



Scottish Council for
Development and Industry

PRESS RELEASE

‘CHANCELLOR RIGHT TO INVEST FOR THE FUTURE’

22 April 2009

The Scottish Council for Development and Industry has broadly welcomed the Budget’s focus on investment in key sectors, but expressed concern at the huge increase in public borrowing.

Dr Lesley Sawers, Chief Executive of the Scottish Council for Development and Industry, said:

“Whilst we are concerned about the massive rise in public debt between now and 2015, cuts in investment or front line public services would only lengthen the recession, so the Government has made the right choice to invest in the future of key growth industries, training and the environment.”

On green energy

“We need to invest billions of pounds if we are to hit our environmental targets and commitments, and the Government must lead the way given the current credit climate. Hopefully, the £4bn of loans available from the European Investment Bank and the government’s new investment fund will begin to open up the flow of capital to businesses that want to grow and invest in the future.

“After seemingly endless debate on the potential uses of the Renewables Obligation Fund, the Chancellor’s commitment to invest £500m from the fund will kick start the offshore wind industry around the UK.

“The pledge to back two to four carbon capture and storage projects greatly increases the chances of Longannet being one of the first commercial scale projects of this potentially significant technology, and can only be good news for Scotland.

“We now need to make sure that government at all levels is working to ensure that as many Scottish businesses as possible are ready and able to form part of the supply chain to these new industries.”

On oil and gas

“The measures are a step in the right direction, but are probably not enough to encourage significant levels of new investment. The Chancellor must do more to boost investor confidence if he is serious about boosting production and prolonging the economic life of the North Sea, given the recent fall in oil prices and increase in production costs.”

On alcohol

“There has been no recognition of the difficult market environment for the whisky industry, one of our key exports, with today’s GDP figures showing a 3.4 % decline in food and drink output in the last quarter of 2008, and we’re extremely disappointed that the Chancellor has pushed through the 2 per cent escalator.”



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On housing and construction

“Guaranteeing mortgage-backed securities is one of the key ways to increase the flow of credit in the housing market, and the European Union must not block this bold proposal to breathe life back into the housing market.

“With new home building at a record low, half a billion pounds of support for energy efficiency measures should also provide a welcome boost to the construction industry and encourage investment in property. We hope that the Scottish Government will use the consequential of this commitment to fund similar measures in Scotland.”

On financial regulation

“It was inevitable that the sector would face a wholesale review of risk, capital requirements and reporting mechanisms. However, this needs to be very much focused on balancing the protection of consumers and investors with the need to maintain the industry’s international competitiveness.”

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