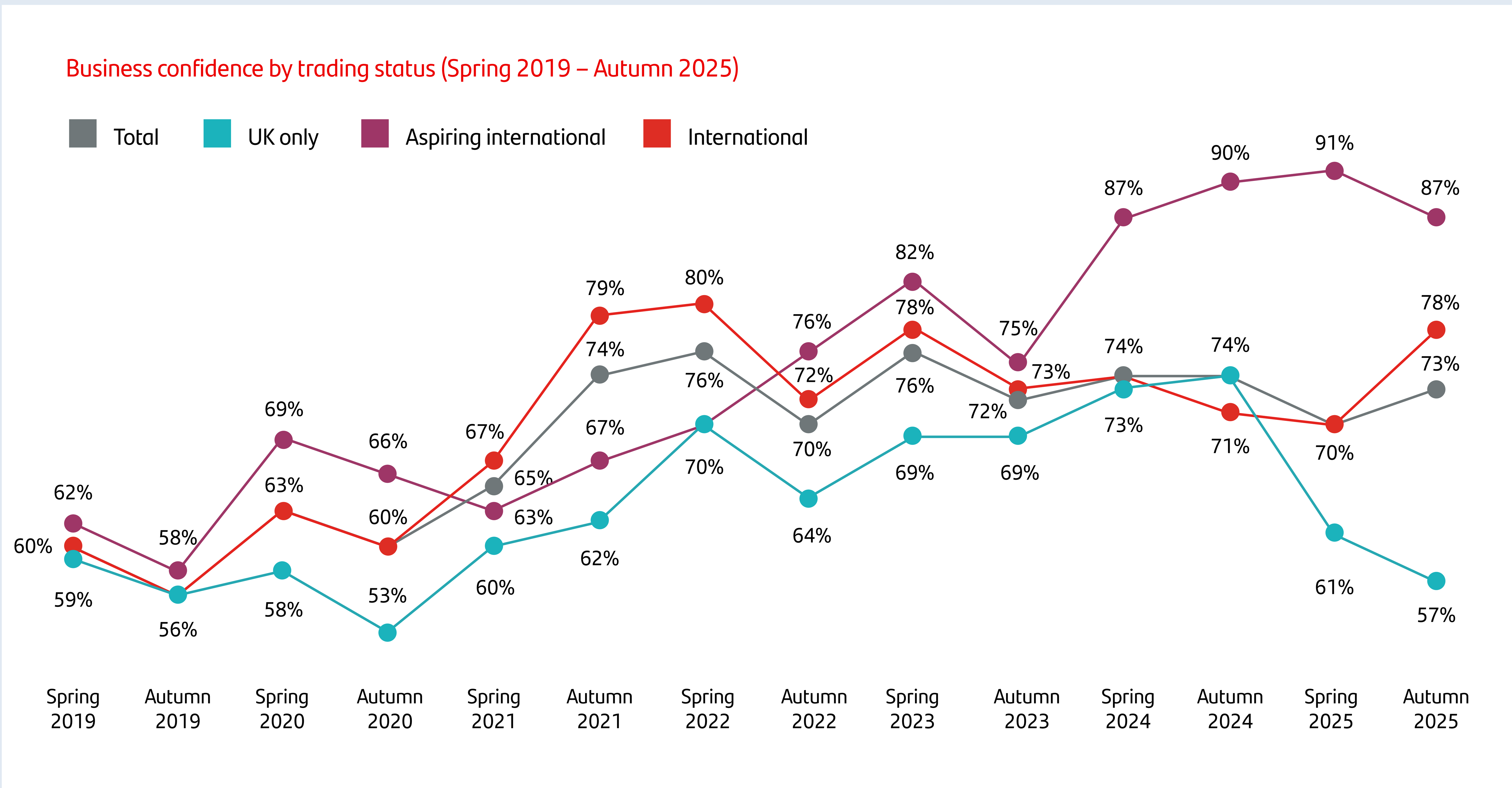


Business confidence has rebounded following a turbulent start to 2025

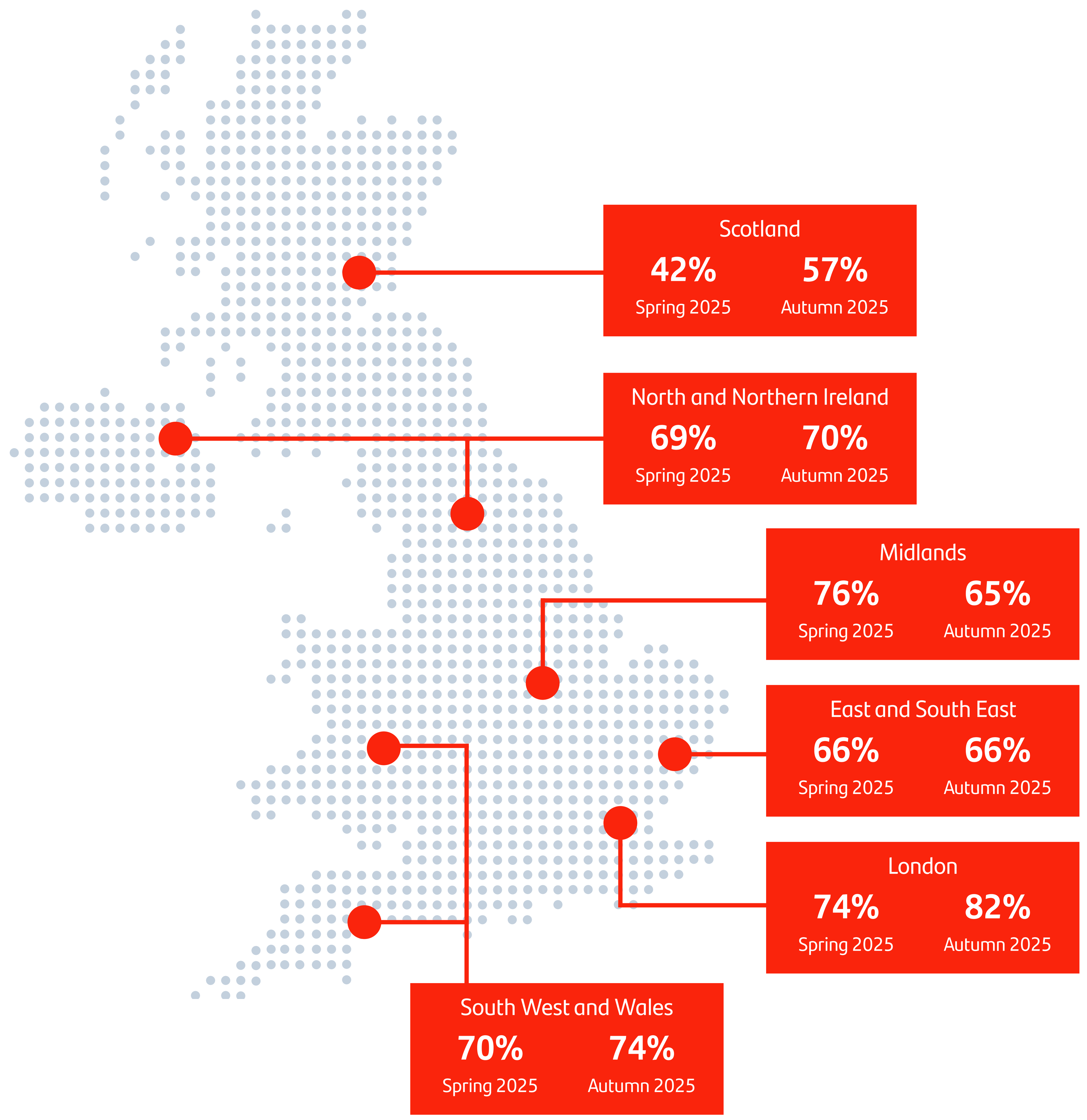
After a period of uncertainty and subdued sentiment earlier in the year, confidence in growth over the next 3 years has risen to 73%. This marks a return to levels seen in late 2024 and suggests that many businesses are beginning to look beyond short-term volatility and refocus on long-term opportunity.

However, confidence among domestic-only firms continues to decline. While overall sentiment has improved, businesses operating solely within the UK remain notably less optimistic. This reflects ongoing concerns around domestic cost pressures, regulatory uncertainty, and a perceived lack of growth momentum in the UK economy.

Renewed optimism is being driven by specific regions and sectors. London-based businesses (82%) and those in the technology, media and telecoms (TMT) sector (88%) are leading the recovery in sentiment, buoyed by strong demand, innovation, and access to international markets. In contrast, firms in Scotland (57%) and those in energy, construction and engineering (65%) remain more cautious, reflecting sector-specific challenges and regional disparities in economic outlook.



Business confidence



International outlook

More businesses are turning to international markets as a growth strategy

With UK growth remaining sluggish and global trade dynamics shifting, nearly half of businesses (47%) are now considering international expansion over the next 3 years — up from just 33% in Spring 2025. This appetite for overseas growth is being driven by weak domestic growth and cost pressures (labour, energy, tax), alongside new trade opportunities in markets like the US.

Considering international trade (next 3 years)	Yes	No
Spring 2019	13%	87%
Autumn 2019	14%	86%
Spring 2020	15%	85%
Autumn 2020	17%	83%
Spring 2021	20%	80%
Autumn 2021	15%	85%
Spring 2022	33%	67%
Autumn 2022	25%	75%
Spring 2023	17%	83%
Autumn 2023	21%	79%
Spring 2024	28%	72%
Autumn 2024	39%	61%
Spring 2025	33%	67%
Autumn 2025	47%	53%

More businesses are turning to international markets as a growth strategy

Rising costs and inflation are now the most pressing operational challenge for UK businesses. Over half (54%) of firms say cost pressures are their top concern — up from 48% in Autumn 2024 — reflecting the persistent impact of elevated input prices, wage inflation, and energy volatility on business margins.

Plus, business taxation has emerged as a key risk to growth. Over the past year, concerns around the tax burden have intensified, with more firms identifying it as a significant barrier to investment and competitiveness. This shift signals a broader unease about the fiscal environment and its implications for long-term planning.

Current risks for business growth in domestic market	Spring 2024	Autumn 2024	Spring 2025	Autumn 2025
Rising costs / inflation	48%	43%	50%	54%
Business taxation	18%	22%	31%	37%
Energy prices	30%	29%	34%	31%
Sluggish global economic growth	21%	20%	27%	27%
Finding skilled workers	26%	25%	20%	25%

Despite a recovery in long-term confidence, businesses remain cautious about the outlook for the next 1-2 years. Looking ahead, rising costs (36%) and sluggish growth in domestic market (27%) are seen as the most significant risks, underscoring the fragile nature of the current recovery.

Expectations for policy support are low ahead of the Autumn Budget. With the Chancellor's statement due on 26 November, just 11% of businesses believe the announcements will improve their ability to compete internationally. This highlights a disconnect between business needs and anticipated government action, particularly in areas such as trade facilitation, tax reform, and export support.

New markets, new momentum

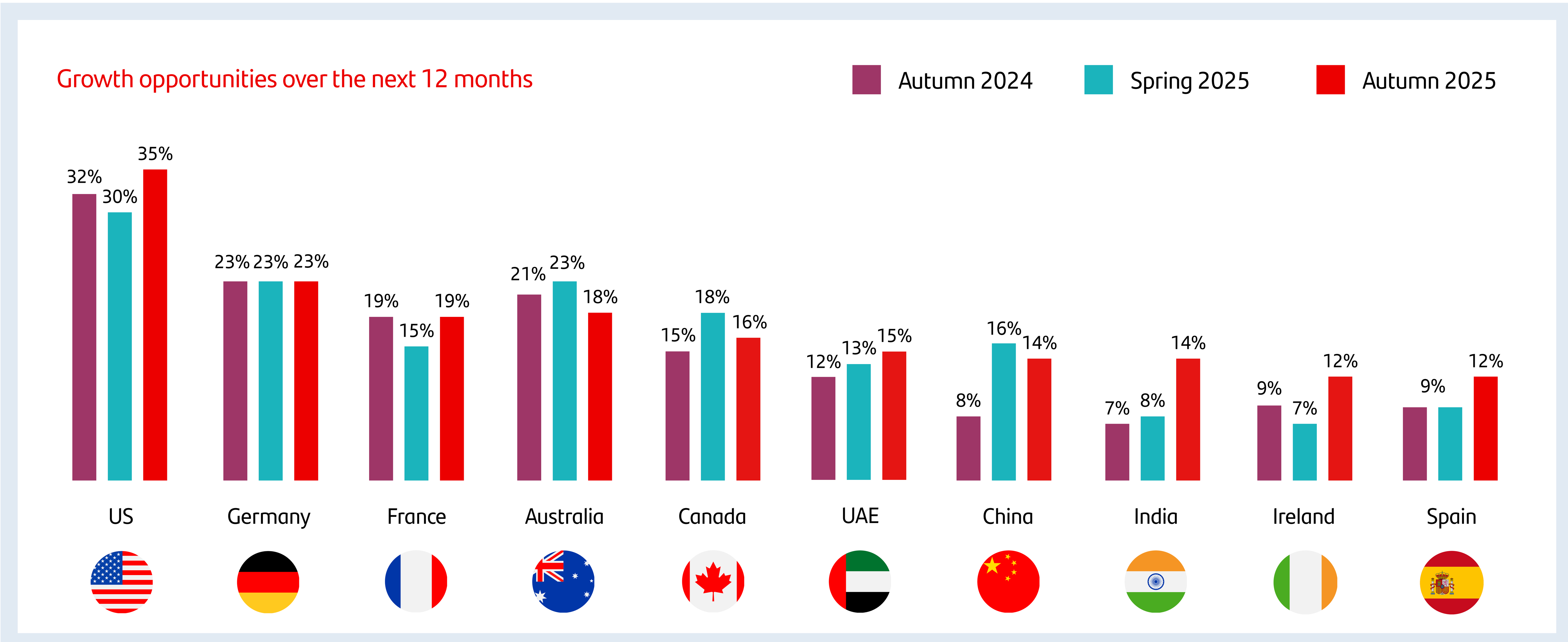
Trading partners

Established trading partners continue to anchor UK export activity. Germany (61%), the US (57%) and France (53%) remain the top 3 destinations for UK exporters, reflecting long-standing commercial ties, strong demand, and relative ease of market access. These markets continue to offer scale, stability, and sectoral alignment for UK businesses seeking international growth.

Momentum is building in North America and closer to home. Canada and Ireland have seen notable increases in trade engagement in the latter half of 2025. Canada is now mentioned by 45% of exporters as a current market — up from 39% in Spring — while Ireland has jumped from 29% to 45%, suggesting that proximity, shared regulatory frameworks, and cultural familiarity are playing a growing role in shaping trade decisions.

Looking ahead, the US remains the most promising market for future growth. Over a third (35%) of UK businesses expect the greatest number of opportunities to come from the US — up from 30% earlier in the year — followed by Germany (23%), France (19%) and Australia (18%). These markets are often seen as offering both scale and strategic alignment, particularly in sectors such as technology, manufacturing, and professional services.

Emerging markets are climbing the priority list. The UAE and India have both moved up the rankings as future trade destinations, reflecting growing interest in high-growth, high-potential markets. India, in particular, has seen a sharp rise in perceived opportunity, moving from 12th to 8th, and likely driven by ongoing trade negotiations and a rapidly expanding consumer base. Meanwhile, China remains a key focus, though it has slipped slightly in the rankings, suggesting a more cautious but still engaged approach from UK firms.



Agreement that EU / India deals will improve trade prospects	Total	TMT	Manufacturing	Food and Drink
EU	51%	72%	60%	63%
India	42%	66%	53%	54%

Trade deals are making a positive difference

UK businesses are optimistic about new trade agreements with the EU and India. Over half believe the EU deal will enhance their international trade prospects, while 2 in 5 say the same of the India agreement — highlighting the value of reduced friction and improved market access.

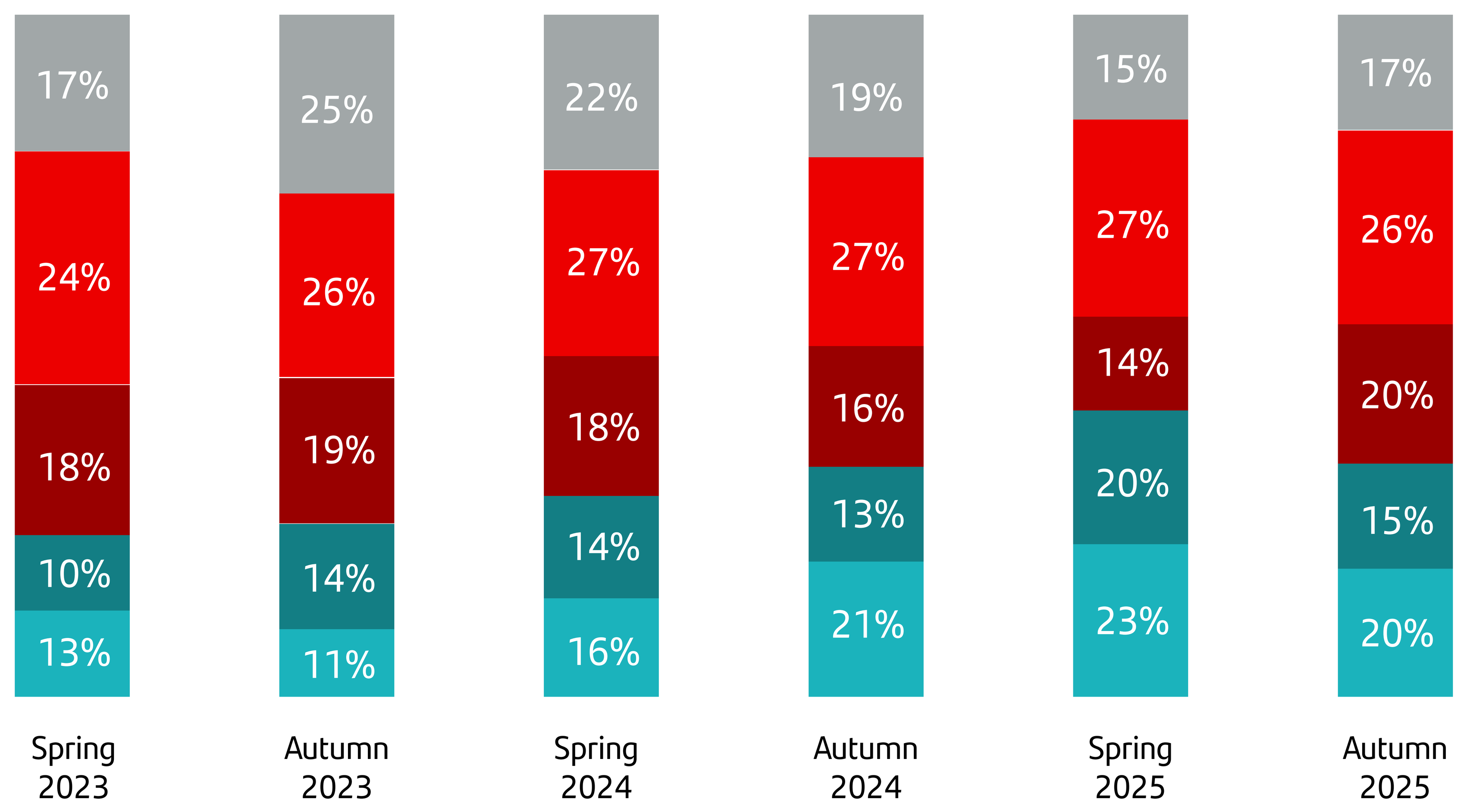
Support is strongest in export-intensive sectors. Firms in TMT, manufacturing, and food and drink are particularly enthusiastic, viewing these deals as a catalyst for growth in both established and emerging markets.

The findings underscore the importance of a proactive UK trade strategy and demonstrate how future trade deals in other high growth regions — ongoing negotiations with the Gulf Cooperation Council (GCC) and other strategic partners, for example — can provide a boost to UK firms.

Supply chains

Global supply chain shifts are reshaping UK trade strategy. Over half of UK businesses are now considering re-shoring or diversifying their supply chains, reflecting a broader response to geopolitical uncertainty, cost volatility, and the need for greater resilience.

Likelihood to move supply chains closer to domestic market



- Not applicable - our supply chains are already close/ within the UK
- No and we have plans to change our supply chains in this way
- No, but we are now actively exploring alternative options
- No, but we plan to move supply chains in the next two years
- Yes, we have moved already

Re-shoring is the preferred approach, with 67% of businesses identifying it as a likely location — down slightly from 72% in Spring 2025 but still significantly ahead of other regions. The EU (54%) and North America (19%) also remain key alternatives.

Santander's data shows that since 2023, around 40% of UK businesses have relied on China for part of their supply chain. Today, more than half of these firms (55%) are actively seeking to relocate operations away from China or have plans to diversify their supply chains to reduce dependency — signalling a decisive shift in strategic priorities.

Meanwhile, China's neighbouring markets are gaining momentum. While still a smaller share overall, interest in the region has nearly doubled since Spring 2025 (14% vs. 8%). This suggests a steady regional rebalancing driven by competitive labour and manufacturing costs in economies such as Vietnam, Thailand, and Malaysia.

Top markets for relocating supply chains	Spring 2023	Autumn 2023	Spring 2024	Autumn 2024	Spring 2025	Autumn 2025
UK	81%	64%	60%	64%	72%	67%
European Union	42%	55%	54%	49%	50%	54%
North America	16%	15%	18%	18%	18%	19%
Europe — non-EU	21%	22%	25%	19%	14%	16%
South East Asia			10%	9%	8%	14%

Client spotlight

Ciarán Gorman

CFO and Co-Founder
Bevcraft Group

Bevcraft was founded in Ireland with a vision to transform craft beverage packaging. The business has grown from a local startup into a pan-European leader in mobile canning and packaging solutions. Its success has been driven by a willingness to think internationally from the outset, underpinned by the right financial foundations to support resilience and scale.

Strategic international growth

Bevcraft's international expansion has been both ambitious and calculated. As Ciarán Gorman puts it: 'Any business that is selling in a manufacturing or business-to-business sense, just domestically, should look at international opportunity.' Starting with the UK, the company has since expanded into the Netherlands, Scandinavia, and beyond. Today it has a presence in 7 countries and employs staff from Norway, France, Canada, and the United States.

This approach to scale relies on smart risk management. For example, sourcing cans from the UK for its Irish operations created a natural hedge against currency fluctuations. Local knowledge and the right distribution partners have also been critical. Ciarán notes that international markets can deliver '10–20% additional sales with minimal overhead increase.'

Yet Ciarán is also candid about challenges: 'When we started in the UK, it was extremely economical to export… now it's closer to £1,500 a truck.' Even so, diversification has enabled resilience. This helps the company consistently deliver double-digit growth — 'If you're not trading internationally, you'd be in single-digit growth territory.'

As the business has expanded, Ciarán notes that having a banking partner with genuine international reach has become essential. Santander's global network and treasury capabilities have supported Bevcraft's multi-market operations, helping the company manage currency exposure and operate efficiently across borders.

People and skills as competitive advantage

Bevcraft sees its people as its strongest asset. The management team brings complementary skills, with 8–10 senior leaders holding stakes in the business. Embedding ownership and long-term commitment.

Technical expertise is particularly precious: 'If we lose 2 of our 4 technicians, we'd have a serious deficit.'

The company is also creating clearer pathways for career progression, 'More management opportunity, more supervisor roles, more progression.' This inclusive approach is reinforced by cross-border collaboration. Ciarán notes that 'Having people dotted around different countries has proven very effective.'

Sustainability as a business imperative

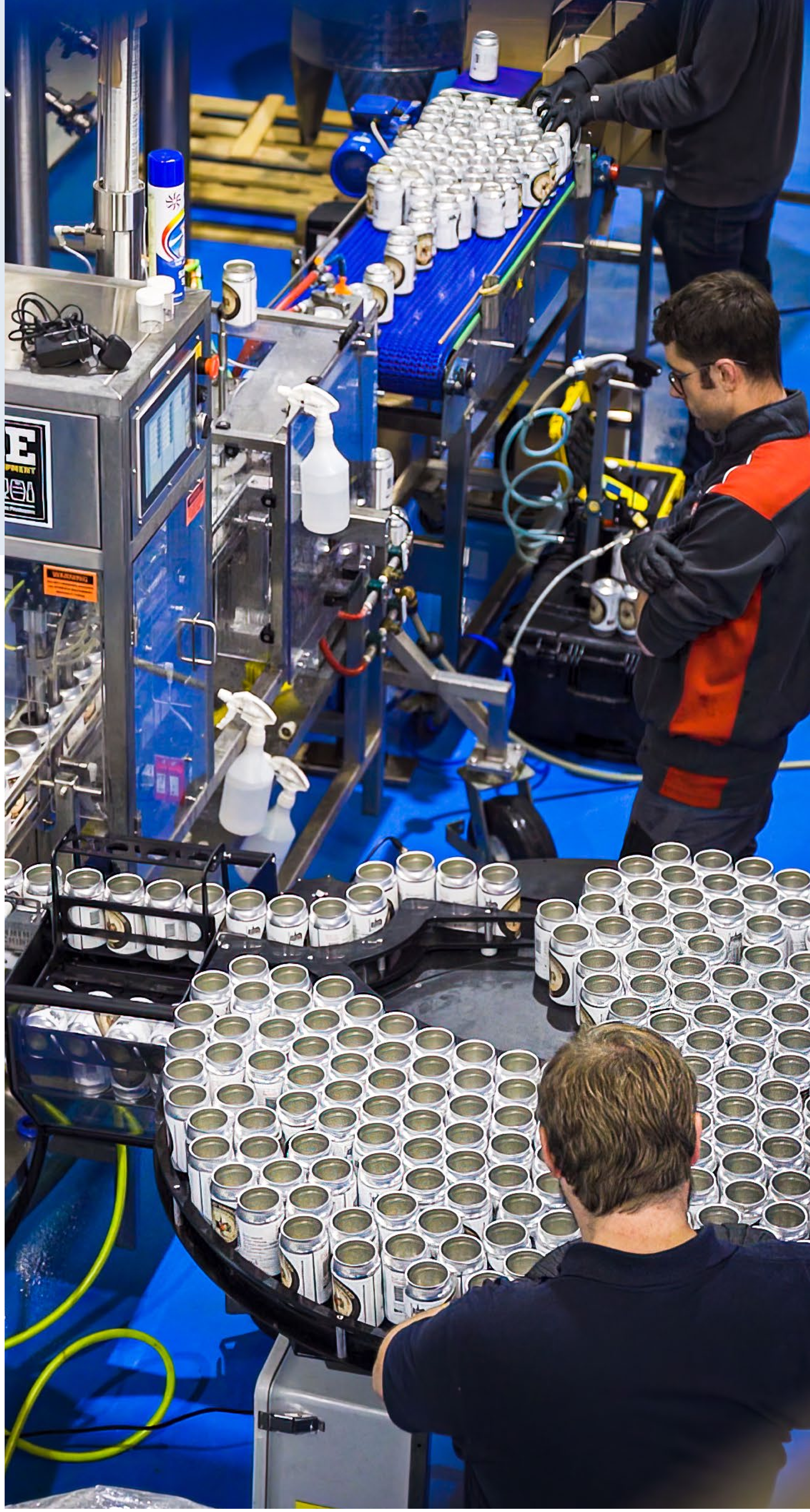
Sustainability is at the heart of Bevcraft's model. Aluminium cans — 'infinitely recyclable without degradation' — form the foundation of its offering. This contrasts sharply with the limitations of plastics. Lightweight, efficient to transport, and 'less than a tenth of the weight' of glass, cans reduce emissions and environmental impact.

The company's innovations extend beyond materials. Its mobile canning lines bring flexibility and efficiency to customers, while digital printers provide 'an environmentally sustainable way of decorating' cans without additional non-recyclable materials. Bevcraft also leases canning lines with technical support, helping customers reduce waste and increase operational sustainability.

Future outlook

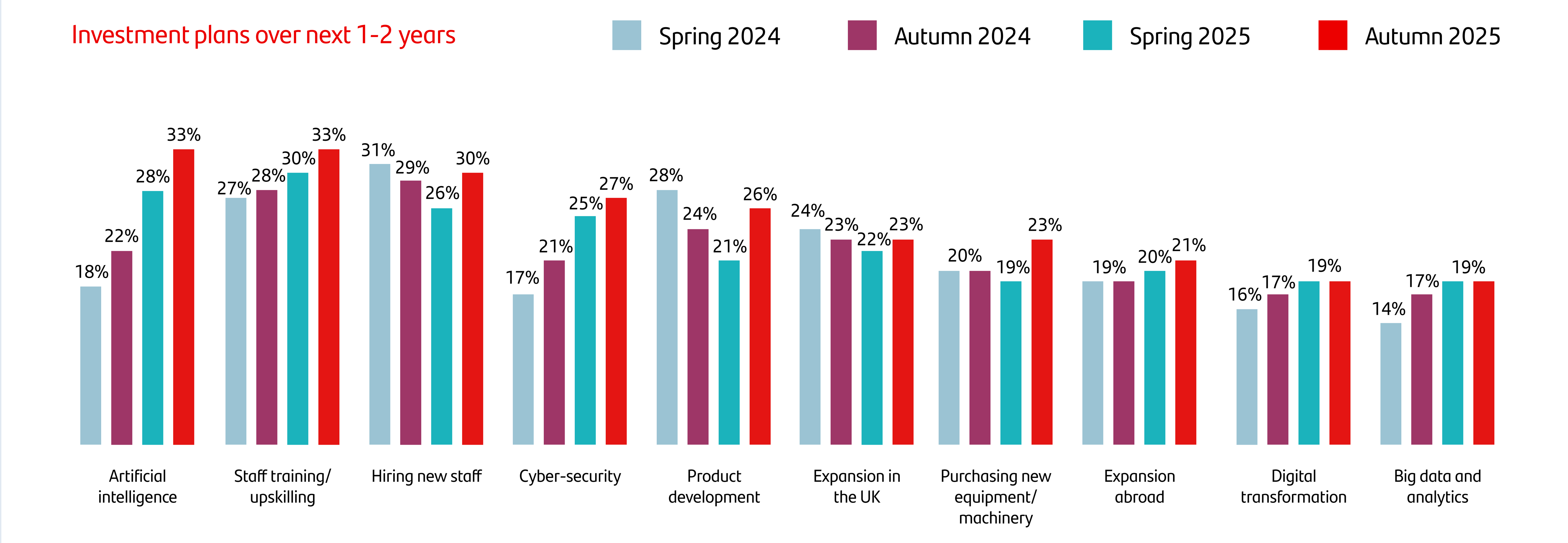
Looking ahead, Bevcraft plans to deepen its presence in European markets and continue investing in sustainable packaging innovation. As the business puts it, 'Scale matters — being really good at doing something at scale really is important for competitiveness.'

With sound financial backing and a clear international strategy, Bevcraft is well positioned to sustain growth and strengthen its role as a European leader in sustainable beverage packaging.



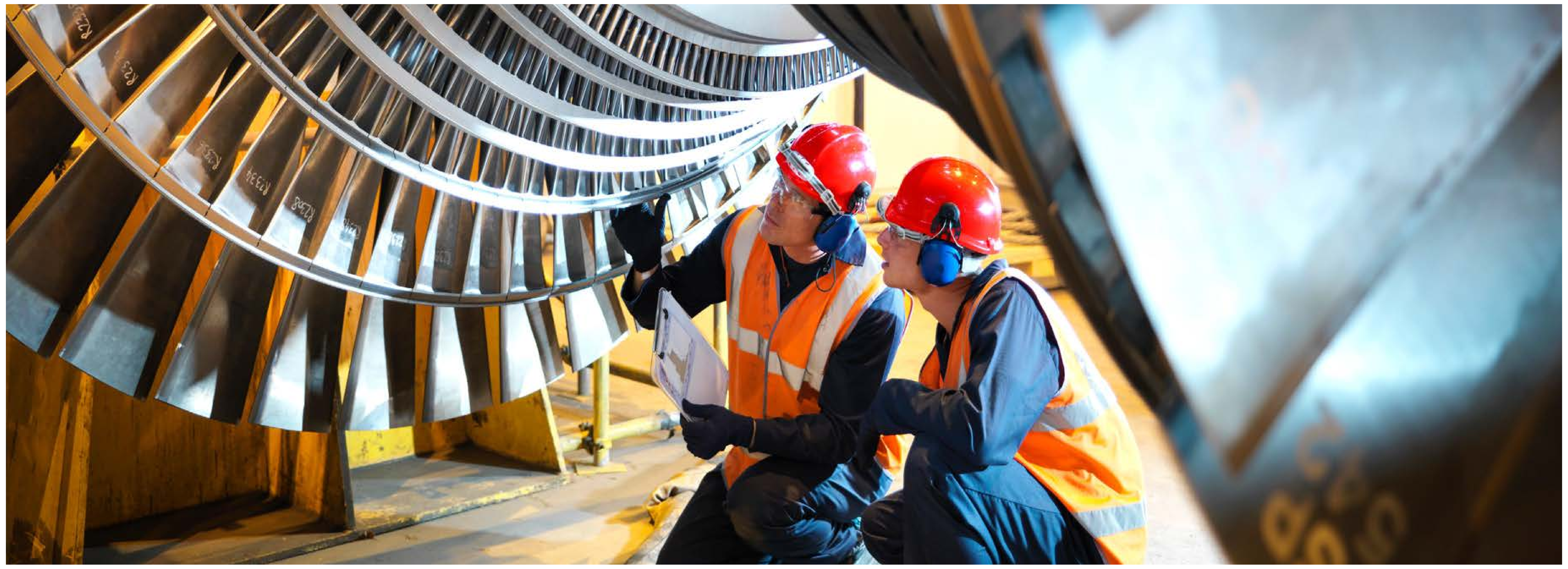
Harnessing technology and talent

As UK businesses look to future-proof their operations and unlock new sources of growth, investment in technology and talent is becoming increasingly central to their strategies. From AI adoption to workforce upskilling, firms are actively seeking ways to boost productivity, remain competitive, and adapt to a rapidly evolving global landscape. Yet while ambition is high, the ability to execute varies significantly, raising concerns about a widening gap between larger, internationally active firms and their smaller, domestically focused counterparts.



Investment plans

Investment in AI and digital capabilities is accelerating. 1 in 3 businesses (33%) now plan to invest in artificial intelligence over the next 1-2 years (up from just 22% in August 2024). Staff training / upskilling (33% — up from 28% a year ago) and cybersecurity (27% — up from 21% a year ago) are also increasingly high on the agenda, reflecting a broader shift toward digital resilience and workforce readiness.



Softening of AI sentiment

Despite rising investment, confidence in AI's impact is softening. While adoption is growing, fewer businesses now believe AI will significantly improve productivity or profitability. Over half (53%) still agree it will deliver efficiency gains, but is down from 58% in Spring 2025 suggesting a more cautious, experience-led approach to implementation. Domestic firms are becoming more cautious about AI's promise, reflecting the practical challenges of implementation, limited in-house expertise, and the slower diffusion of AI benefits in traditional, service-based sectors.

Agreement that AI will increase productivity and efficiency	Spring 2025	Autumn 2025
Total	**58%**	**53%**
Domestic only	46%	38%
Aspiring international	81%	80%
International	58%	54%
Less than 250 employees	44%	40%
Over 250 employees	73%	65%
Net: Under £10 million	45%	35%
Net: £10 million to £99.9 million	58%	50%
Net: £100 million or more	68%	66%

Bridging the talent gap

Skills shortages remain a critical barrier to business growth. Over half (53%) of UK firms report that a lack of talent is holding back their ability to expand — particularly when it comes to entering or scaling in international markets. This persistent constraint is limiting productivity, innovation, and the ability to seize global opportunities.

As such, just 50% of domestic-only firms believe their workforce has the right skills to support international growth, and only 20% feel the wider labour market is equipped to meet the demands of global trade. This gap is especially pronounced in areas such as digital capability, regulatory knowledge, and cross-border commercial expertise.

Skills for growth

To some extent, this skills gap is being attributed to a shortfall in education and training provision. With only 13% of businesses expressing confidence that the UK's current education system has to deliver the skills needed for international success, there's a clear call for stronger investment in workforce development.

UK skills gap perceptions

A workforce willing, but waiting

Exploring skills through the eyes of UK employees, though, highlights a workforce that's confident, but not always equipped.

While 95% of workers feel confident in their own abilities, over half (53%) identify critical skills gaps within their organisations — particularly in leadership, digital capability, and communication. These gaps risk undermining business agility and competitiveness, especially in fast-evolving international markets.

Training is widespread, but access remains uneven. Although 84% of workers report receiving some form of training, many rely on informal learning (66%) to fill the gaps. This signals a strong appetite for development, but also highlights inconsistencies in how businesses invest in their people.

Future success depends on digital and adaptable skills. As global trade becomes more complex and technology-driven, 44% of workers believe digital fluency and adaptability will be essential. Yet fewer than half trust their employers to invest in the skills needed to keep pace, raising concerns about long-term workforce resilience.

Reskilling ambitions are high, especially towards UK growth sectors. Nearly 6 in 10 workers (59%) are considering a career switch within the next 5 years, with technology, professional services, and green industries emerging as the most attractive destinations. This presents both a challenge and an opportunity for employers to harness this momentum and align talent strategies with future trade potential.

Client spotlight

Roger Durrans
CEO
Jay-Be

Jay-Be is a UK-based manufacturer of mattresses, folding beds and sofa beds, recognised for its commitment to health-conscious design and sustainability. With roots dating back to the early 1800s, the company has long embraced a forward-looking mindset. CEO Roger Durrans describes his role as 'constantly looking ahead: What's next for beds and mattresses?' Rather than monitoring competitors, Jay-Be focuses on pioneering ideas and technologies that push the category forward.

Breaking into global markets

Jay-Be's international journey began more than 20 years ago with its first major export venture into the United States (US). 'Several business leaders told us it would be difficult,' Roger recalls. 'But, like all optimistic businesses, we just got on with it anyway.' While early interest from US customers was strong, the company faced hurdles including customs complexities, differing legislation and cash flow pressures. 'It took around 2 years, and a fair number of mistakes, before things really began to flow,' he reflects.

Today, Jay-Be exports to over 20 countries, with the US now its largest market. Products are designed with global shipping in mind, and international trade has become a key engine of growth. 'Trading internationally reduces reliance on any single economy and gives you more opportunity to grow,' says Roger. 'It also exposes you to new ideas... which continues to inspire our creativity.'

Building capability

The journey hasn't been without setbacks. The COVID-19 pandemic forced a temporary pause in exports, but momentum has since returned across the US and Europe. Roger emphasises the value of choosing the right partners: 'Be very careful who you partner with... only work with those who can demonstrate a strong track record and are willing to invest alongside you.'

He also points to the need for better guidance for exporters. 'I've always felt there's a need for a simple website that provides a 'how to' guide to exporting for each country.' Despite this gap, Jay-Be has drawn on support from the Chamber of Commerce and industry bodies such as Valpak.

Strategic support

Financial and strategic backing has been central to Jay-Be's export success. 'Santander has been extremely helpful,' Roger notes, 'particularly through their assistance with export finance, which is supported by the UK Government's UK Export Finance initiative.' This support enabled Jay-Be to hold stock locally and offer faster delivery in key markets, particularly the US. Beyond finance, Santander has connected the company with other businesses, helping accelerate its international growth.

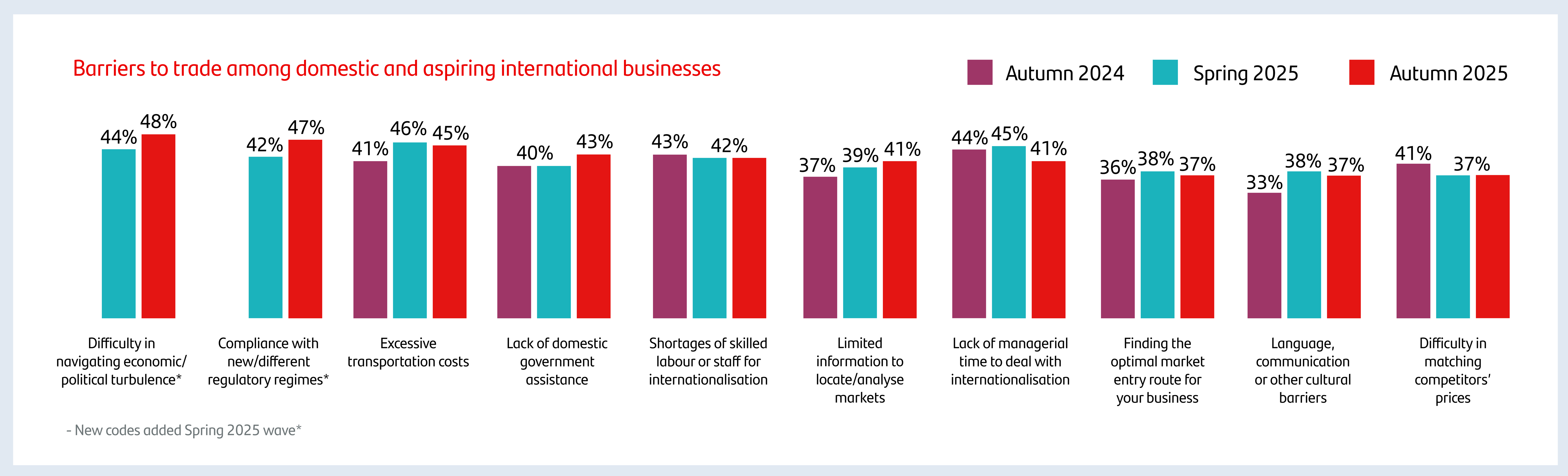
As Jay-Be continues to scale internationally, its trajectory underscores the value of sustained innovation, operational resilience, and strategic partnerships. With a new product pipeline already in development for 2026, the company remains firmly committed to delivering comfort, health, and sustainability for customers worldwide.

Stimulating international growth amid uncertainty

As UK businesses look to expand internationally, many are encountering a new generation of trade barriers — not only rising tariffs but also increasing complexity. From navigating shifting political landscapes to complying with unfamiliar regulatory regimes, the path to global growth is increasingly shaped by both tariff and non-tariff challenges. These obstacles are particularly acute for firms new to international trade, but even established exporters are feeling the strain as global conditions evolve.

Trade challenges

Non-tariff barriers are a major hurdle for aspiring exporters. Among businesses not yet trading internationally, the most commonly cited challenges are navigating economic and political uncertainty (48%) and dealing with unfamiliar or divergent regulatory requirements (47%). These issues can deter firms from taking their first steps into overseas markets, particularly smaller businesses with limited in-house expertise.



Established exporters face a different set of pressures. For firms already operating internationally, new tariffs (29%) have emerged as the most significant challenge — reflecting the impact of shifting trade agreements and geopolitical tensions. Bureaucracy (28%) and high shipping costs (27%) also remain persistent concerns, adding friction to cross-border operations.

The nature of trade barriers is evolving. While concerns around finding trustworthy partners and accessing the right skills have eased slightly, the sharp rise in concern around tariffs suggests that businesses are increasingly sensitive to changes in the global trade environment. This highlights the need for agile trade strategies and responsive policy support to help firms adapt.

Government support

As UK businesses look to scale internationally, many are aligned in their view that government policy has a pivotal role to play. From simplifying processes to expanding financial support, firms are calling for a more agile and responsive trade ecosystem — one that enables ambition rather than constrains it.

Businesses are backing a smarter, more streamlined trade strategy. 2 in 5 firms (39%) believe that cutting through red tape by harnessing digital tools would significantly improve their ability to trade internationally. A further 36% are calling for simplified access to government support services, highlighting the need for clearer, more coordinated assistance.

UK Export Finance (UKEF) is seen as a vital enabler of global growth. With 35% of businesses supporting an expansion in UKEF's capacity, there's strong demand for more accessible and flexible export finance solutions.

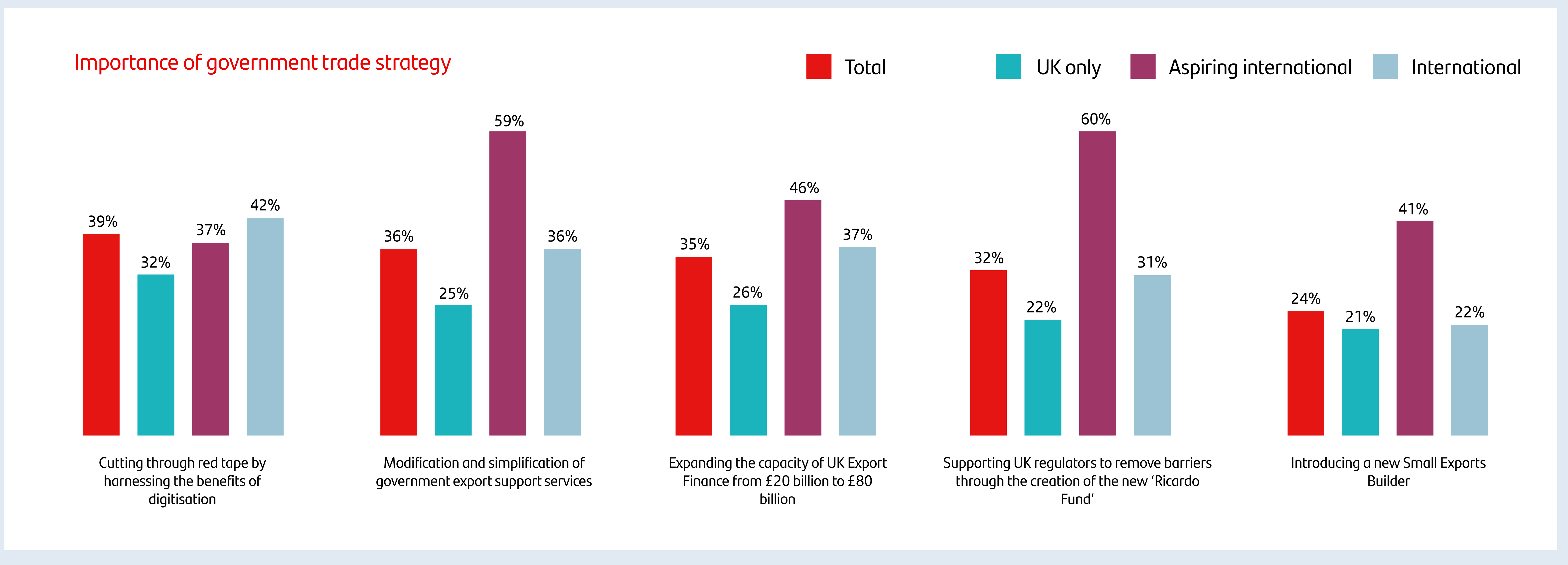
Backed by the UK government, the Ricardo Fund is designed to support businesses in overcoming non-tariff barriers and navigating complex regulatory environments. The fund is gaining traction as a catalyst for trade-led innovation. With 32% of firms saying it's a key enabler of export growth, the fund is seen as a welcome step toward levelling the playing field for UK exporters.

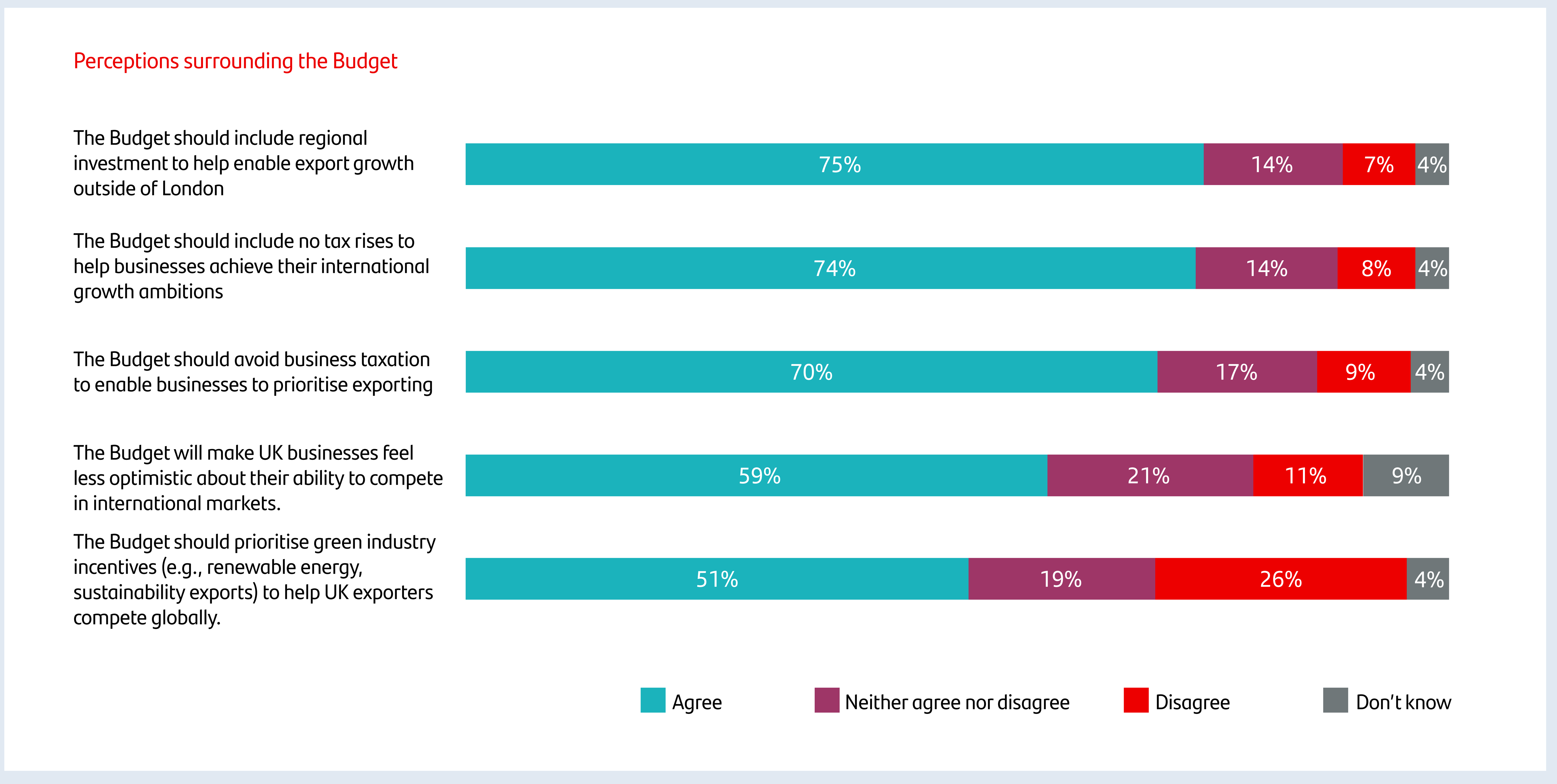
As UK businesses look to expand their international footprint, they're clear-eyed about the role government must play in unlocking that ambition. With global competition intensifying and domestic challenges mounting, firms are calling for targeted, timely interventions that can help them compete on the world stage.

Regional investment is seen as critical to levelling up trade potential. 3 in 4 (75%) of businesses want to see targeted investment beyond London in the upcoming Budget. This reflects a strong desire to make sure that the benefits of international trade are felt more evenly across the UK's regions and nations.

Tax policy is also under scrutiny, with 74% of firms warning that further tax rises would dampen their global ambitions - underlining the importance of a stable and supportive fiscal environment for exporters.

Alongside this, over half (51%) of businesses believe that stronger support for green industries is vital to ensure UK exporters remain competitive in a rapidly evolving global economy.





Conclusion

International trade has firmly established itself as a cornerstone of UK business growth. Compared to just a few years ago, significantly more firms are now prioritising overseas expansion as a strategic imperative. This shift reflects both the limitations of domestic growth and the increasing accessibility of global markets. Yet, while ambition is high, the path to international success remains far from straightforward.

Tariff risks, regulatory divergence, and geopolitical uncertainty continue to weigh heavily on internationally active firms. For those not yet trading overseas, the complexity of navigating new markets — particularly in the face of shifting rules and economic volatility — can be a major deterrent. These challenges are compounded by persistent skills shortages and uneven access to the tools and support needed to compete globally.

At the same time, global supply chains are undergoing a fundamental transformation. Many UK businesses are re-shoring or diversifying their operations in response to rising costs, geopolitical risk, and the need for greater resilience. This is reshaping the UK's trade landscape and creating new opportunities for firms that can adapt quickly.

Larger businesses are often better placed to seize these opportunities, particularly in areas such as AI, digitalisation, and cyber security. But without targeted support, there's a real risk of a two-speed economy, where smaller firms are left behind.

Policymakers therefore have a pivotal role to play. Businesses are clear in their calls for action: targeted regional investment, streamlined trade processes, expanded export finance, and a renewed focus on skills development.

These are not just enablers of growth — they're essential foundations for a more inclusive, resilient and globally competitive UK economy.

At Santander, we remain committed to supporting businesses of all sizes on their international journey. Through our global networks, sector expertise and tailored trade solutions, we are here to help UK firms unlock their full potential on the world stage.

The connections you need. It starts here.

Corporate & Commercial Banking