



GLOBAL BRITAIN

FIT FOR 2030: IDEAS FOR A GLOBALLY COMPETITIVE UK

**FUTURE^{OF}
THE
ECONOMY**
WHERE BUSINESS BELONGS

B British
Chambers of
Commerce
GLOBAL BRITAIN

CONTENTS

Foreword	5
Executive Summary	6
Introduction and Context	7
Top 10 Recommendations	8
SECTION 1	
Evaluating the UK's Global Competitiveness	9
SECTION 2	
Cost competitiveness	10
Labour market and costs	10
Business taxation	10
Business rates	11
Air Passenger Duty	11
R&D tax credits	12
Regulation and Corporate Governance	12
SECTION 3	
Innovation-driven competitiveness	14
Skills	14
Energy Competitiveness	15
Infrastructure and Planning	17
Airport Expansion and Connectivity	18
Sustainable Aviation Fuel (SAF)	19
SECTION 4	
Strategic competitiveness	20
Defence industries exports and key relationships	21
Conclusions and recommendations	24



FOREWORD



Shevaun Haviland CBE

Director General,
British Chambers
of Commerce

The UK is among the world's most dynamic, innovative, and forward-looking countries.

It is the sixth largest economy in the world, a stronghold for inward investment and the second largest global exporter of services. Its businesses are at the forefront of developments in climate-change technology, AI, cloud-computing, advanced manufacturing and life sciences.

The UK is one of three leading global financial centres, and its financial services and capital markets provide liquidity for investments and commerce across the world.

The government's new Industrial and Trade Strategies also have the potential to be the twin rocket boosters required to boost UK business strength even further.

But achieving higher productivity and investment is inextricably linked to the competitiveness of our economy across a range of areas from infrastructure, skills, energy costs and planning.

A competitive economy is synonymous with efficiency, innovation, adaptability, problem-solving and regulatory stability which all lead to a constant cycle of progress.

These are all metrics which governments and multi-national businesses look at very closely when deciding where to locate and invest.

But the latest World Competitiveness ranking put the UK in 29th place out of 67 economies. So, raising our competitiveness in a rapidly changing global economy is a challenge which requires concerted action from both businesses and government.

The UK is already upping its game through the work of the Office for Investment. It is attracting new investment in forward-looking and high-growth industries such as life sciences, AI and energy. Defence and supply chains are other areas where stronger investment is key for jobs and growth.

The UK also needs to make much more of its soft-power and its capabilities in economic diplomacy, for example by leveraging diplomatic, business and global Chambers Network links. The BCC's partnership with the FCDO on a forthcoming joint Diplomatic Advisory Hub will mean SMEs have access to the most up-to-date insight into overseas markets to grow their sales.

Trade accelerators and corridors, which can embed the latest digital systems, can also turbo-charge our export potential.

Competitiveness also means improving regional co-operation to take advantage of economic strengths within the UK. Areas like life sciences, research and data centres are all fertile ground for a more co-ordinated approach.

Alongside this we need planning systems which can attract and retain job-creating private investment. Ensuring that companies can start up, and then scale up, equally effectively.

This report has a clear narrative on why competitiveness is vital and more than 40 policy recommendations on how we can get the UK climbing global rankings once more.

If we act now the UK can become an even brighter beacon for economic openness, investment, innovation and growth.

EXECUTIVE SUMMARY

Higher UK productivity and investment are inextricably linked to the competitiveness of our economy across a range of areas from infrastructure, skills, energy costs and planning.

When the International Institute For Management Development first ran its World Competitiveness ranking in 1989 the UK was marked a very respectable 13th out of 33 countries. By 1997 it had climbed to a position of 9th out of 46 nations. But since then, the UK has been on a roller coaster ride and this year it ranked 29th out of 67 economies.

In a world where international trade has been upended and geopolitical upheaval is making every nation pause to assess its alliances, how competitive the UK is matters more than ever.

But this does not mean that the UK is down and out, far from it. The country has a lot going for it.

The UK is still the sixth largest economy in the world, it is the fifth largest exporter overall - the second largest for services, and it has the third largest stock of inward investment assets.

The UK's cultural and educational offer, its transparent legal system, and most of all its people are also huge selling points. But a perception remains that the UK is not the force it once was. It is seen as an expensive place to do business, its skills system appears broken, grand infrastructure projects are abandoned, and it appears less resilient to economic shocks. There is some truth in all these assessments but understanding what the problems are also means they can be fixed.

The government¹ has also recognised many of these issues and is acting to solve them. Its planning reforms, and the Industrial and Trade Strategies have all included proposals that have been welcomed by the BCC and businesses.

But the frontiers of the UK's economic competitiveness are constantly evolving. These include issues like energy costs, defence, data flows and data centres, supply chains, AI and life sciences. These are crucial as our economy continues to adapt to the post-Covid world, the War in Ukraine, technological advances, and geopolitical and trade developments.

Taking forward the approach recommended in our previous report on Investment, the Office for Investment has made a strong start in attracting funding for energy, data centres, and AI. But addressing regional strengths and weaknesses in the economy, in terms of diversity and co-operation, also needs to be done.

Alongside this, we must tear down the barriers which prevent UK companies from scaling up as quickly as they need to. This means making the UK's financial and listing centres more accessible for them.

This report focusses on three distinct areas which our research and interviews with business, Chambers, academics and Business Council members tell us matter the most. Reducing the cost of doing business would immediately make the UK a more attractive place to invest. Reforming business rates, streamlining regulations, and making the tax regime internationally competitive would all go a long way to achieving this.

Creating a business environment which allows innovation to thrive and make the leap from start up to scale up is also a must. That means increasing the availability of skilled domestic labour, creating a more stable and diverse energy sector, and a quicker more effective planning and infrastructure system.

Regional delivery is a key consideration within this, to allow speciality clusters to develop in greater volumes, whether on AI, life sciences and other vital sectors. This requires a more integrated approach to planning, access to water supplies, energy, and other infrastructure.



Access to capital and maximising the benefits of UK listing are also crucial. Scaled up businesses, particularly mid-sized capitalised firms, need ecosystems that allow them to grow rapidly.

Finally, the UK needs to consider its strategic offer. Improving its resilience to external economic and geo-political shocks, forging new trade alliances and upgrading its supply chain security will all greatly improve its competitiveness.

Making the most of Brand Britain in our economic diplomacy is also key, particularly for high-growth services exports, where global opportunities abound.

This report has over 40 recommendations on how a focus in these three areas of cost, innovation and strategic approach can make the UK more competitive.

Government and business should work together to build a strong national story in implementing our recommendations. By securing investment in technologies, skills and infrastructure we can generate higher economic growth.

Action on data centres, infrastructure, planning, energy, and supply chain capacity will give the country the edge it needs on the global stage. We also benefit unequivocally from open and fair trade. The UK is unique with its steadfast US relationship, historic Commonwealth links, strong ties with Europe, and burgeoning connections in the fastest growing region of the global economy – the Indo-Pacific.



INTRODUCTION AND CONTEXT

To be competitive the UK needs to stand out in a crowded global market leveraging every element of its hard and soft economic, business and diplomatic power. It must attract investment, foster innovation, increase productivity, and improve living standards. This will raise economic growth rates in the medium and long-term, reinforcing the UK's position in the world as a location for economic openness, trade and investment opportunities. There is a mix of elements the UK must get right to forge its competitive edge. These include taxation and regulation, physical and digital infrastructure, innovation, technology, dynamism, connectivity and security.

The Government has secured several high-profile wins on inward investment, including energy and AI during a State Visit from the US President, but wider challenges remain. The UK must strengthen its supply chain security, increase its provision of data centres and reduce energy costs and planning delays.

Alongside the Industrial and Trade Strategies, a policy and business ecosystem is needed to support regional development of transport, data infrastructure, skills and connectivity to global markets. This means a stronger role for Brand Britain, connecting commercial diplomacy, trade, investment, and business. The BCC's Chamber Network is uniquely placed to do this, through its co-operation with the FCDO in its new Diplomatic Advisory Hub.

Recent surveys of investor sentiment place the UK as a joint top location for investment in Q2 of 2025, alongside Indiaⁱ. But the prospect of higher levels of trade fragmentation between the world's leading powers is an increasingly relevant factor in the strategic discussion on competitiveness. The most recent analysis from the World Trade Organisation's Global Trade Outlook forecasts a 0.2% contraction in global goods trade in 2025, before rebounding to 2.6% growth in 2026. But this is lower than more positive forecasts from only last autumn. Even services are set to be affected by trade fragmentation, with a growth forecast of 4.0% in 2025, sharply down from the global expansion of 6.8% in 2024ⁱⁱⁱ. As the World Economic Forum's latest Global Risks report^{iv} cited, we face declining optimism and greater concerns about geopolitical developments and their impact upon economic growth.

The EU is having a similar debate to the UK on competitiveness, driven by the publication last year of the Draghi Report^v. A key conclusion of the report is that Europe needs to close the innovation and dynamism gap with the US and China, to create more globally scalable and capitalised companies. The issues differ somewhat in the UK, with its deep and highly liquid capital markets, but a common challenge on channelling capital more effectively into private investment exists. In a previous report we suggested that HM Treasury, the Bank of England and other financial regulators should develop pro-growth proposals to deepen UK capital markets, pension funds, and unlisted equities to increase investment^{vi}.

This report will outline the key policy and economic factors which need to be addressed to improve the UK's global competitiveness. They include how we measure competitiveness and how we leverage the UK's global advantages in services, technology and innovation, while supporting the other areas necessary for long-term investment.

Our economy is relatively open to innovation, capital and investment, and scored well on trade openness (imports plus exports as a share of GDP) at 64% in 2023. The UK has remained among the top two most attractive locations in Europe for inward investment, second only to France.

64%

UK's openness to trade in 2023

World Bank data

But 2023 was not a good year for foreign direct investment globally, with a 7% decline in flows. Following the Autumn Budget 2024, new government fiscal rules and a revised definition for public debt should lead to a £100bn increase in public capital investment in the UK until 2029.

Our December 2024 report on Trade and Investment explored how we can make sustained improvements in those two areas. We made recommendations on: infrastructure investment, investment and economic diplomacy, reforming regulation and capital requirements, trade agreements and export growth, and the UK's influence in multilateral forums. This report seeks to build upon that agenda.

TOP 10 RECOMMENDATIONS

1. Government should work with business to produce an annual Competitiveness Audit and Action Plan for the UK. This should include a competitiveness dashboard - to monitor performance, similar to the World Competitiveness Center Ranking.

2. Recognise that total labour costs are a key concern for businesses and do not raise these further in future fiscal events.

3. Explore expanding eligibility to leased assets alongside the continuation of Permanent Full Expensing for businesses.

4. Seek a move toward annual revaluation on business rates in England, to produce a more up-to-date system.

5. On corporate reporting standards, and mindful of the context of the UK's international commitments, the government should not introduce new requirements or burdens which would affect the attractiveness of the UK as a location for headquartering or listing of globally scaled businesses in the UK.

6. Address energy costs for businesses. Develop a clear regulatory regime, for extraction and exploratory drilling, for the remainder of the projected life of the North Sea as a viable oil and gas basin.

7. Prioritise infrastructure to support growth and investment, including housing, energy, data centres and transport and freight links. Improve road and rail network connectivity to ports to increase freight capacity.

8. Support a third runway at Heathrow, Gatwick's Northern Runway Project and Luton's expansion of terminal capacity. This should be done in a way that is both financially and environmentally sustainable and ensures value for consumers, customers and airlines. The UK government should also work to help facilitate opportunities to expand airports outside of London, to increase capacity and unlock growth in regions across the UK.

9. Explore opportunities to enhance the domestic production of Sustainable Aviation Fuel (SAF), as well as look to put in place further fiscal incentives for SAF.

10. Make the most of Brand Britain in our economic diplomacy, particularly for the UK's high-growth services exports sectors. Work closely with the BCC's global Chamber Network, as a key delivery partner in the new FCDO-BCC Diplomatic Advisory Hub, and explore further pathways.



SECTION 1

EVALUATING THE UK'S GLOBAL COMPETITIVENESS

Over the past few decades there have been several indexes and methodologies to evaluate global competitiveness.

The World Competitiveness Center Ranking, developed by the International Institute for Management Development, is the longest running available index and is now in its 37th year. It uses 170 criteria, mainly derived from data but also structured interviews with business executives, to rank 69 countries worldwide. In 2025^{vii}, it placed Switzerland first, Singapore second, Hong Kong third, Denmark fourth and UAE fifth. The UK was placed 29th.

The World Economic Forum's Global Competitiveness Index ran between 2004 and 2020. It measured performance against 12 metrics:

- institutions,
- infrastructure,
- macroeconomic framework,
- health services,
- education,
- skills and training,
- product markets,
- labour market,
- financial markets,
- technology,
- ICT adoption,
- market size at home and abroad (trade density and openness),
- and innovation capability.

It ranked the UK ninth in its last iteration.

Increasing UK competitiveness needs to be a shared national endeavour for both business and government in a more fragmented global trade and economic context. A Competitiveness Manifesto should be produced, through joint Government-business feedback, to address current and future competitiveness challenges.

These should include:

- AI take-up by SMEs
- Energy costs
- Water supply
- Housing
- Innovation clusters
- Physical and digital infrastructure
- Skills.

Benchmarking is key to assessing long-term government and business performance on key competitiveness metrics. Of particular benefit would be a UK government dashboard evaluating performance against top performing nations globally. Metrics should include economic performance, infrastructure, business performance, productivity, innovation and skills. Although the methodology should be kept under review to address any gaps in indices.

We would recommend the World Competitiveness Center Ranking as a suitable baseline for analysing competitiveness. The dashboard should also use international and UK data sources, and high quality business surveys - including the EY UK attractiveness survey.

POLICY RECOMMENDATION

- 1. Government should work with business to produce an annual Competitiveness Audit and Action Plan for the UK. This should include a competitiveness dashboard - to monitor performance, similar to the World Competitiveness Center Ranking.**

SECTION 2

COST COMPETITIVENESS

Competitiveness on business costs is a huge practical consideration for individual companies. It impacts their ability to grow their market share and has major implications for investment in the development of products and services.

There are a range of priority issues, including:

- Wage costs, energy, skills availability, technology and availability of quality land in the right places.
- Taxation – business taxation, business property rates, air passenger duty, employment taxes (particularly the impact of the rise in employers' National Insurance Contributions), and R&D tax credits.
- Infrastructure – provision of modern digital and physical infrastructure including data centres to streamline logistics processes and ensure goods reach ports and global markets in an efficient and timely way.
- Regulation and corporate governance.

Labour market and costs

Employment costs have risen sharply over recent years, with the combination of National Insurance Contributions (NICs) and National Living Wage (NLW) increases, alongside skills-led wage growth. Taken all together these have inflated pay structures across the workforce. The incoming Employment Rights Bill is estimated to further increase employment costs by at least £5bn^{viii}. In the BCC's Quarterly Economic Survey for the second quarter of 2025, labour remains the most frequently cited cost pressure. Almost three quarters (73%) of businesses across all sectors face pressure to raise prices due to labour costs, rising to 88% for transport and logistics. BCC research also shows 13% of businesses have made redundancies, and a further 19% are considering redundancies, as a direct result of the NICs increase.

POLICY RECOMMENDATION

- 2. Recognise that total labour costs are a key concern for businesses and do not raise these further in future fiscal events.**

Business taxation

Business supports a fair and proportionate taxation system that is as simple and easy as possible to navigate for taxpayers and businesses. Firms also understand that tax revenues are a vital source of funding for the activities of central, devolved and local government. Policymakers must balance revenues for defence, security and public services with the need to incentivise business growth, and ensure the UK remains one of the best places to start and grow a business.

To achieve our growth aspirations in the modern global economy, it is vital that government continues to offer an internationally competitive taxation regime. This concept sits behind several specific proposals we have made ahead of successive Budgets. These include the retention of permanent Full Expensing and capital allowances as part of the Energy Profits Levy (EPL) regime, and a fresh approach to VAT on goods bought by international visitors. The government has made progress in some areas - we welcomed the publication of the Corporate Tax Roadmap at the last Budget.

The UK main rate of Corporation Tax remains the lowest in the G7, but the overall tax burden for UK businesses remains higher than comparative countries. The increases in tax at the last Budget, especially with regard to Employer NICs, are now showing through in hiring and retention data, with research by the BCC showing that 73% of firms who tried to hire staff following the increase faced difficulties in doing so^{ix}.

Economic fundamentals require a focus on the importance of capital allowances, including extending Full Expensing to leased assets. Delivery of large infrastructure investments will benefit from allowing these to be claimed over a longer period than the current two-year window.

POLICY RECOMMENDATIONS

- 3. Government must continue to deliver an internationally competitive taxation regime.**
- 4. Alongside the continuation of Permanent Full Expensing, the UK government should explore expanding eligibility to leased assets.**
- 5. Explore provision for large infrastructure investments to be claimed over a longer period than the current two-year window.**
- 6. Continue the Annual Investment Allowance at current levels.**
- 7. Ensure that the impact of VAT on goods bought by international visitors is reconsidered, with a full review of how it affects investment in the UK's growth businesses.**

Business rates

The BCC welcomed the scope of Business Rates reform in England outlined in the 2024 Autumn Budget and the commitment to create a fairer system. The intention to introduce a permanently lower multiplier for Retail, Hospitality and Leisure properties from April 2026 is a positive step. But the government must go further and set out a pathway to lowering the multiplier to below at least 45p by the end of the Parliament. We hope the current plan will be extended to all businesses in England, not just those qualifying in the current sectors.

With regard to government proposals for a higher rate on the most valuable business properties, while we support a system that is fair and proportionate, we are keen to understand more about this.

POLICY RECOMMENDATION

- 8. Seek a move toward annual revaluation on business rates in England, to produce a more up-to-date system. Particular reference should be paid to the effects of business rates on UK airports and policy responses thereto.**

Air Passenger Duty

UK policy needs to facilitate the right conditions for airlines and other key industries to invest in new fleets for future growth and connectivity. Over the past 15 years, there has been an upward trend in the rates and revenues from air passenger duty sought by government which has impacted costs.

In the UK, taxation on air travel is higher than any other European market. In Germany, air travel taxation is two-thirds of the UK's Air Passenger Duty (APD) levels, and in France it is one-tenth based on a long-haul flight in economy (different rates apply for short and medium haul). Other countries have been revising costs and charges on the aviation industry to make it more competitive. Sweden, for example, recently abolished its aviation tax.

Given the focus on competitiveness and new trading links, the UK Government should review the impact of APD rates in Great Britain. This should balance the needs of the UK as a global commercial centre with the government's wider fiscal goals. APD disproportionately affects UK-based carriers, who pay it on all outbound passengers. The current tax policy puts UK airlines at a competitive disadvantage. This review should examine the sector's ability to continue its investment and remain competitive.

POLICY RECOMMENDATION

- 9. Review the impact of air passenger duty rates in Great Britain. This should balance the needs of the UK as a global commercial centre with the wider fiscal goals of government.**

R&D tax credits

The BCC welcomed the Industrial Strategy and its associated plans, recognising that the focus on eight growth sectors (IS-8) is necessary to secure the UK's advantage in our most competitive industries. These include the strengths of our business and professional services as well as defence, advanced manufacturing and life sciences.

R&D tax credits have a key role to play in supporting these sectors. At the Autumn Budget 2024, we asked for HMT to work with HMRC on a review of the current enforcement regime. This was to ensure that it acts in a manner which reduces the collateral damage to the economy, the accounting profession, and legitimate claimants - while still recouping tax from poorly curated or fraudulent claims. There is also a strong need for improved caseworker training. There are numerous examples of inconsistent interpretation and application of the rules around R&D. For example, a caseworker is allowed to disagree with the decision of a previous caseworker but is not obliged to explain why they have reached a different opinion.

The tax roadmap confirmed a consultation on widening the use of advance clearances in the R&D tax system. Feedback from Chamber businesses is that the current system has extremely limited use. But an advanced clearance system would require massive resource from HMRC. Instead, it should concentrate on rebuilding the expertise previously held within its specialist R&D units, which were closed down in 2019. Greater consistency of approach is vital in terms of administration of these credits to support and incentivise the innovation needed for greater competitiveness.

POLICY RECOMMENDATION

10. Improve the design, customer experience and administration of R&D tax credits.

Regulation and Corporate governance

The UK government believes that regulatory frameworks have not kept pace with innovation and, in response, it published a Regulatory Action Plan, in March 2025. Government is prioritising regulatory reform for frontier industries and has committed to cutting administrative costs for business by 25% by the end of the current parliament. However, questions remain on the definition of this target.

The 2024 Corporate Governance Code has now come into force. This operates on a 'comply or explain' basis - with a larger focus on managing internal risk. Government should also be mindful that globally competitive companies in the UK require an effective but not overly prescriptive approach to reporting compliance. The UK already operates within the framework of its OECD commitments, and gains no benefit, in competitiveness terms, from mirroring the approaches of other jurisdictions on corporate sustainability reporting.

Creating the right environment for the economic regulation of airports is vital to ensure airports deliver cost-effective infrastructure investment that benefits their customers, consumers and the wider UK economy. Reviewing the UK's economic regulation to ensure it is fit for purpose would help deliver efficient, affordable investment into the UK's global hub and maintain and improve its international competitiveness.

POLICY RECOMMENDATION

11. On corporate reporting standards, and mindful of the context of the UK's international commitments, the government should not introduce new requirements or burdens which would affect the attractiveness of the UK as a location for headquartering or listing of globally scaled businesses in the UK. Ensuring that the Responsible Business Conduct review explores the case for economic regulation being fit for purpose to deliver investment into the UK's hub industries and infrastructure is vital for competitiveness.



SECTION 3

INNOVATION-DRIVEN COMPETITIVENESS

This section focuses on the following priority issues:

- Availability of skills.
- Energy Competitiveness.
- Infrastructure and planning.
- Airport expansion and connectivity
- Sustainable Aviation Fuel.

Skills

Access to skills is critical for business competitiveness. However, the BCC's Workforce Survey 2025 found that 67% of businesses face skills shortages, rising to 79% of manufacturers.

When businesses cannot access skills in the UK, a very small percentage are forced to turn to immigration to fill urgent job vacancies. However, the cost and complexity of the immigration system present significant barriers for SMEs. Recent reforms will compound the problem, further restricting firms' access to non-UK skills.

The skills landscape in England is complex and confusing, and many businesses do not know where to start to access courses for staff training, upskilling and re-skilling. Chamber-led Local Skills Improvement Plans (LSIPs) are helping firms navigate this system by matching training provision to local needs and 'translating' the system into business language. In the first few months of LSIPs, 65,000 businesses engaged with them, many getting involved with the skills system for the first time.

Apprenticeships are a high-quality, valued qualification that provide a non-academic route to progression, often into well paid and highly skilled careers. However, most courses last at least a year and their structure is inflexible, so they are not always appropriate to every business, learner or role. Employers tell the BCC they need shorter, flexible, modular training to upskill and reskill staff quickly according to their specific needs. We welcome the government's announcement, that from April 2026, shorter courses will start to become available under the Growth and Skills Levy. However, firms are concerned that Level 7 (Master's level) apprenticeships have been defunded to pay for this extra flexibility as this will hinder access to higher level technical skills.

POLICY RECOMMENDATION

12. Invest for the long term in employer-led LSIPs in England to ensure businesses can access the medium-to-long-term skills they need. Maintain a focus on developing more technical skills in the workforce. Ensure that the Apprenticeship Levy remains employer-led, creates no further increase in business costs, and provides funding for skills at all levels.

Energy Competitiveness

Energy costs and long-term security of supply are key competitiveness issues for energy intensive industries in the UK. Energy is key to the scaling up of AI and its vast economic potential. The North Sea has supported the UK's energy security for decades and currently supports around 115,000 jobs domestically^{xi}. Managing the long-term energy transition in the North Sea, from oil and gas production to a commercially-viable renewable energy sector, is of vital strategic importance to the UK. A successful energy transition could both hasten the UK's journey to net zero and support economic growth through successful redeployment of a world-leading workforce and businesses in the country-wide supply chain. This would set an international example on how to successfully manage a complex energy transition.

However, the current fiscal regime in the North Sea, through the Energy Profits Levy (EPL), is resulting in falling confidence and declining investment^{xii}. The EPL currently puts the UK at a competitive disadvantage, and recently announced job cuts have led to a real and immediate risk of energy-related businesses leaving the UK. The UK government has committed to removing the Energy Profits Levy by 2030, but with current levels of disinvestment and job losses, that is too long to wait. The BCC has already called on the government to replace the Energy Profits Levy before 2030 with a new, stable fiscal regime that is proportionate to changes in the prices of oil and gas.

The government must also develop a clear regulatory regime, for extraction and exploratory drilling, for the remainder of the projected life of the North Sea as a viable oil and gas basin. This, alongside a comprehensive multi-annual framework of government support for offshore wind, hydrogen and carbon capture, usage and storage, would offer the industry certainty for the future and restore investor confidence.

POLICY RECOMMENDATIONS

- 13. Replace the Energy Profits Levy before 2030 with a new, stable fiscal regime that is proportionate to changes in the prices of oil and gas.**
- 14. Develop a clear regulatory regime, for extraction and exploratory drilling, for the remainder of the projected life of the North Sea as a viable oil and gas basin.**





Infrastructure and Planning

Modern digital and physical infrastructure are vital to streamline logistics processes, reduce costs and ensure goods reach ports and global markets in an efficient and timely way. Planning and availability of suitable land for development are also key drivers of long-term growth. Firms are finding it increasingly difficult to use the planning system and find the land and premises they need. Alongside rising costs and complexity, the business voice is being overshadowed, as housing, green belt and neighbourhood plan issues dominate.

A change in approach is needed, together with further measures to expedite approval processes, and clearer signposts on costs and progress for major infrastructure projects. Government must adopt a more consistent approach to capital investment, avoiding the policy fluctuations which have previously occurred between one spending review and the next.

Delay and inconsistency in the planning system remains a significant frustration for businesses across the visitor economy. Access to affordable, accessible employment land and premises is essential for business innovation, expansion and long-term competitiveness. But there is a shortage of employment land, with land supply often being prioritised for housing use.

In England, policymakers should look to streamline pre-application planning processes and provide certainty in the run up to Development Consent Order (DCO) submission to enable Ministers and direct statutory consulted to respond to the promoter with a prompt timeframe. It would also be beneficial to exclude site-specific or project-specific national policy statements from five-yearly cycles of full reviews in England.

Streamlining post-application processes in England would be very useful in allowing projects such as Heathrow development to proceed and scale-up investment to the construction phase. The planning process in England should be enhanced by enabling Ministers to give directions to the examining authority in terms of the conduct of an examination and to ensure the DCO process acts as a one-stop shop for all other consents.

Promoters should also have the right to request that an application be designated as a critical national priority project underpinned by statutory authority.

Permitted Development rights in England should be extended to facilitate economically beneficial development activity on brownfield land.

POLICY RECOMMENDATIONS:

- 15. Government at all levels must prioritise road and rail network connectivity to ports to mitigate for, and increase the efficiency of, unavoidable freight use of roads. Permitted Development rights in England should be extended to facilitate economically beneficial development activity on brownfield land.**
- 16. Implement a long term physical and digital infrastructure plan. This could potentially be with cross-party support, to provide investors with certainty that the political cycle will not disrupt progress on long-term critical infrastructure investment.**
- 17. Local Planning Authorities (LPAs) in England must do more to plan proactively for employment land and ensure they can respond to inward investment opportunities. More priority must be given to businesses' needs in the development management and plan-making process. The environmental assessment regime in England should be streamlined to improve efficiency and speed up the process, but the bar to prevent harm should not be lowered. Streamlining post-application processes in England would be useful in allowing projects such as Heathrow development to proceed and scale-up investment to the construction phase.**

Airport Expansion and Connectivity

Improving connectivity of the UK's international hub airport at Heathrow, and other key international and national airports is vital for freight, business passenger growth and the expansion of transport and travel services. These are powering the UK's surging services exports growth.

Heathrow is the largest UK airport for air freight in terms of value of trade helping UK goods reach international markets, facilitating efficient supply chains in manufacturing and boosting job creation across the UK. According to the Centre for Economics and Business Research more than a fifth of the UK's trade by value passed through Heathrow Airport in 2019.

We support the vision for an expanded Heathrow - that increases capacity, transforms customers' experiences and delivers real value for money.

Electronic Travel Authorisation (ETA) changes are due to be introduced in autumn 2025 for EU/EEA and Swiss nationals travelling to the UK. The effects of these on overall passenger numbers is currently unclear, but they will increase cost pressures and reduce competitiveness, when looking at the UK as a tourism or business location. As the UK-EU relationship continues to develop, this could be an area for further cooperation.

POLICY RECOMMENDATIONS

- 18. Support a third runway at Heathrow, Gatwick's Northern Runway Project and Luton's expansion of terminal capacity. This should be done in a way that is both financially and environmentally sustainable and ensures value for consumers, customers and airlines. The UK government should also work to help facilitate opportunities to expand airports outside of London, to increase capacity and unlock growth in regions across the UK.**
- 19. Aviation must form part of the government's wider long-term transport strategy and be supported as an enabler of the Industrial Strategy. Airports must be well-connected to all parts of the country, via road and rail. This would maximise freight capacity and efficiency, and support British exports.**
- 20. Engage in constructive dialogue with the EU, EEA and Switzerland over ETA costs and find solutions to promote competitiveness.**

Sustainable Aviation Fuel (SAF)

The BCC has welcomed the government's commitment to Sustainable Aviation Fuel (SAF)^{xiii}, which is vital to supporting decarbonisation in the aviation industry and supporting delivery of Net Zero. Businesses across the UK have strong technical and innovative capacity in this area, and the UK has the potential to play a leading role as SAF is developed and scaled up. This underlines the importance of getting the details of SAF right, including the revenue certainty mechanism which is key to ensuring investment in its UK production.

Recent developments in government policy in this area, including the Sustainable Aviation Fuel Bill and the SAF mandate, are welcome. In addition, the government's announcement in July of £63m of funding through the Advanced Fuels Fund to support the development of SAF will boost its production further and support jobs, with the potential to make the UK a leading nation in SAF.

However, the BCC has also heard concerns from members in relation to some of the specifics of SAF. These include the risk of a delay around the revenue certainty mechanism (RCM) coming into force and the availability of SAF in the UK. This could impact the UK's ability to meet its SAF target, currently standing at 2% of total jet fuel demand. Industry will be looking for further details on the RCM to provide long-term certainty, and ensure that impacts and costs on the industry can be minimised where possible.

Policy in this space must not dull the UK's competitive edge, and the government should ensure that the RCM can support a strong domestic market for SAF. The government should, therefore, explore opportunities to enhance the domestic production of SAF where this possible, especially encourage scalable SAF plants, as well as look to put in place further fiscal incentives for SAF.

Recognising estimated additional costs for aviation from SAF, the government must strike an appropriate balance between supporting decarbonisation and ensuring the industry is able to remain competitive. The government's position has been that the industry should fund the RCM, and this is anticipated to result in increased prices for airlines, airports, suppliers and consumers. In April, the BCC called on the government to produce an assessment on the impact of the introduction of SAF on prices.

SAF policy will have implications for a diverse set of businesses. They will need time to prepare for its introduction and to meet any new requirements associated with it. Therefore, the government must ensure that extensive engagement continues throughout the development and implementation of the revenue certainty mechanism, and SAF more widely, so that the UK can truly be a leading nation in SAF.

POLICY RECOMMENDATIONS

- 21. The UK government should ensure that it continues to work closely with industry as the RCM (revenue certainty mechanism) for SAF is designed. To ensure that SAF delivers on its objectives and wider policy goals, government should produce an assessment on the impact of its introduction on RCM (revenue certainty mechanism).**
- 22. The UK government should explore opportunities to enhance the domestic production of SAF, as well as look to put in place further fiscal incentives for SAF.**



SECTION 4

STRATEGIC COMPETITIVENESS (RESILIENCE, TRADE ACCESS, SECURITY)

Geopolitical challenges since the start of the decade have had significant implications for global trade, investment and expenditure.

A more agile approach is needed, which more tightly binds the UK's commercial and political response to greater overall effect. The Chamber Network is launching a ground-breaking initiative with the Foreign, Commonwealth and Development Office to create a joint BCC-FCDO Diplomatic Advisory hub. This will ensure that companies get the best advice on geopolitical and regulatory developments affecting their commercial relationships in key overseas markets for trade and investment.

The new hub is just one way in which stronger, more integrated economic diplomacy can be delivered to grow the UK's export capacity. Further co-operation can leverage the benefits of Brand Britain and align with our economy's strengths in manufacturing, automotives, defence, life sciences, energy, transport, and business, computing, financial and other professional services.

Trade Corridors with like-minded partners offer a great opportunity for export growth - particularly for SMEs. These should build upon the forthcoming trials on European Digital Trade Corridors (based on UNCITRAL model rules and the UK Electronic Trade Documents Act 2023 trade digitalisation approach).

The UK is on course to soon break the £1 trillion per annum barrier in exports - the Competitiveness Action Plan we recommend should make this an immediate driver of Government and businesses trade ambitions.

We support creating a single-entry point in Government on trade and investment growth, including structured secondments from industry to government, and vice versa, and a renewed pipeline in critical trade skills.

The Industrial and Trade Strategies need to provide regional flexibility in how they are implemented. This should reflect the diversity and economic mix of each region, underpinning their export growth and supporting supply chains across the UK.

In terms of trade policy, recent changes in US tariffs represent the first break with the approach of previous administrations for 80 years. The current US Administration has concluded its economic and national security interests are best served by altering the most-favoured nation approach encapsulated in the General Agreement on Tariffs and Trade (GATT).

This means setting tariffs which vary country by country. These are determined either by a deal with the other nation, or by a unilateral decision by the US where no agreement is reached. The US Administration has also applied sector specific tariffs, mainly through investigations of authority under section 232 (for example in automotive, steel, copper and aluminium products). For other goods sectors a minimum tariff rate has been set, which again varies by country. As a result, US average tariffs have risen from below 4% at the beginning of 2025 to around 18% in August 2025. This is the highest average rates since 1934.

The UK currently sits in a position of comparative advantage across many but not all goods sectors. Most of the applicable duty rates on its goods exports to the US are the previous most-favoured nation (MFN) duties plus 10%. For products including Scotch Whisky and other spirits, total duties stand at 10%, in comparison with 15% for Italian liqueurs, or 15% for French wines or brandies. However, in other sectors, the EU's arrangements with the US may offer it some comparative advantage.

US duties on most EU goods are now levied either at the prior MFN duty rates, where these are higher than 15%, or at a ceiling of 15% inclusive of MFN duties. For clothing and footwear exports, for example, EU goods will face lower US duties than those from the UK. In automotive exports, the tariffs on EU imports will be 15%, for Japan and South Korea 17.5%, and for the UK (within a quota of 100,000 vehicles per year) 10%. The UK currently has the same 50% duty as other nations applying to its imports to the US of certain copper products.

Implementing the outstanding UK-US Economic Prosperity Deal commitments should be a priority. This includes addressing the pressures faced by businesses from steel and aluminium tariffs. The government should also discuss further scope for tariff reforms. Priorities should include preferential rates on pharmaceuticals and semiconductor products, plus other targeted reductions. It should develop a work plan on the potential joint gains from the new Technology Prosperity Deal agreed by both sides.

The UK-US arrangements also involve the negotiation of an agreement on digital trade, including boosting trade and customs facilitation. The US Administration has had a clear stance in keeping duties off the electronic transmission of goods and services globally, and renewing the moratorium agreed by successive Ministerial Conferences at the World Trade Organisation. This aligns strongly with UK and EU positions.

The vast majority (over 70%) of UK services exports are delivered either remotely or digitally. There has been a huge expansion in UK service export volumes in recent times – rising from £303bn in 2019 to £508bn in 2025. Given this trend, it should be a clear priority for UK competitiveness to have a low-cost global environment for services trade.

The risks of greater trade fragmentation, a retreat to regionalisation and lower long-term growth in global trade are real. Effective policy responses are required at national and multilateral levels to address these challenges. The UK's Industrial and Trade Strategies need prioritisation. There must be a focus on outputs which boost trade and economic growth before implementing other recommendations, particularly where these would involve additional regulatory burdens.

The key policy levers include maintaining the momentum of successful trade negotiations with India, and the ongoing rollout and negotiation of new trading terms with the US and EU. Other priorities should be completing negotiations for upgraded trade deals, including better provisions on digital trade, with Switzerland, Türkiye, South Korea and the Gulf Co-operation Council.

Concluding an Investment Agreement with India would further underpin the expected expansion in trade and investment from the new UK-India trade deal, due to come into force in mid-2026. Taking forward the recently announced negotiation process with Brazil on mini deals for trade and investment is also a priority for UK business in a fast-growing market. As are further deals on digital trade with Indonesia, Thailand and the Philippines.

On supply chains, the UK should look to make agreements on critical minerals and rare earths with Chile and the European Union. It should seek to use its unique connections with both Europe and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to secure supply chain co-operation between the two.

Investing in ports, air freight and other necessary infrastructure will pay off in terms of long-term returns on growth. International trade needs to be quicker, cheaper and less burdensome. The agreement on e-commerce agreed by over 90 countries to date should be given legal force as part of the WTO rulebook. Removing other trade barriers or hurdles to quicker processing of goods through customs reforms, trade digitalisation and other trade facilitation measures is also vital. The EU is revising its customs rule book, interfaces with data, and approach to imports. In any review the UK conducts on its customs framework it should prioritise reforms that improve efficiency in goods trade, making effective use of AI.

Further augmenting the Office for Investment concierge service should be considered. It must take more account of regional distinctions in economic strength across the UK, creating supplier networks and skills pipelines vital for long-term competitiveness.

Defence industries exports and key relationships

Defence industries form one of the priority sectors in the UK government's Industrial and Trade Strategies and the UK secured £14.5bn in defence orders in 2023 – an increase of 49% in nominal terms, led by new contracts with European partners.

The UK and EU reached a Security and Defence Partnership Agreement this May which pledges stronger co-operation. This Agreement also opens the door to a secondary agreement providing a degree of access to the EU's Security Action for Europe (SAFE) instrument for UK defence firms to bid for projects with EU consortia partners.

The UK and EU should seek to reach such an agreement at the earliest opportunity. This would open the door to joint procurement bids by UK and EU firms for loans, capital and guarantees. The funding would underpin investment in the hardware, software and systems required to meet Europe's defence needs in a more volatile world.

The Strategic Defence Review published by government earlier in 2025 commits the UK to a NATO-first but not NATO-only defence policy, placing other forms of co-operation with partners such as Canada and Australia within that context, and the UK-US relationship on defence and security.

The recent Defence Industrial Strategy created initial Defence Growth Deals in NI, Scotland, Wales, Plymouth and South Yorkshire. These will boost key supply chains, research, manufacturing and innovation clusters, supported by £250m of public investment over the next five years.

The Hague Summit Declaration agreed by NATO partners in June 2025 commits NATO members to increase defence expenditure beyond the previously agreed levels of 3% of GDP by the turn of the decade towards a new target of 3.5% of GDP by the middle of the 2030s, alongside an increase in related security, infrastructure and civil preparedness expenditure to 1.5% of GDP on the same timeframe, making a combined target of 5% of GDP by the mid-2030s.

Generating maximum political certainty around meeting this new baseline for defence and security investment by the mid-2030s will be crucial for sustaining existing and building new long-term supply chains. The BCC would encourage NATO states to commit to this target at the earliest opportunity for economic growth, as well as trade and security reasons.



POLICY RECOMMENDATIONS

23. Ensure the trade promotion work of Trade Commissioners, Envoys and Ambassadors across the world is linked to a pro-growth Economic Diplomacy agenda. And give business a role in helping to shape and deliver this.
24. Make the most of Brand Britain in our economic diplomacy, particularly for our high-growth services exports, where global opportunities abound. Work more closely with the BCC's global Chamber Network as a key delivery partner through the new FCDO-BCC Diplomatic Advisory Hub and consider further pathways.
25. Maintain the momentum of the US, EU and India agreements by completing trade negotiations for upgraded free trade agreements with Switzerland, Türkiye, South Korea and the Gulf Co-operation Council.
26. Build stronger business and investment links with new customers for UK goods and services in the Indo-Pacific, the Americas and European neighbourhoods (including the Middle-East).
27. Take pragmatic decisions (as in the case of the Foreign Influence Registration Scheme) to balance cyber and national security interests with the business case for stronger trade and investment links with China.
28. Leverage the Industrial and Trade Strategies to create certainty in the UK's regulatory, fiscal and taxation policy frameworks. This will allow the government to build upon the recent investment agreements with Japan and Taiwan and make the UK a stronger global location for increased inward investment.
29. Conclude an Investment Treaty with India. Work with business in both countries to develop Trade Corridors to maximise the commercial benefits of the UK-India trade deal when it enters into force in mid-2026.
30. Implementing the outstanding UK-US Economic Prosperity Deal commitments should be a priority. This includes addressing the pressures faced by businesses from steel and aluminium tariffs. The government should also discuss further scope for tariff reforms. It should develop a work plan on the potential joint gains from the new Technology Prosperity Deal agreed by both sides.
31. Execute a priority list of focused, sectoral trade and investment deals with Brazil, Indonesia, Thailand and the Philippines, and the US federal government on digital trade and supply chains.
32. Take an ambitious approach to the review of UK-Canada trading terms being conducted by both Prime Ministers by the end of 2025. Consider targeted mini-deals on energy, customs, services, digital trade and other areas.
33. Focus implementation of the Industrial and Trade Strategy measures most likely to boost growth, now and in the long-term, by developing a clear timeline for delivery.
34. Invest and facilitate expansion in port infrastructure, and usage of air and rail freight and associated national infrastructure to make the UK match fit for global commerce in the 2030s.

35. Encourage more countries to adopt electronic trade document liberalisation. The UK, France and Germany are leading the way in Europe, but more countries need to adopt the UNCITRAL model rules. The wider the take up, the greater will be the efficiency savings and the bigger the boost to global trade.
36. Work with trading partners on an agenda of practical reforms on decision-making and market access in trade in goods and services through the World Trade Organisation. Keep the benefits for business at the forefront of WTO activity.
37. Ensure any customs reforms are pro-growth and pro-international trade. The UK government should seek to modernise its customs rulebook, digital infrastructure and processes to lower costs and red tape for businesses, while protecting revenue streams for government.
38. In the forthcoming Supply Chain Strategy, government should focus upon the need for security of UK supply requirements for the long-term. This includes diversification of sources where appropriate and ensuring key sectors within the Industrial and Trade Strategies have the certainty they need.
39. The UK should look to make further supply chain agreements with likeminded partners, including Chile, for key rare earths. As a member of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and also bilaterally, the UK should seek closer supply chain arrangements with the EU.
40. Augment the Office for Investment concierge service by taking more account of regional distinctions in economic strength across the UK, creating supplier networks and skills pipelines vital for long-term competitiveness.
41. UK defence spending should rise beyond 3% of GDP by the turn of the decade, and defence-related total spending should move to 5% of GDP by the mid-2030s. This investment in technological advancement and innovation will be vital components of export growth. Engage with the Chamber Network on the delivery of new and future Defence Growth Deals and key defence supply chain investments.
42. Make a secondary agreement with the EU to maximise access for UK firms to the new EU Security Action for Europe (SAFE) facility. This will build upon the UK Security and Defence Partnership Agreement with the EU.
43. As part of a NATO-first defence strategy, and with the special relationship on defence cooperation with the US, the UK should also strengthen co-operation with key partners, Canada and Australia.



CONCLUSIONS AND RECOMMENDATIONS

There is no single solution to how we make the UK more globally competitive. But a more strategic approach from the Government, which reduces costs and fosters innovation is needed.

That means investing in infrastructure and ensuring a stable regulatory environment, strengthening trade relationships and reducing barriers.

A focus on sustainable practices, such as the development of Sustainable Aviation Fuel (SAF), will support long-term environmental goals while maintaining industry competitiveness.

Additionally, addressing skills shortages through flexible training programmes and improving the

planning system will give businesses the resources they need to thrive.

By balancing fiscal policies with the need to incentivise growth, the UK can create a more favourable environment for firms.

Ultimately, these measures will position the UK as a leading global economic player, capable of navigating the challenges of the modern world and seizing new opportunities for prosperity.



REFERENCES

- i. Unless otherwise stated any reference to government in this report refers to the UK government
- ii. Deloitte CFO survey (Q2 2025): <https://www.deloitte.com/uk/en/about/press-room/deloitte-q2-cfo-survey.html>, accessed on 7 July 2025.
- iii. World Trade Organisation, Global Trade Outlook and Statistics (April 2025) https://www.wto.org/english/res_e/booksp_e/trade_outlook25_e.pdf accessed on 7 July 2025.
- iv. https://reports.weforum.org/docs/WEF_Global_Risks_Report_2025.pdf, accessed on 27 February 2025.
- v. The Future of European Competitiveness (2024), accessed on 27 February 2025 https://commission.europa.eu/document/download/97e481fd-2dc3-412d-be4c-f152a8232961_en?filename=The%20future%20of%20European%20competitiveness%20_%20A%20competitiveness%20strategy%20for%20Europe.pdf
- vi. British Chambers of Commerce, Trade and Investment: Getting Delivery Right for the UK Economy (December 2024): <https://www.britishchambers.org.uk/wp-content/uploads/2024/12/Trade-and-Investment-Getting-Delivery-Right-for-the-UK-Economy.pdf> accessed on 7 July 2025.
- vii. Unless otherwise stated any reference to government in this report refers to the UK government
- viii. See the 2025 index at: https://www.imd.org/centers/wcc/world-competitiveness-center/rankings/world-competitiveness-ranking/rankings/wcr-rankings/#_tab_Rank accessed on 7 July 2025.
- ix. Employment Rights Bill Economic Analysis (October 2024): <https://assets.publishing.service.gov.uk/media/6842fa6e4d039a010411f076/employment-rights-bill-economic-analysis.pdf>, accessed on 20 August 2025.
- x. British Chambers of Commerce Quarterly Recruitment Outlook, Q2 2025, <https://www.britishchambers.org.uk/news/2025/07/recruitment-static-as-firms-assess-ni-impact/>
- xi. Robert Gordon University, Striking the Balance (June 2025): <https://www.rgu.ac.uk/news/news-2025/8232-uk-offshore-energy-industry-faces-grangemouth-scale-redundancies-every-fortnight-without-intervention-warns-new-rgu-report> accessed on 8 August 2025.
- xii. Aberdeen and Grampian Chamber of Commerce, Energy Transition 41, Spring 2025, <https://agcc.fra1.digitaloceanspaces.com/files/ET41-Spring-2025-final-v3.pdf> accessed on 8 August 2025.
- xiii. DfT, Press Release, 22 July 2025, <https://www.gov.uk/government/news/63-million-lift-off-for-clean-aviation-fuels>

