

## London Chamber of Commerce and Industry

### Call for input on potential powers to protect the UK from adverse economic pressure – Response to consultation

Submitted on 18 June 2026

#### About the London Chamber of Commerce and Industry (LCCI)

The London Chamber of Commerce and Industry (LCCI) is London's key hub for the business community, representing over 12,000 companies across all sectors and boroughs. Our membership includes microbusinesses, SMEs, large employers, universities, colleges and multinational firms, offering a broad and diverse perspective on the operational pressures shaping London's economy.

LCCI's policy positions are informed by regular engagement with members, research and polling, and insights from sector forums and committees. This enables the Chamber to provide evidence and recommendations for government consultations, parliamentary inquiries and policy reviews, with a focus on practical, proportionate and growth-supporting regulation.

LCCI welcomes the opportunity to respond to the Department for Business and Trade's call for input on potential powers to protect the UK from adverse economic pressure. The government is right to consider how the UK can better protect businesses from severe external economic pressure, particularly given London's exposure to global trade, capital flows, aviation, tourism, professional services, technology and international investment.

However, with London firms already facing fragile confidence, rising costs and ongoing uncertainty, any new powers must be tightly defined, proportionate and developed in close partnership with business. The objective should be to strengthen resilience without adding further burden or undermining investment.

#### Submission summary

LCCI supports the government's objective of protecting the UK from severe adverse economic pressure. However, any new powers must be practical and proportionate, and designed with business input from the outset.

The final framework should:

- Include structured consultation with the business before powers are used wherever possible
- Assess likely impacts on costs, supply chains, investment, SMEs and London's competitiveness
- Provide clear guidance and support for affected firms
- Apply a specific SME and micro-business impact test

- Define adverse economic pressure clearly and reserve powers for severe harm
- Ensure measures are targeted, time-limited and regularly reviewed

## Consultation response

### Business conditions should inform the design of new powers

More than half of London firms expect current government policies to have a negative impact on the UK economy. In contrast, only 13% expect a positive impact on their own financial performance, according to LCCI's latest Quarterly Economic Survey (QES) evidence. This points to a business community already operating in a challenging environment, with confidence and investment appetite under strain.

Rising costs remain the dominant challenge, with 45% of London firms identifying inflation and higher costs as their top concern over the next 12 months. Businesses also continue to face elevated costs across utilities, labour, raw materials, fuel and finance.

This leaves firms with limited capacity to absorb further uncertainty, compliance costs or operational disruption. Any new powers should therefore be designed to strengthen resilience while protecting business confidence, investment and day-to-day operations.

### Strengthen resilience while protecting business confidence

Adverse economic pressure can cause serious disruption to trade, investment and supply chains. Measures such as arbitrary border procedures, unexplained customs delays, investment pressure, boycotts or tourism bans can quickly damage commercial confidence and market access.

QES evidence suggests that external risk is already shaping business expectations. Two thirds of London firms are concerned about the potential impact of the conflict in the Middle East on their business, while a majority say they are not well prepared for a major economic shock.

This supports the case for stronger national resilience. However, new powers will only command business confidence if they are clear, targeted, and used as a last resort.

### Conditions for a workable framework

Any new powers should be built around practical safeguards for business: structured consultation, impact assessment, clear guidance, SME-specific consideration, clear thresholds, and proportionate, time-limited use.

Structured engagement with business should be central to the framework. The government must, wherever possible, establish a rapid consultation mechanism

before powers are used, involving chambers of commerce, affected sectors, and firms likely to face direct commercial impacts. This is particularly important given that only 20% of London firms are confident that the government understands the factors

shaping business conditions, while 57% are unconfident. Such consultation should help the government understand potential commercial consequences before measures are introduced, including impacts on supply chains, investment decisions, international contracts and market access. In urgent cases, consultation may need to happen quickly, but it should be omitted only in genuinely exceptional circumstances.

Before intervening, the government should assess the likely impact on business costs, supply chains, investment, SMEs and London's international competitiveness. This must be a core safeguard, not a procedural afterthought, testing whether proposed action could raise costs, disrupt supply chains, delay investment, create compliance burdens or weaken the UK's attractiveness as an open and stable place to do business.

Clear, timely and accessible guidance will also be essential. Affected firms will need to understand which activities are in scope, what compliance steps are required, how long measures are expected to remain in place, where they can access support, and how the government will review business impacts. This would reduce the risk of confusion, over-compliance and unintended disruption.

The framework should also include a specific SME and micro-business impact test. LCCI's QES evidence indicates lower financial resilience among micro businesses, including greater cash flow pressure, a weaker financial position and lower preparedness for major shocks. Measures that may be manageable for large corporates could impose disproportionate costs on smaller firms. Any new powers should therefore avoid a one-size-fits-all approach and recognise differences in resilience, compliance capacity and supply-chain flexibility.

Finally, adverse economic pressure must be clearly defined and linked to a high threshold of severe actual or credible economic harm. Routine trade friction, normal commercial disputes and general geopolitical volatility should fall outside the scope. The threshold should apply only where a state uses, or credibly threatens to use, economic measures to pressure the UK, damage UK economic interests, or secure strategic or economic concessions.

When powers are used, measures must be targeted, proportionate, time-limited, regularly reviewed, and removed once the relevant threat or harm has passed. They should be used only as a last resort, after diplomatic and existing routes have been considered or exhausted. This would provide the UK with a credible response framework while reducing the risk of open-ended uncertainty for firms trading, investing, or operating across borders.

### **International alignment and avoiding regulatory fragmentation**

The government should ensure that any new powers remain consistent with international obligations and, where practical, aligned with the approaches of key allies and trading partners.

Many London firms operate across multiple jurisdictions and already manage regulatory, cost and supply-chain pressures. Poorly coordinated frameworks could add complexity for businesses that trade, invest or provide services across borders.

Coordination with partners should not limit the UK's ability to act where necessary. Still, it would reduce the risk of regulatory fragmentation and help maintain the UK's position as an open, stable and globally connected economy.

## Conclusion

LCCI supports the government's objective of strengthening the UK's ability to protect businesses from severe adverse economic pressure. London businesses are exposed to global shocks, trade disruption and geopolitical uncertainty, while QES evidence shows that many firms do not feel well prepared for a major economic shock.

However, resilience must be built in a way that protects business confidence. Firms are already managing rising costs, subdued investment, cashflow pressures and uncertainty about the wider policy environment. The design of the powers therefore matters as much as the principle behind them.

A workable framework should be based on structured business consultation, impact assessment, clear guidance, SME-specific consideration, clear thresholds, and proportionate, time-limited use.

The government must work closely with chambers of commerce and affected sectors as it develops these proposals, ensuring any new powers are practical, targeted and supportive of the confidence businesses need to invest, trade and grow.

We would be happy to discuss our submission in more detail. If you have any questions, please get in touch with Igor Bartkiv (Policy and Research Manager at the LCCI) at [ibartkiv@londonchamber.co.uk](mailto:ibartkiv@londonchamber.co.uk).