



Scottish Council for
Development and Industry

PRESS RELEASE

SCOTTISH COUNCIL FOR DEVELOPMENT AND INDUSTRY RESPONSE TO RATES CUT

04 December 2008

Responding to the MPC's decision to cut interest rates by 1 per cent, Iain Duff, SCDI Chief Economist said:

"SCDI welcomes today's decision to reduce interest rates by 1 per cent. Virtually each day provides further evidence of the severe impact of the economic slowdown on employment and business performance across all sectors and radical measures to stimulate the economy are required.

"The MPC's substantial rate cuts over the last two months and the action taken by UK Government in the Pre-Budget Report are both vital in providing a boost to demand and confidence.

"Unfortunately, it is difficult to know whether even this will be enough to provide the required impetus as access to affordable finance remains extremely difficult for many companies. Recent announcements on support to small businesses from the main lenders are very welcome and SCDI would stress the importance of passing on the full extent of today's rate cut to consumers and business.

"Continued decisive action will be required to ensure that the worst case does not become reality and that we can see some recovery by 2010 at the most, with recent forecasts showing that 2009 will be when the brunt of the slowdown is felt. GDP is most likely expected to fall by somewhere between -0.4% and -1.1% depending on circumstances, particularly the performance of the crucial financial sector in Scotland before a return to some growth in 2010."

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