



Santander Trade Barometer

Spring 2025

Introduction: A new reality

We're living through undeniably complex and turbulent times right now.

The events of 'Liberation Day' in the United States turned the global picture of trade on its head. Economic uncertainty has deepened, and the risk of recession has grown around the world.

The trade landscape is rapidly changing. Since 'Liberation Day', the UK has made significant strides, including a comprehensive free trade agreement with India and the emergence of a new trade framework with the United States.

Both developments are welcome and present valuable opportunities for UK businesses. However, they have emerged within a broader climate of uncertainty, making it more challenging for businesses to plan and invest with confidence. On top of this, businesses are navigating a climate of elevated interest rates, persistent inflationary pressures and geopolitical volatility. This continues to reshape international trade and investment.

But it's certainly not all doom and gloom. Despite these headwinds, we remain confident in the resilience and ingenuity of UK businesses, of all sizes. Across the country, dynamic, forward-thinking businesses continue to adapt, evolve and seek new avenues for growth. And the results mirror this sentiment.

In dark times, the spirit of innovation among UK businesses shines bright.

For those who are prepared to pivot, invest and grab hold of new opportunities, the world is still open for business. We're committed to supporting businesses navigating these changes and helping them take their next step to success. Whether it's helping businesses explore new markets, make the right overseas connections, strengthen resilience, or access tailored financial support, we're here to back ambition.

This report sets out the key trends and challenges shaping today, while highlighting the opportunities that lie ahead.

The landscape might have changed, but our belief in the potential of UK businesses remains stronger than ever.



Jane Galvin
Head of Corporate
Clients



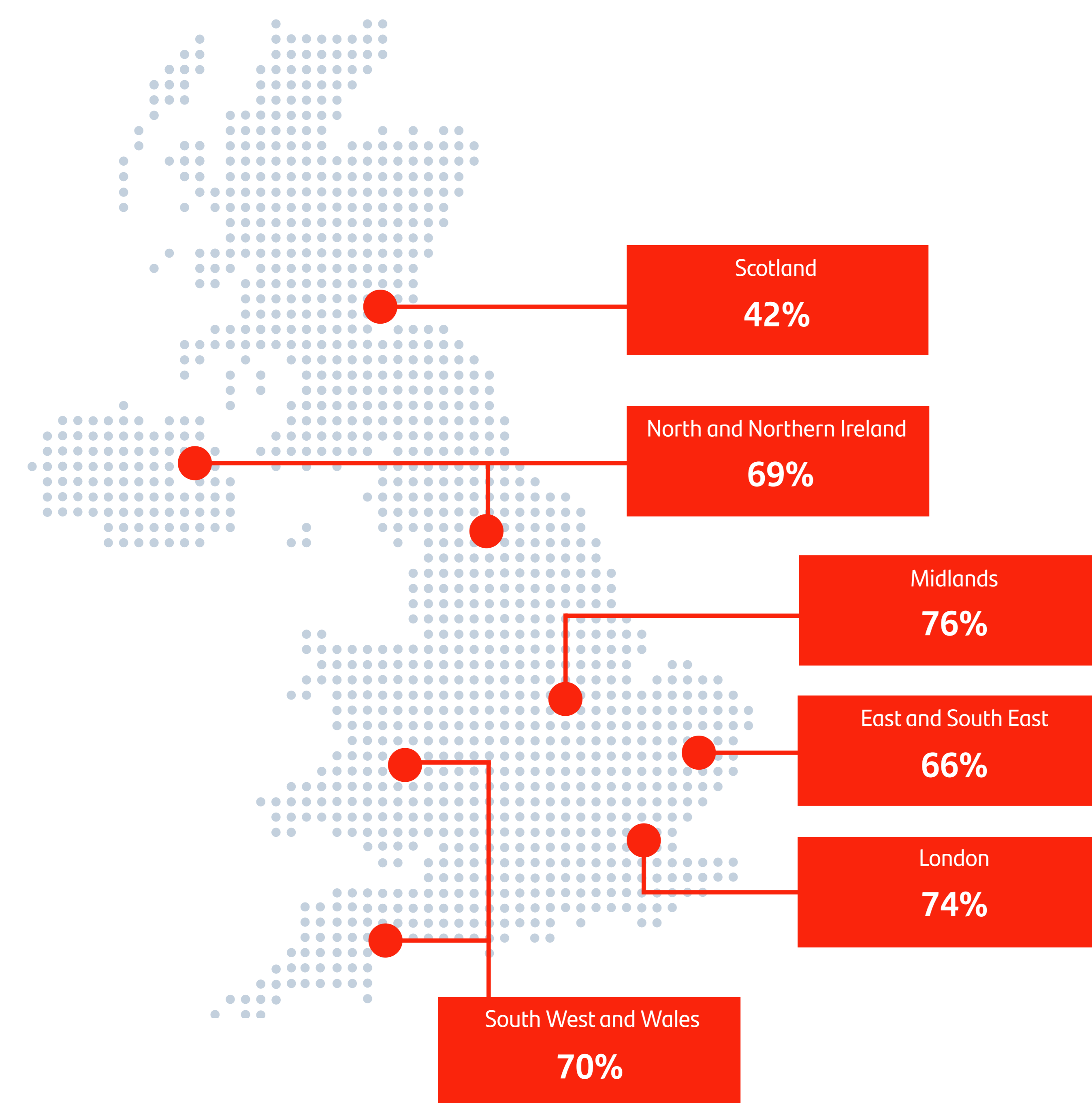
John Carroll
Head of International &
Transactional Banking

Business confidence

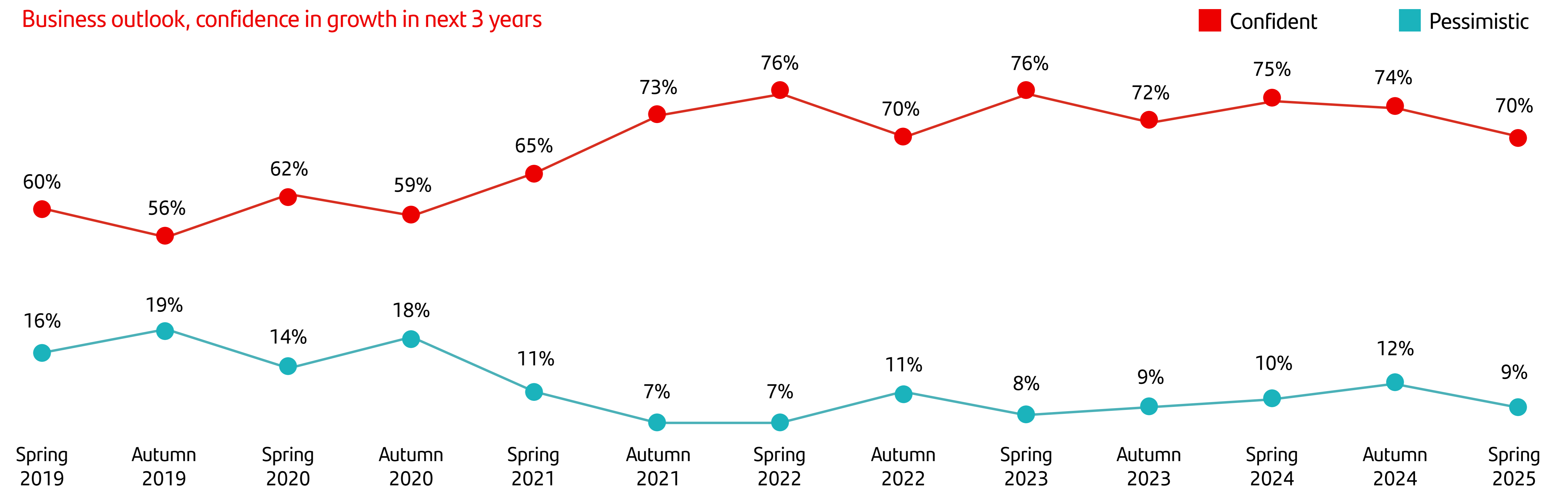
Key metrics from the latest wave of the Trade Barometer demonstrate that businesses are feeling the effects of harsh, unpredictable economic and political headwinds.

Business confidence in the UK has dipped. 'Confidence' in growth over the next 3 years has dipped to 70%, down from 74% in Autumn 2024. Despite this, there are key differences across the UK and different sectors of the economy. London-based businesses (74%) and technology, media and telecoms (TMT) businesses (90%) feel most optimistic. Those in Scotland (42%), energy, construction and engineering (56%) and wholesale and retail (55%) are least optimistic.

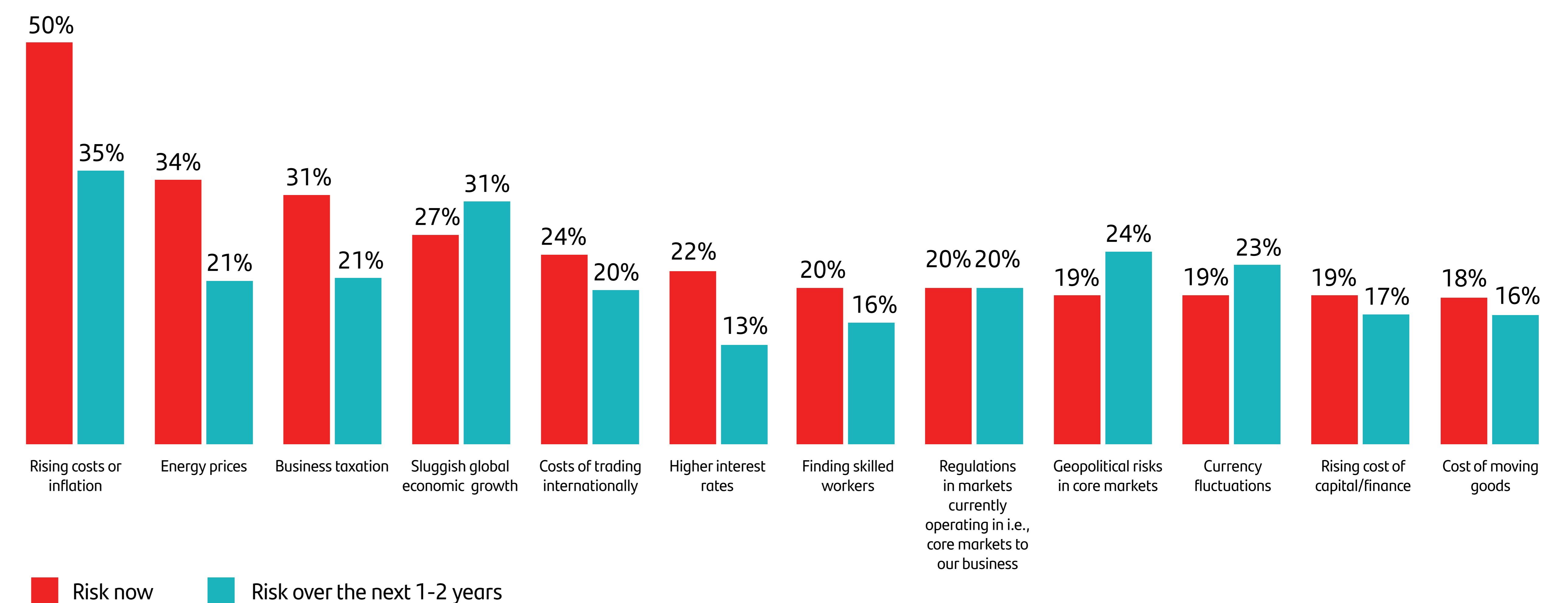
Business confidence



Business outlook, confidence in growth in next 3 years



Greatest risks facing UK businesses



Importance of trade

Businesses see sluggish global economic growth and geopolitical risks in core markets as growing risk areas that will impact business growth. Fieldwork for this wave of the Trade Barometer was conducted just before the events of 'Liberation Day' in the US. So at the time of the research, US trade tariffs had only been introduced on the UK's steel, aluminium and automotive sectors.

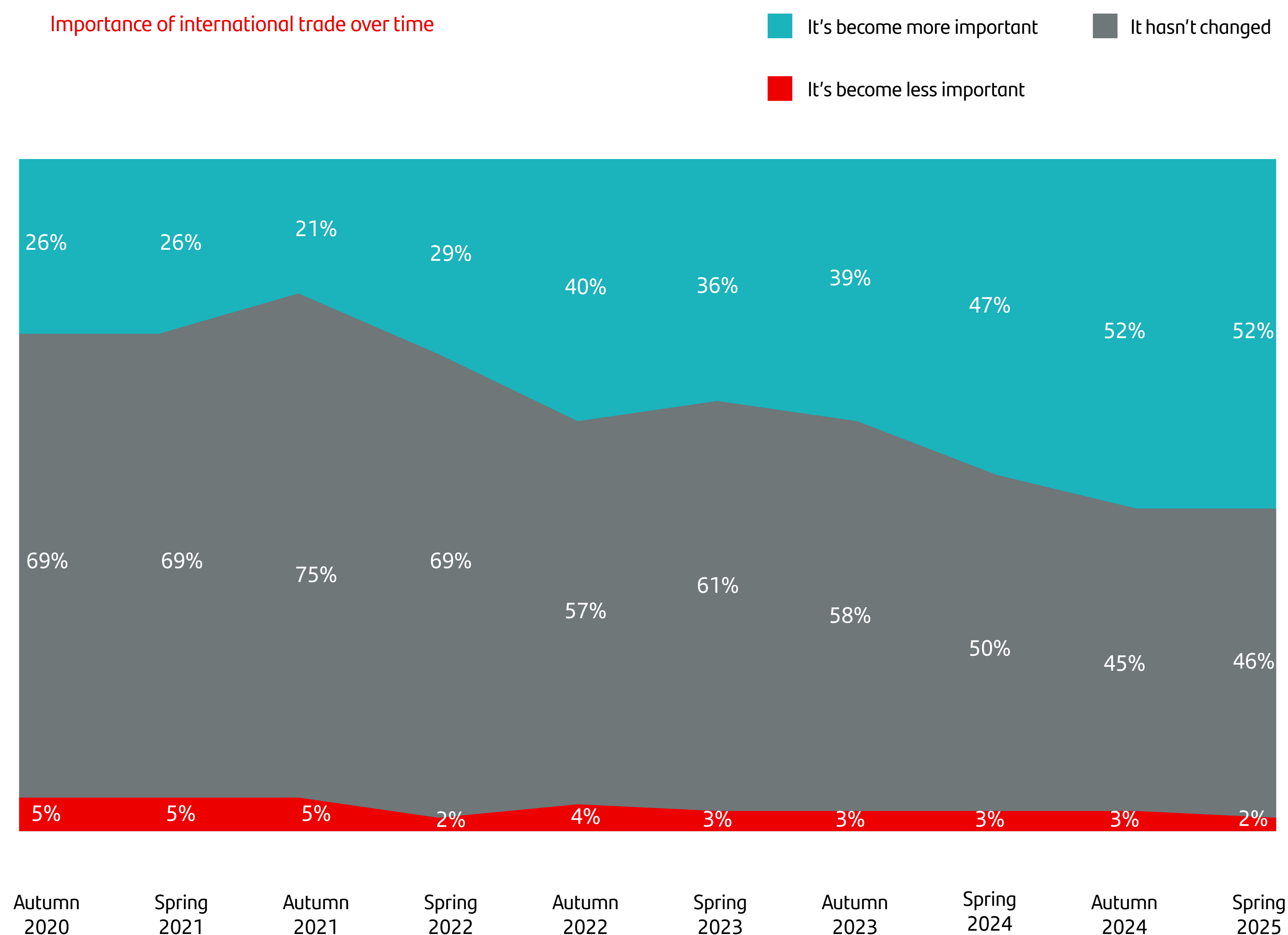
More recent developments, including the UK-India free trade agreement and the recent UK-US trade agreement agreed, mean businesses may be recalibrating their expectations on future trading conditions in these key markets. Despite this disruption, the threat of tariffs, and the backdrop of sluggish

economic growth in the UK, international trade continues to become increasingly important to businesses (52% vs 29% 3 years ago). The threat of tariffs had, however, begun to loom in the minds of UK businesses even before the raft of tariffs were initially announced by President Trump.

Overall, 63% of businesses feel increased tariffs is a threat to business growth. This increases to 69% among those trading internationally and 80% among businesses aspiring to trade internationally. Sentiment towards this statement is a real line in the sand and we'll monitor the results of the Autumn wave closely.

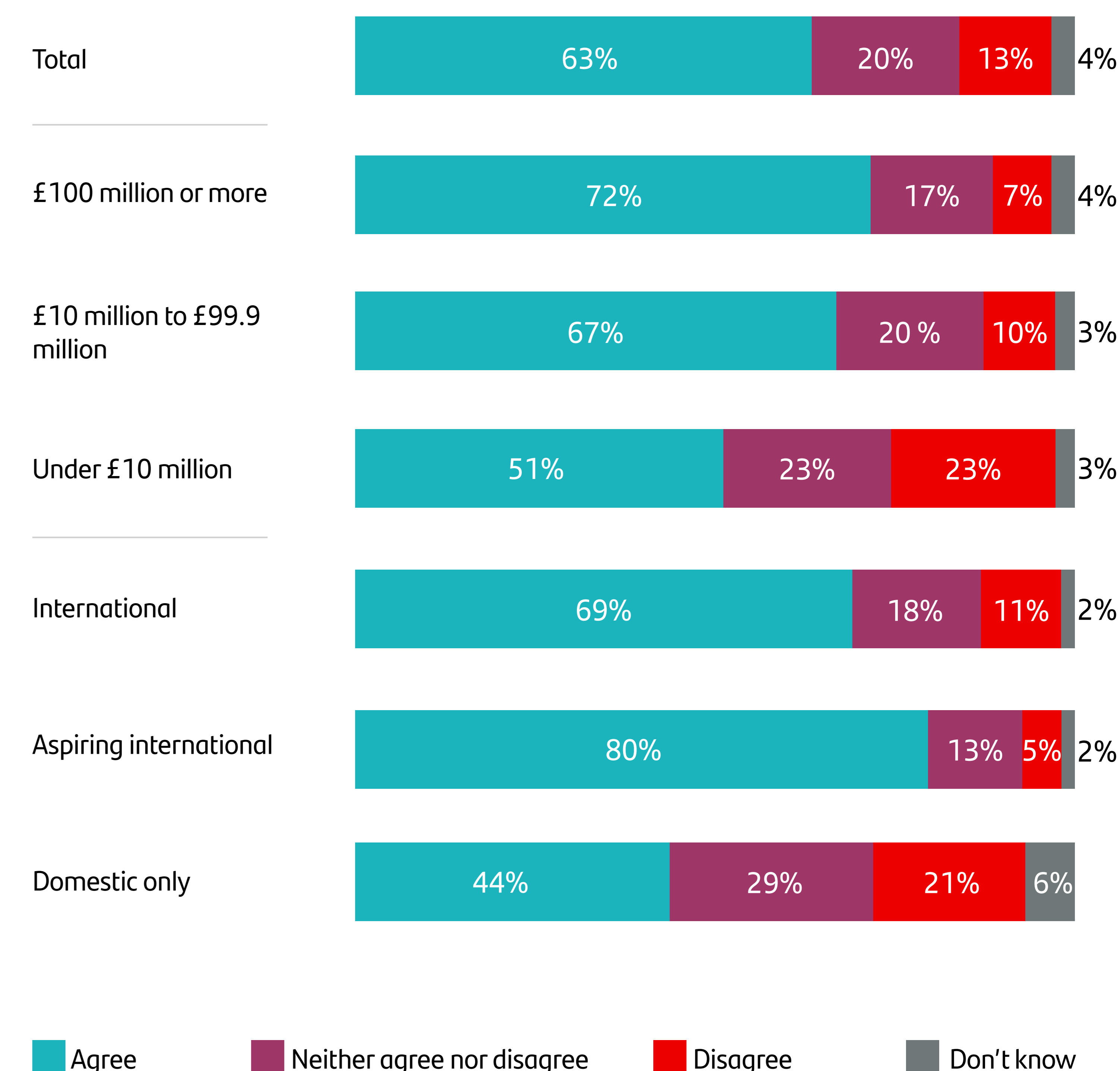


Importance of international trade over time



Impact of tariffs

Percentage of businesses that agree or disagree with the statement "increased trade tariffs globally is a major concern for our business growth"



Client spotlight



Richard Sowerby

Director
Dowlis Inspired Branding

Founded in 1974, Dowlis Inspired Branding is a promotional merchandising company with over 50 years of experience. They've developed a wide range of products. Ranging from traditional branded items like pens and umbrellas to highly bespoke items like electric guitars and money boxes.

On top of its creative and sourcing capabilities, Dowlis manages bespoke online platforms. This allows clients to buy the branded merchandise directly. Dowlis has become a comprehensive provider for businesses with complex promotional needs.



International expansion and strategy

To manage the risks and opportunities of global trade, Dowlis adopted a low-risk, flexible expansion strategy. In 2016, it established a US subsidiary with a virtual office and outsourced warehousing, ensuring agility. A similar model in the Netherlands maintains EU market access post-Brexit.

Dowlis faces several critical challenges amid an increasingly complex global landscape. Fragmented international trade regulations have created compliance hurdles. Economic uncertainty, including inflation and recession risks, demands careful financial planning. Plus, the demands of large clients with extensive inventory requirements and long credit terms place pressure on cash flow and resource allocation.

Dowlis has adopted a lean and flexible business model, maintaining minimal fixed costs and scalable infrastructure to adapt quickly to change. Geographical diversification, with operations in both the US and EU, has helped to mitigate region-specific risks. The company also embraces technology, investing in digital platforms to streamline client ordering and improve visibility across inventory and procurement. Crucially, our relationship with Dowlis provides them not only capital support but also guidance in navigating complex trade dynamics.

Looking ahead

Dowlis is focused on deepening relationships with global clients and expanding into emerging markets across the Middle East. Before this can happen, it's not lost on Richard that there will be some challenges: this year is all about focusing on profitability, cost control, and ultimately, coming out of the year stronger than we entered it.

Dowlis's long-term success hinges on its agility, commitment to value-added services, and strategic global presence. Its resilience is also reinforced by a continuous drive for innovation and a deep understanding of regional trade regulations.

From its journey, Dowlis has learned the power of flexibility in international operations, the importance of reliable financial partnerships and the critical need for innovation and compliance. As a mid-sized UK business, Dowlis serves as a standout example of how thoughtful strategy and disciplined execution can turn global challenges into lasting opportunity.

'We wanted the facilities and headroom across the group, not just the UK. Santander have tailored their solution through their relationship team to enable us to use Santander globally. They have listened to us from the start and acknowledged that what we want today isn't necessarily what we want tomorrow.'

Horizons of opportunity

Germany (55%), the US (54%) and France (52%) top the charts for markets UK businesses do business with. We've even seen China rejoin the top 10, ahead of Ireland and Spain.

When looking ahead, UK businesses expect the greatest number of opportunities to come from the US (30%), Australia (23%), Germany (23%) and Canada (18%). However, again, we've seen China re-enter as a key trading partner for UK international businesses over the next year (up to 16% from 8% just 6 months ago).



Current trading partners¹



UK top 10 trading partners

- | | |
|--------------|------------|
| 1. Germany | 6. Belgium |
| 2. US | 7. Italy |
| 3. France | 8. China |
| 4. Australia | 9. Ireland |
| 5. Canada | 10. Spain |

Future trading partners²



UK top markets of opportunity in the next 12 months

- | | |
|--------------|-------------|
| 1. US | 6. France |
| 2. Australia | 7. UAE |
| 3. Germany | 8. Japan |
| 4. Canada | 9. Spain |
| 5. China | 10. Belgium |

^{1,2} Fieldwork conducted before President Trump's widespread tariffs announcements ('Liberation Day')

Operationalising opportunity

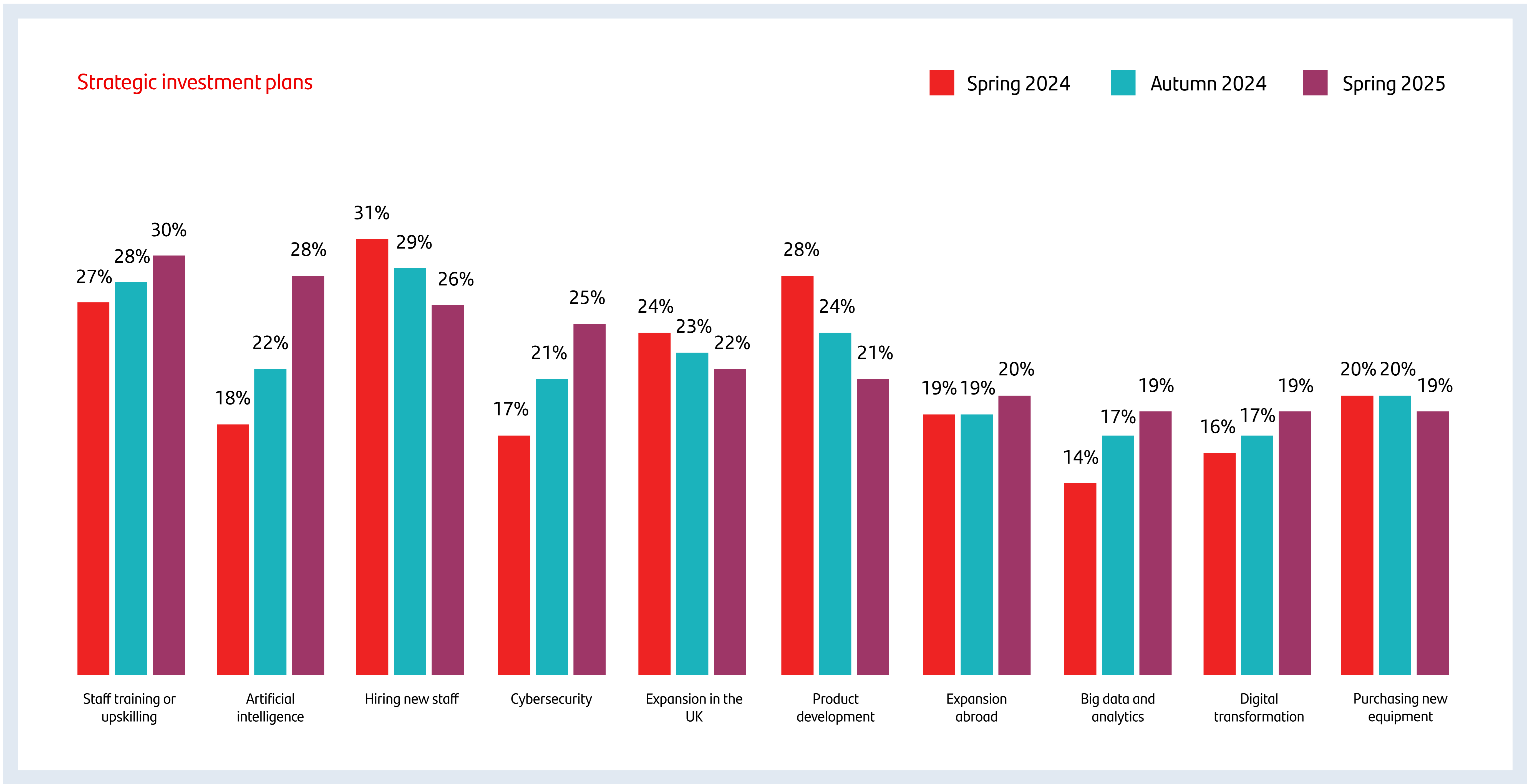
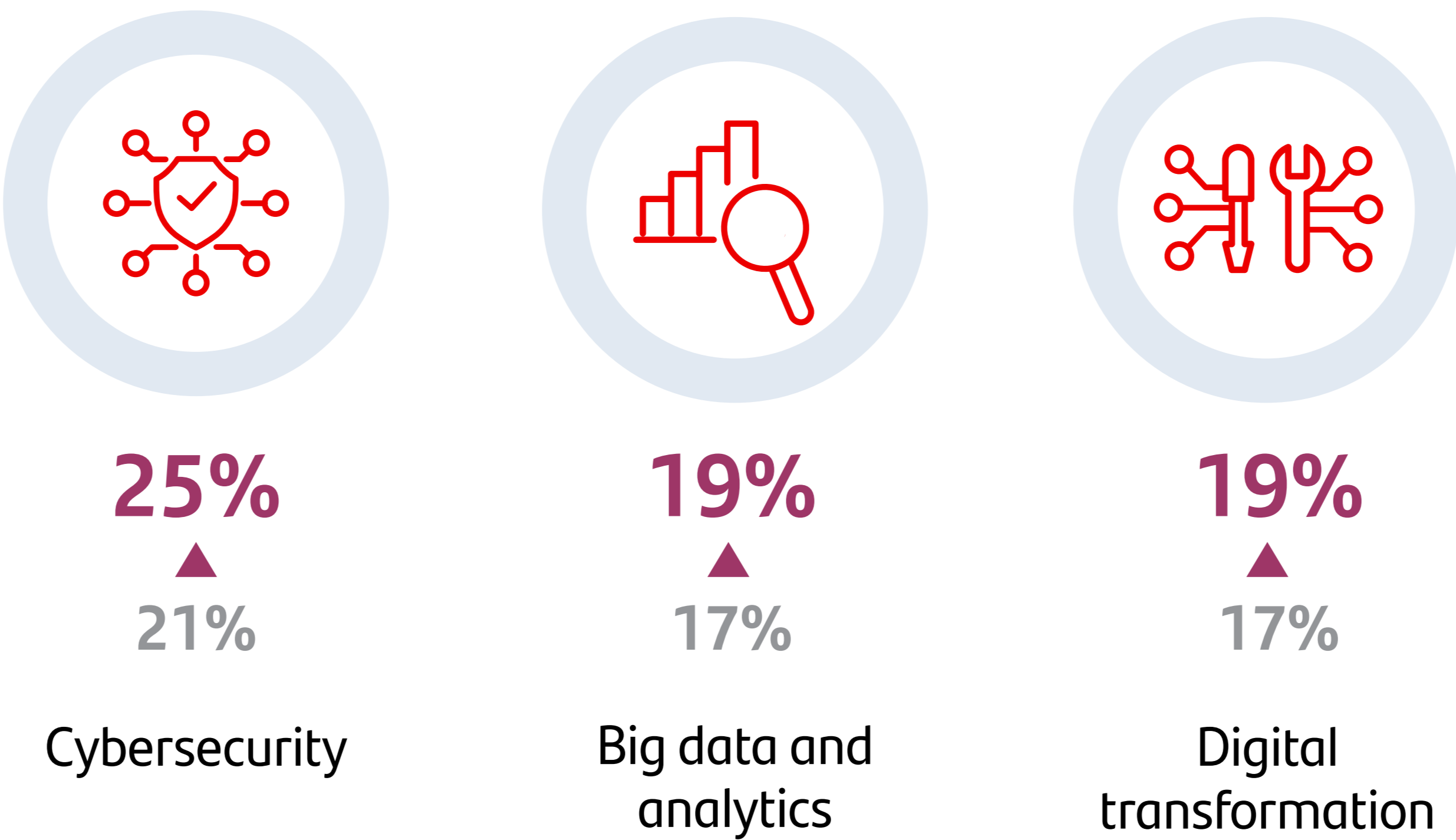
Within the UK market, businesses are not only rising to the challenge and opportunities that trade presents, but they're also investing for growth and optimisation of their operations.

Investment plans

When analysing wave-over-wave trends of strategic investment plans among UK businesses, staff training or upskilling is increasingly more important. Around 3 in 10 (30%) say this, up from 27% in Spring 2024.

The key story, however, is the significant increase in businesses saying they have investment plans for artificial intelligence (AI). This is up to 28% from 18% back in Spring 2024. Other considerations for future investment are inextricably linked to data and technology.

Change between latest two waves



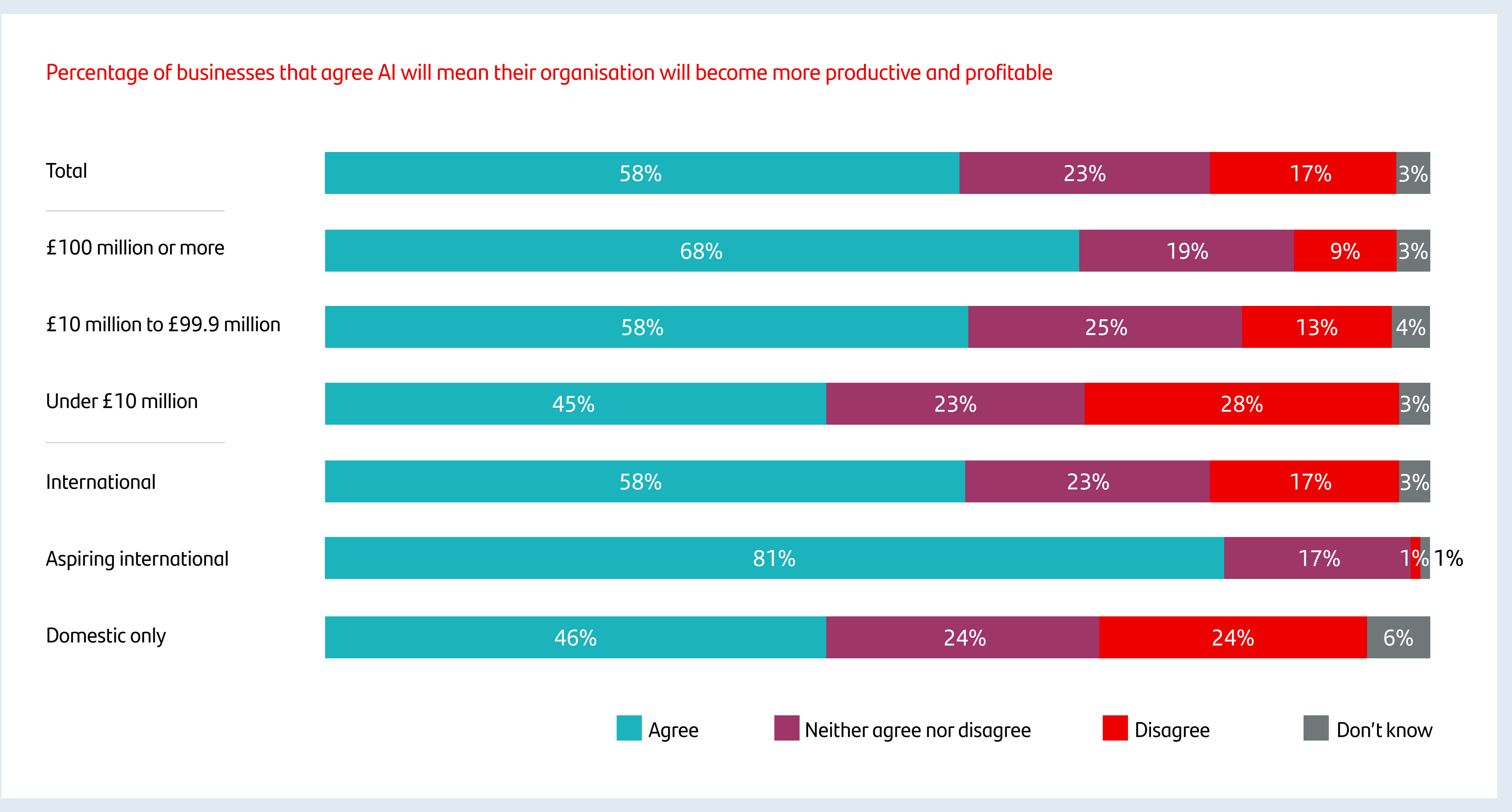
Investment plans by business size

Larger businesses (with revenues over £100m) are most likely to hold these views around AI, cybersecurity, big data and digital transformation. Smaller businesses are more focused on upskilling and hiring of current or new staff.

Nearly 3 in 5 businesses (58%) agree with the statement: 'I am confident AI will mean our organisation will become more productive and profitable'. While most businesses believe AI will enhance productivity and profitability, this view is less common among businesses trading domestically. In contrast, 81% of businesses aspiring to trade internationally (that have plans to start trading overseas in the next 12 months) agree that AI will streamline operations, highlighting its potential impact on trade, shipping, supply and identifying international opportunities.



Investment strategy by business size	Total	<£10 m	£10 m - £99.9 m	> £100 m	Large v small % difference
Staff training or upskilling	30%	29%	31%	29%	+1%
Artificial intelligence	28%	19%	28%	37%	+18%
Hiring new staff	26%	26%	30%	23%	-3%
Cybersecurity	25%	12%	23%	40%	+29%
Expansion in the UK	22%	20%	22%	23%	+3%
Product development	21%	16%	25%	20%	+4%
Expansion abroad	20%	16%	23%	21%	+5%
Big data and analytics	19%	8%	17%	33%	+25%
Digital transformation	19%	8%	19%	31%	+23%
Purchasing new equipment or machinery	19%	17%	21%	17%	+0%



Client spotlight



Patrick Collins
CFO
Belfast Distillery Company

McConnell's Distillery opened its doors in April 2024, following a multimillion-pound investment and landmark transformation of the iconic Crumlin Road Gaol in North Belfast – establishing the new home for the Belfast Born brand, McConnell's Irish Whisky, whose origins go back almost 250 years to 1776.

Since opening in April 2024, the distillery has distilled enough new make spirit to produce 1.6 million bottles of McConnell's Irish Whisky, which is already exported to over 45 markets worldwide, including key Irish Whiskey markets in Europe, Africa, APAC, Canada and is distributed across all 50 states in the US.

However, the story is not just about whiskey production. McConnell's has already become a key player in local tourism, establishing the Distillery as a must-visit experience for both local day-trippers as well as international visitors.

Driving forces behind international relaunch

Having joined Santander early in its regeneration, the bank has provided early advisory guidance to new markets. Now, market expansion of McConnell's Irish Whisky has coupled with the opening of its distillery doors and an ambition to welcome upwards of 100,000 visitors per year. Belfast native and Chief Executive Officer, John Kelly's role in McConnell's expansion has been significant.

Perfect partnership

Whilst it has an aggressive growth strategy, Belfast Distillery Company Limited is still currently a small organization and not immune to the challenges typically faced with growth such as relying on its reputation, existing partnerships, and current distribution networks. A recent example is provided by Patrick, who describes difficult-to-navigate regulatory frameworks when attempting to launch in Nigeria.

We've have been able to provide expertise and support when the Belfast Distillery Company Limited has faced regulatory and logistical challenges in each market. The company also cites the aided ability of Santander navigator in helping find opportunities and new partners, alleviating the need for investment discovery. To this end, Patrick views Santander Navigator as a 'perfect partner.'

Patrick and the McConnell's team are excited for the years ahead and the support they are now receiving from Santander to aid in promoting the distillery as a cultural and 'must visit' tourist attraction in Belfast.



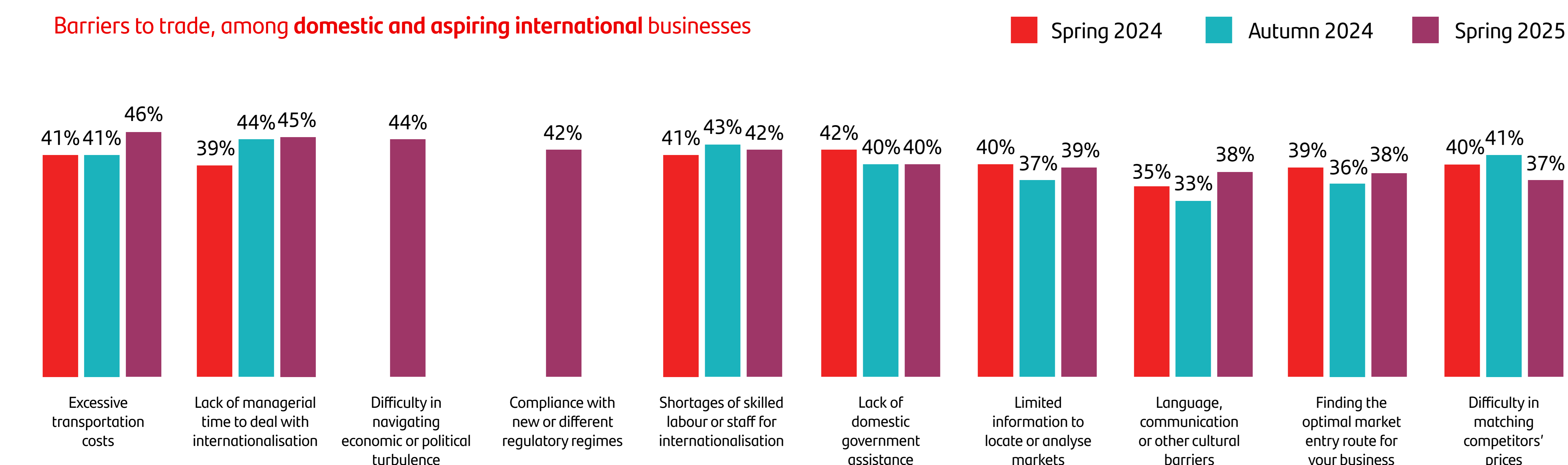
Realising trade potential

Tariff issues have rightly dominated the headlines in recent months. However, non-tariff barriers to trade shouldn't be ignored because of this.

Domestic (i.e. not trading overseas) and aspiring UK businesses say there are a host of barriers to internationalisation. From excessive transportation costs (46%) to lack of managerial time (45%) and navigating economic and political uncertainty (44%).

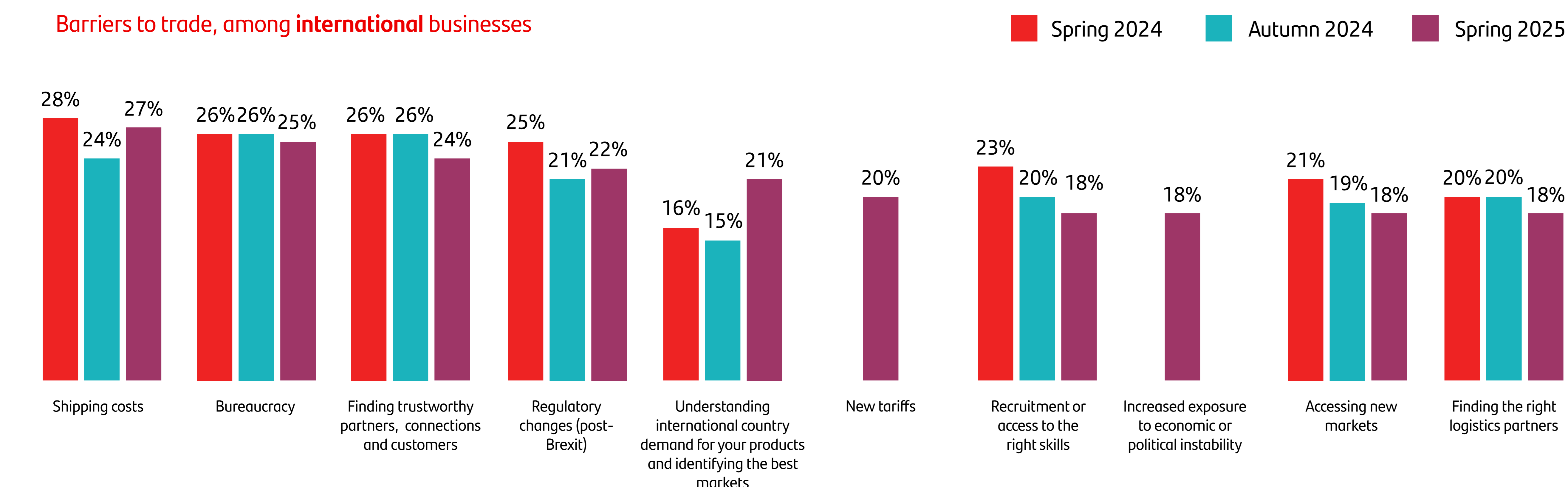
For those internationally established (i.e. trading overseas), shipping costs (27%), finding trustworthy partners (24%) and regulatory changes (22%) are the biggest challenges.

Barriers to trade, among domestic and aspiring international businesses



2 new categories added in latest wave

Barriers to trade, among international businesses



2 new categories added in latest wave



Supporting structures

There are heightened calls for government and third parties to support with international trade ambitions.

When compared against previous waves of the Trade Barometer, businesses are increasingly rallying for new free trade agreements (29%), support with digitalisation (28%), and digital transformation and technological change (26%).

Desired government and third-party support			
	Spring 2024	Autumn 2024	Spring 2025
Offering tax breaks	29%	34%	31%
Helping with or reducing requirements	35%	31%	31%
Offering financial incentives	23%	30%	29%
New free trade agreements	25%	27%	29%
Support with digitalisation and developing your online capacity	21%	25%	28%
Helping to identify the best markets for overseas growth	26%	22%	27%
Helping to find customers, business partners and suppliers overseas	26%	25%	26%
Helping with challenges related to digital transformation and technological change	19%	21%	26%
Helping to understand the 'total cost' of setup in a new market	23%	21%	25%
Helping to understand my business's sustainability performance	20%	19%	23%



Conclusion

International trade is undergoing a period of profound upheaval. Yet, despite these challenges, the UK's entrepreneurial spirit remains resilient. Many businesses will continue to look beyond our borders. Some out of necessity, as sluggish domestic demand pushes them to explore new markets, and others out of raw ambition. The most dynamic and innovative firms aren't content to stand still. They're actively seeking fresh opportunities, forging new connections and expanding their reach globally.

While debates around tariffs often dominate headlines, it's the practical, day-to-day barriers to trade – logistics, regulations, compliance and access to local knowledge – that require ongoing attention. UK businesses have made clear what they need: better connectivity, greater access to market intelligence and the right expertise to navigate complex international landscapes.

Technology will play an increasingly vital role. The growing adoption of AI across the business landscape is already transforming how businesses operate. Those best placed to succeed in the new trade environment will be those that harness the power of AI and combine it with fresh, innovative thinking to overcome obstacles and accelerate growth. Though we're wary of varying rates of adoption and application dependent on business size.

We understand these challenges and we also see the opportunities. That's why we remain committed to supporting ambitious UK businesses, providing the tools, insights, connections and financial backing needed to help them thrive on the global stage.

Our teams can connect you to the people you need to know.

The connections you need. **It Starts Here.**





Corporate & Commercial Banking