



CHARTERED
INSTITUTE
OF EXPORT &
INTERNATIONAL
TRADE

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

24th October 2025

Dear Chancellor,

I welcome the opportunity to reflect on insights from the members of the Chartered Institute of Export & International Trade, and the wider UK trading community, in advance of the Autumn Budget on 26th November 2025.

UK exporters have faced an exceptionally challenging year, with high costs, disrupted supply chains, and shifting global trade dynamics weighing heavily on small and medium-sized businesses (SMEs) particularly. It is the welfare of UK SME exporters which I wish to focus on in this letter, in accompaniment to our formal policy submission to the Treasury last week.

The latest statistics indicate that there are 323,000 SME exporters in the UK, 11.8% of all registered SMEs. In comparison, around 40% of large firms exported. As the government's own Small Business Plan notes, this would seem to reflect that SMEs are "disproportionately impacted by trade barriers". As 99.8% of the business population are estimated to be made up of SMEs, I am sure you will agree that it is vital that the UK drives up the number of SMEs exporting if we wish to stimulate sustained, long-term economic growth.

Recent government data shows that, of SME employers with plans to undertake growth-related activities, more than half reported that plans had been affected by issues relating to rising costs. This data tallies exactly with the feedback we hear regularly from our members, who tell us that they are hurting from both tax burdens and wider costs, and that they are in dire need of financial relief. A pro-growth business environment is essential if we truly want UK businesses to be able to invest and expand internationally.

It is vital, therefore, that the upcoming Budget focuses on policies which will take the strain off SMEs and support growth, such as increasing the VAT registration threshold from £90,000 to £100,000. Any short-term relief measures, however, must be complemented by longer-term measures for growth. We specifically asked some of our members whether they were waiting to make longer-term investment decisions until the Budget had been delivered. There are some who are actively



waiting to see how they will be affected by Budget measures in order to make decisions – for example, whether they can afford to expand a manufacturing site or how they will manage staff resourcing and pay decisions. However, many have said they are simply not investing at all due to too many financial blows in recent times, including areas such as the increase to National Insurance Contributions, US tariff regime implications, the impact of EU General Product Safety Regulation implementation, ongoing high energy costs, and many more areas. There is a glimmer of hope in that some businesses will await the Budget to see if any measures announced make it worthwhile taking forward long-term investments, but they emphasise that pro-growth measures need to happen soon.

More broadly, medium-long term measures for growth include a necessity to implement the SPS Agreement with the EU as soon as possible, which is predicted to add up to £5.1bn a year to the UK economy. Of all the measures taken this year by the Government to bolster confidence that the UK is somewhere where businesses can grow, the progress on a closer relationship with the EU is the most reassuring, not least given the context that an estimated 16,400 UK businesses stopped exporting to the EU after Brexit. The Chartered Institute looks forward to continuing our support for the Government in terms of establishing the SPS Agreement and promoting mechanisms for more efficient trade flows with EU countries. The Department for Business and Trade's digital trade corridor pilots with France and Germany will provide a good example of the kind of arrangements which are possible even beyond the Trade and Cooperation Agreement.

I will end with a stark reflection from a couple of our members, who are concerned that the upcoming Budget will be “the straw that breaks the camel's back” and that they will no longer be able to afford to trade. One said that even measures which they felt were “good initiatives in principle”, such as National Insurance Contribution increases are “killing [their] 100 year old business” and they cannot compete in global markets.

I urge you to find a way to support SMEs meaningfully in your measures, and refrain from placing any additional tax burdens on them, so that the number of UK SMEs exporting does not shrink to still smaller numbers. SMEs are the vehicles by which the growth engine of international trade moves forward, but they must have the right rails on which to run.

I would be delighted to discuss these issues with you further at your convenience.

Yours sincerely,

Marco Forgione
Director General