TRADE, COSTS AND CONFIDENCE: THE IMPACT OF THE US-IRAN CONFLICT ON MIDLANDS BUSINESSES

Greater Birmingham Chambers of Commerce

east midlands chamber
Derbyshire | Leicestershire | Nottinghamshire

Coventry & Warwickshire Chamber of Commerce
The Ultimate Business Network

Black Country Chamber of Commerce

Introduction

The Greater Birmingham, Coventry and Warwickshire, Black Country, and East Midlands Chamber of Commerce ("the Chambers") have conducted joint surveying across the Midlands to understand the impact on businesses of the recent conflict in the Middle East, triggered by the US/Israeli-Iran War. Beginning on 28th February 2026, the conflict has caused a global economic shock and disruption to trade routes as a consequence of the Strait of Hormuz being blockaded by Iran. Despite a period of ceasefire, as of July 2026 the war continues, and it is anticipated that the impacts will be felt for years to come. This report details the results of the surveying to show the current impact on businesses and the support required to mitigate constraints to investment and economic growth.

Key Findings

- 80% of Midlands businesses have experienced an increase in business costs over the past three months as a result of the situation in Iran.
- 64% of manufacturers reported facing moderate or significant increases in business costs, and 5% reported facing severe increases that threatened their viability.
- The situation in Iran has caused 12% of firms exporting from the Midlands to pause or withdraw from specific export markets.
- Uncertainty linked to the conflict has impacted investment or capital spending amongst 26% of businesses.
- Businesses are clear: to help manage the impact of ongoing geopolitical disruption, they require energy cost support or stability, and clearer government contingency planning.

Sample and Methodology

The Chambers consulted businesses between 11th May 2026 and 8th June 2026 via digital surveying disseminated to Chamber members directly but which was also available for other regional businesses via a wide range of communication channels, including email newsletters and social media.

Across the Midlands, in total 698 businesses responded to the poll. The following tables give a breakdown of the survey respondents by business size and sector. Please note: Chambers give the option to select more than one sector during surveying.

Business size	Count	%
Micro (0-9 employees)	332	48%
Small (10-49 employees)	197	28%
Medium (50-249 employees)	115	16%
Large (250+employees)	54	8%
Total	**698**	**100%**

Business Sector	Count	%
Agriculture, fishing, mining, energy, or utilities	1	0%
Manufacture of electronic or IT goods	16	2%
Construction or engineering	49	7%
Other manufacturing	112	16%
Transport, logistics, or storage	23	3%
Retail or wholesale	41	6%
Hospitality, catering, or tourism	57	8%
Professional services (e.g. finance, accounting, legal, training, property, IT, data, consultancy, recruitment)	216	31%
Marketing, media, advertising, or communications	36	5%
Consumer services (e.g. cleaning, decorating, plumbing, repairs, leisure, recreation)	14	2%
Public sector, education, health, social work or voluntary	53	8%
Total	698	100%

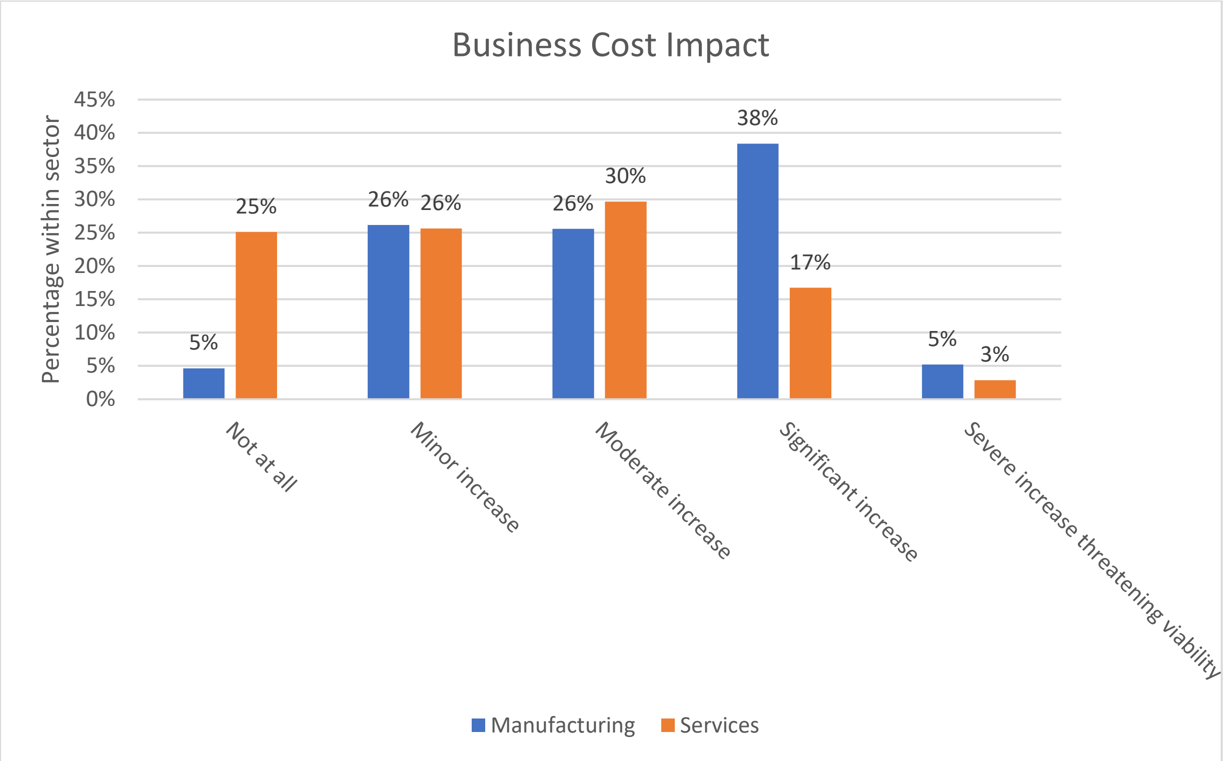
Unless stated otherwise, analyses of the findings from surveying are based on all respondents less those who chose not to answer specific questions. Where figures do not sum to 100%, it is due either to rounding and/ or participants being able to select multiple answers. The following graphs show results from the total number of participants involved. For the purpose of analysis, broad business sector (a breakdown between service firms and manufacturing firms) comparisons have also been included.

For comparative purposes, all those who identified the following as their main business activity were grouped as broad 'services' sector businesses: health, public administration, motor trades, wholesale, retail, transport & storage (inc postal), accommodation & food services, information & communication, finance & insurance, property, professional, scientific & technical, business administration and support services and education.

Those who identified the following as their main business activity were grouped as 'manufacturing' sector businesses: manufacturing, construction, agriculture, forestry and fishing, mining and quarrying.

Data and Analysis

Q1. To what extent has the situation in Iran affected your business costs over the past three months (e.g., energy, fuel, transport, insurance, raw materials)?

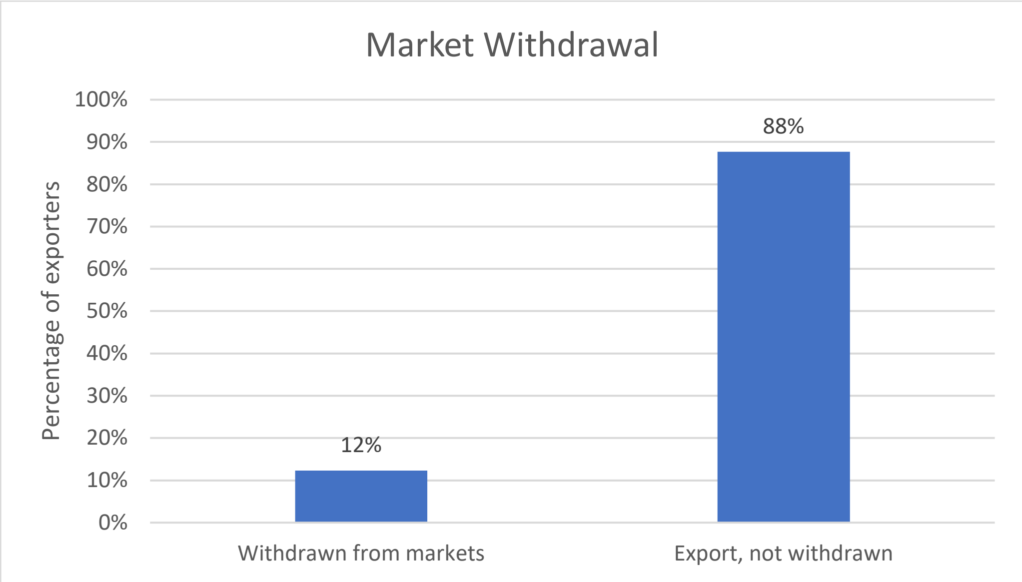


In total, 80% of businesses surveyed – 75% of services sector firms, and 95% of manufacturers - reported having experienced an increase in business costs over the past three months as a result of the situation in Iran. 51% in total reported facing moderate or significant increases – 46% of services firms and 64% of manufacturers. 3% of those surveyed reported facing severe increases that threatened their viability. This figure was also 3% amongst services businesses, but rose to 5% amongst manufacturers.

Comments from businesses across the Midlands highlight some of the more severe consequences faced:

- "UAE orders cancelled indefinitely. One of our biggest export markets."
- "Pulled out from Middle East marketplace. UAE showroom closed down and sales representative let go. The market hadn't taken off for us anyway but this was the straw that broke the camel's back."

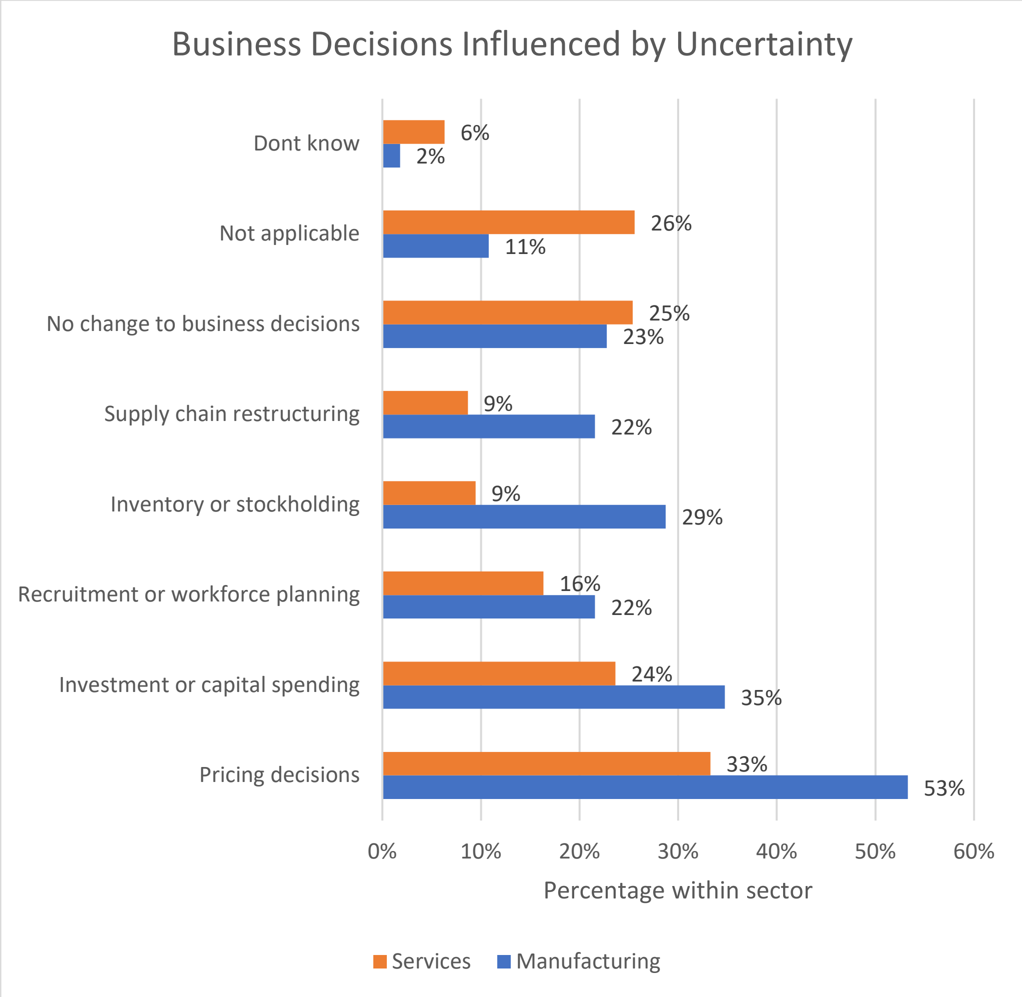
Q2. Has the situation in Iran caused your business to pause or withdraw from specific export markets?



187 businesses surveyed reported that they currently export. Of those, 12% reported that the situation in Iran has caused them to pause or withdraw from specific export markets.

NB: comparison between broad industry sectors is not feasible due to sample size.

Q3. Has uncertainty linked to the situation in Iran influenced your business decisions in any of the following areas?



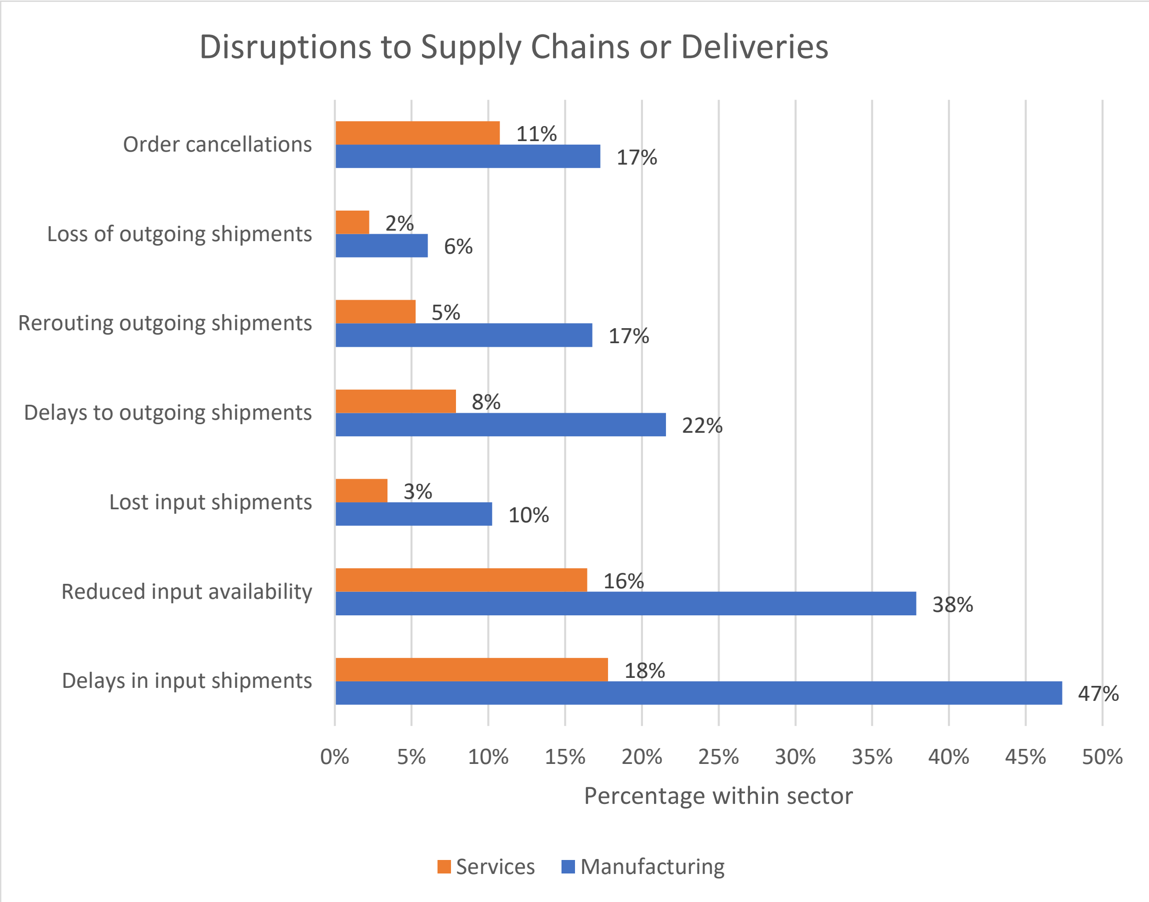
Surveying suggested that uncertainty linked to the situation in Iran has impacted business decision-making in a number of areas.

Most frequently, businesses (38% of total respondents; 33% of services firms, and 53% - more than half - of manufacturers) reported the conflict has influenced pricing decisions.

Amongst services businesses, the next most frequent responses were ‘not applicable’ (26%) and ‘no change to business decisions.’

Comparatively, manufacturing firms frequently reported that uncertainty linked to the conflict has also impacted investment or capital spending (35%) and inventory or stockholding (29%).

Q4. Have you experienced any of the following disruptions to your supply chains or deliveries linked to the situation in Iran?

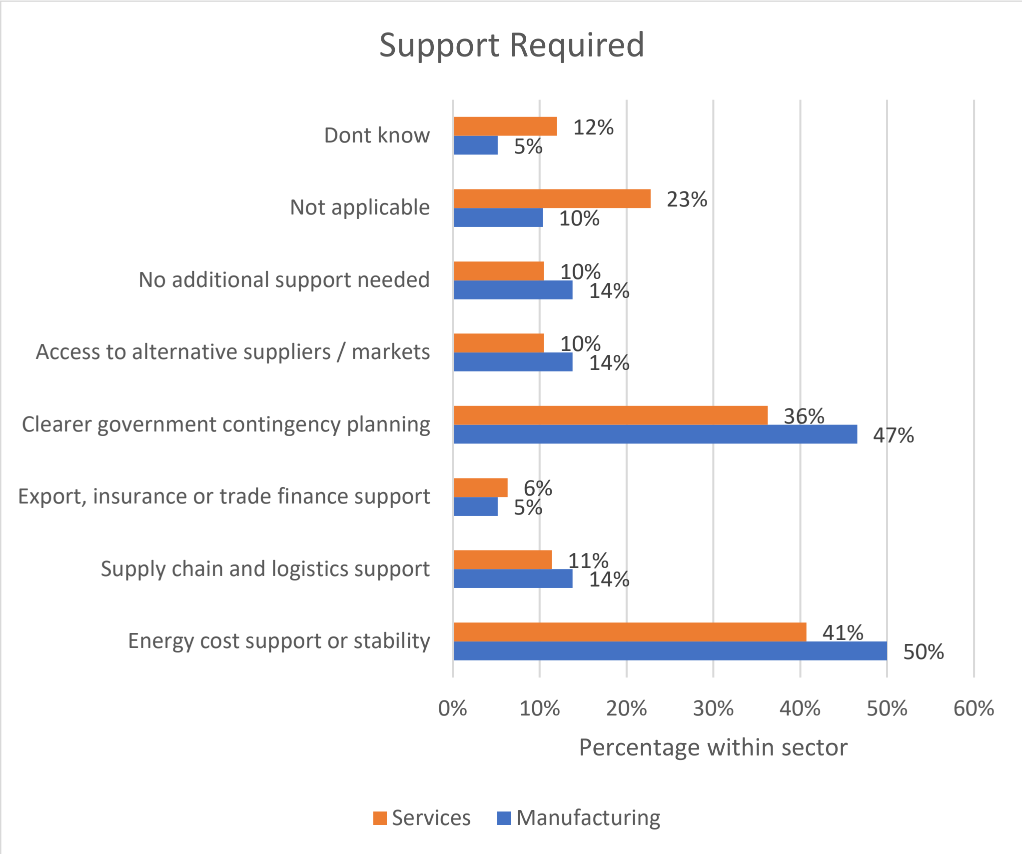


Delays in shipment of input materials/supplies were the most frequently experienced disruptions to supply chains or deliveries linked to the situation in Iran reported by Midlands firms. Such delays were reported by almost half of all manufacturers surveyed (47%), and 18% of services firms.

The next most frequent disruptions experienced by manufacturers were reduced input availability (reported by almost two fifths, 38%, of firms) and delays to outgoing shipments (reported by 22%).

Reduced input availability was also the second most frequently identified disruption amongst services businesses (reported by 16%), followed by order cancellations (reported by 11%).

Q5. What would most help your business manage the impact of ongoing geopolitical disruption? *Note: Due to a surveying discrepancy, East Midlands businesses were asked to provide their top answer, whereas West Midlands businesses were asked to select up to three options.*



Survey respondents identified two primary avenues of support which would most help both manufacturing and services sector businesses manage the impact of ongoing geopolitical disruption. That most frequently called for, by 50% of manufacturing businesses and 41% of services firms, is energy cost support or stability. This was closely followed by clearer government contingency planning, indicated by 47% of manufacturers and 36% of their service-sector counterparts.

After these, a smaller proportion of firms indicated that they would like to see supply chain and logistics support (14% of manufacturers, 11% of services businesses), and /or access to alternative suppliers/markets (14% of manufacturers, 10% of services firms).