

## **Reviewing the state of your nation**

**By David Russ, Managing Director of South Wales Chamber of Commerce**

“Over the past two years the Welsh economy has faced many challenges and although there are reports we are finally approaching a period of recovery, we still have a particularly rocky road ahead.

“There will need to be stronger policies in place to help support small medium enterprises. In particular, we need to pay attention to the manufacturing industry which has taken a huge blow during the economic downturn.

“What we need now is to move businesses forward faster than what they have been doing in the past 12 months, particularly concentrating on international connections and operations which will really drive our recovery and generate some money, particularly in Wales.

“Focusing on moving forward there is a new event ‘State of a Nation’ in the South Wales Chamber of Commerce 2010 calendar and this particular business occasion will include a review of the latest results of the Quarterly Economic Survey (QES), conducted by Chambers throughout the UK along with commentary from Professor Brian Morgan of the University of Wales Institute Cardiff.

“QES is the UK’s largest private quarterly survey of business. Each quarter, over 5,000 businesses – belonging to Chambers of Commerce in every region of the country – participate in the QES. Businesses are questioned on a wide range of issues, including: home sales and orders, export sales and orders, employment prospects, investment, recruitment difficulties, cash flow, confidence and price pressures.

“The QES is the first economic indicator of the quarter, published in advance of official figures and other private surveys, and it consistently mirrors trends in the national economy.

“One thing we are concerned with that was raised by our members in the last quarter of the QES is the new valuation of business rates and the detrimental affect it will have on trading and employment opportunities within small businesses in Wales.

“We have therefore written to Deputy First Minister Ieuan Wyn Jones with our concerns particularly around the new valuations for April 2010 which are based on property prices as in April 2008 - a year when property was booming.

“The amount of money paid to the Local Authority as Business Rate payments represent a high percentage of the turn over and profitability of a small business. This is an unfair process for small businesses and one that we believe must be lobbied to Government.

“We are in exceptional circumstances where we believe it is more important at this time to generate private businesses, support business growth and invest in new business ideas and not place extra burdens that hinder businesses. We have therefore recommended the rate be reduced between 2 and 3%.

“Budget cuts in the public sector have been headline news as the mechanisms for recovering money used to stimulate economic activity. Whilst important public services should not be affected the challenge of doing more with less will fall upon private sector purse strings.

“We need to reduce the public sector burden on the private sector and the way to achieve this is working together to tackle some of the really significant challenges we face in Wales.

“We need a coordinated strategic framework to work from and link up what both sides do best to flush out the weaknesses and form a solid bond. The public sector has access to grants, such as the Local Investment Fund and the private sector businesses have strong links with business community and a broad spectrum of skill based knowledge.

“As part of the ‘State of a Nation’ event which will be held at the Miskin Manor Hotel on 12<sup>th</sup> January the South Wales Chamber of Commerce will not only be taking a look back over the past year but will also be looking ahead. In doing so, we will be launching our National Recovery Plan for Wales.

“Our members believe strongly that we need to have a National Recovery Plan for Wales. Something substantial, significant and sustainable to aid Welsh businesses into an economically viable post 2010 and it is essential we are engaged with the public sector to create a positive change.

“The private sector has already made tough decisions to services during the recession and we need clarity about the public sector restructuring to bring a renewed confidence in the market. Forming a cohesive union with the public sector will no doubt aid this renewed buoyancy.

“The crux of our plan outlines the short, medium and long term goals for Entrepreneurship, Internationalisation, Research and Development and Manufacturing.

“Having recently merged with the West Wales Chamber of Commerce we represent over 100,000 employees and over 1000 businesses pan South Wales. We now have an even stronger, powerful and influential voice and will strive to represent the voice of our members businesses coming out of the recession.