

Editorial



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Editorial content for Western Mail top 300 - Outlook for businesses in South Wales for 2011

David Russ, Managing Director of the South Wales Chamber of Commerce, said:
“The Welsh economy is currently languishing at the bottom of the leader boards for most economic indicators. Much work is needed to create an environment that encourages higher growth and greater investment.

“GVA is the lowest of any region in the UK and the majority of economic statistics show that Wales is in a far worse position than the UK average.

“There are barriers to the growth and development of businesses in Wales and it is entirely possible to reduce the burden of these problems using effective support systems. The challenge is how best to deliver these support systems in the most efficient way possible moving forward into 2011.

“Our latest Quarterly Economic Survey has shown that there is still an amount of optimism in the business community in South Wales regarding the future. Sales and turnover are continuing to rise, while businesses are looking to recruit. There are still a few issues facing the community but businesses are taking a positive approach as they learn to adapt to a changing businesses environment.

“Compared with quarter one that saw business still faced with difficult times ahead, bureaucracy remained and still remains a constant concern.

“Business sales and orders have seen a gradual increase over the past year however not enough of an impact to encourage business growth - 69% of businesses in South Wales continue to operate below capacity; twice as many businesses found cashflow has worsened but overheads have increased, causing the biggest pressure for business.

“Another pressure facing Wales has arisen from the Coalition Government’s Comprehensive Spending Review about public sector jobs dramatically reducing over the next four years. With Wales having the highest proportion of public sector employment we need to know how the private sector is going to be expected to absorb these jobs over the next four years.

“There still isn’t any clear strategy on how the Welsh Assembly Government’s (WAG) Economic Renewal Programme (ERP) will affect key economic indicators such as GDP and GVA – what are the predictions on how the ERP is going to benefit the economy. Where are the statistics?

“We need to know how we are going to stimulate growth in the forms of entrepreneurship, manufacturing and internationalisation in order to move up the economic ladder and be on a real competitive edge with other parts of the UK, Europe and beyond.

Visions for next year

“We would like to see a ‘One Gateway Business Centre’ that would serve as a one stop location for all kinds of guidance, be it public or private sector. The aim would be provide improved support for businesses, which would boost the local economy. We would like to see this piloted in Cardiff, and then rolled out to other major urban areas in Wales.

“Why Cardiff? - Cardiff, as the capital of Wales and the main business hub of the nation, is therefore the perfect place to pilot this centre. The city was recently rated as the 14th most competitive large city in the UK to do business, showing that there is the potential for business to thrive the area.

“Cardiff has the potential to become an economic powerhouse if given the right environment, which will benefit the whole of Wales. As such business support systems should be created to target companies that are aiming to take advantage of these conditions.

“Wales should not be afraid to identify areas of best practice and then attempt to transpose them into a Welsh setting, something explicitly stated in the ERP. The most successful example of this kind of centre is in Dubai, an area that Wales should view as a benchmark for future success.

“Wales would also benefit from a new Welsh Export Strategy that builds on strengths in services and new manufacturing activity also incorporating a model for overseas investment that sets out how Wales will build upon its comparative strengths and take advantage of opportunities in high-growth emerging markets.

“Trade Mission schemes should be increased; businesses wanting to export should receive encouragement to develop their products and search for countries where no other company has targeted - this will ensure a proactive approach in seeking opportunities is maximised and will raise competition.

Driving recovery in 2010 and beyond

“Since launching the National Recovery Plan (NRP) in January this year to drive forward Wales’ economic recovery, we have developed a Task and Finish Group – a selection of influential private sector businesses from a variety of industries, hosted a conference to gather the opinion of businesses from different industry

sectors and produced the final document which outlines a number of areas the private sector want to see improved and changed.

“Current private sector consultations to WAG are so fragmented the message is often diluted, the aim of the NRP was to bring the private sector together to collectively voice views and hammer home the knowledge and experience within the private sector that could contribute to many of the current economic problems we have in Wales.

“The NRP was also an opportunity for members from different private sector industries to contribute to the plan and aim to make a real influence to the ‘decision makers’.

“Re-building private sector confidence towards the public sector will be crucial next year along with shedding the outdated image of Wales. We need to improve the perception of Wales to ensure businesses keep investing and contributing towards a prosperous Welsh economy.”

Ends

Notes for editors

For more press information pleased contact Laurian Corner at South Wales Chamber on 01633 242715 or laurian.corner@southwaleschamber.co.uk