

EMBARGOED – 22:30, MONDAY 10 OCTOBER

ACTION NEEDED AS MORE SME EXPORTERS REPORT FALLING SALES

- **Percentage of Small and Medium Sized Enterprise (SME) exporters reporting increased export sales drops to 22%, from 26% in Q2**
- **More than a quarter (28%) of SME exporters saw decreased sales, while 50% report no change in Q3**
- **Only a third of SME exporters (34%) expect to see increased profitability in the next 12 months, while 39% expect a decrease**

A survey of more than 2,200 UK SME exporters has revealed a worrying decline in export growth following five consecutive quarters of flat activity.

More SME exporters are now reporting falling overseas sales (28%) than are reporting an increase (22%).

The BCC's quarterly Trade Confidence Outlook for Q3 2022 also showed a sizeable proportion of SMEs exporters are facing an increasing squeeze on their operating margins as 65% expect their prices to go up, but 39% expect their profitability to go down.

SME manufacturers trading overseas are under particular pressure with only 32% expecting their profitability to increase in the next twelve months and 42% expecting a decrease. Although SME service exporters were slightly more optimistic than manufacturers, 37% expect a decrease in profitability, while 35% expect an increase.

SME manufacturing exporters are also the most likely (73%) to expect to raise prices in the next year, close to record highs.

Almost nine out of 10 (89%) firms in this sector cite 'raw materials' as their biggest cost pressure, with 80% citing 'utilities' and 75% citing labour costs.

Responding to the findings, Head of Trade Policy at the British Chambers of Commerce, William Bain said:

“The UK Government has an ambitious agenda to promote exports and we look forward to working with the new DIT Ministerial team to help get Britain selling again. But with the trade deficit still standing at over £20bn, it must first increase business confidence and capacity to sell overseas.

“There are major opportunities for SME exporters to be made in exploiting Free Trade Agreements, but too many firms are currently unaware of these or unsure of how to take advantage.

“The UK Government needs to focus on really pushing awareness of these deals, especially among smaller businesses. It must also bring firms further into the fold on negotiations, so they have more involvement from the off, and take decisive action on reducing some of the removable EU red tape costs for traders.

“Small and medium sized businesses are the ones who have been really facing the pain of the current difficult international trading conditions.

“They are much more exposed to the combination of supply chain disruption, soaring prices, and the impact of Brexit red tape and compliance costs, than larger companies.

“This research uncovers the trends that are often masked in the ONS figures by the high value and trade volumes of larger corporates. Our data shows there are serious underlying issues – which are hitting smaller manufacturing exporters the hardest.

“But our Chamber Network stands ready to help. We are experts in international trade and have affiliates in 78 markets around the world to help make the strategic connections needed to effectively exploit new markets. We urge the UK Government to use our Chamber Network for their local reach and global network to get Britain selling again.”

Ends

Notes to editors:

- Spokespeople are available for interview
- The survey was conducted between 22 August and 16 September 2022
- The figures for the Trade Confidence Outlook are drawn from the BCC’s bellwether Quarterly Economic Survey (QES).

About the British Chambers of Commerce

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 53 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global Business Network connects exporters with over 75 markets around the world.

For more information, visit: www.britishchambers.org.uk

Media contacts:

Steve Partridge – Head of Media and Communications
s.partridge@britishchambers.org.uk
+44 (0) 7825 746812

Mary Hartnett – Senior Press and Communications Officer
m.hartnett@britishchambers.org.uk
+44 (0) 7497 578019