

## PRESS RELEASE

### NEW YEAR MESSAGE FROM SCDI

New Year's message from Lesley Sawers, Chief Executive of the Scottish Council for Development and Industry (SCDI):

"2009 will be an incredibly difficult year for Scotland and the Scottish economy. Economic indicators all point to the first year of negative growth in Scotland since 1980, and it is likely that there will be more high profile casualties of the economic slowdown.

"If we are to limit the impact of the downturn on jobs and the economy we need to work together will all levels of government to support organisations of all sizes. Indeed, we need to re-write the rule book in the private and public sector to ensure we capitalise on every opportunity to maximise the impact of every enterprise scheme, loan or grant, and do more to support local business and companies.

"We also need to support continued investment in people and skills in an effort to maintain momentum and growth in Scotland, to make sure that when the upturn comes we are first out of the starting blocks.

"The British and Scottish Governments have responded positively to the economic crisis, and shown international leadership, but to maximise the opportunities that are out there, more brave decisions will be necessary - we want to see further cuts in interest rates early in the new year, and an increase in printed money to encourage spending. Government in Edinburgh and London have to translate promises to bring forward spending into concrete actions to support demand.

"We need to restore confidence in the financial markets, and get the housing market moving again by looking at innovative new ideas and by allowing first time buyers back into the market and encouraging investment in the rented housing sector.

"Businesses that want to expand require access to finance. The banks are in the process of re-building their balance sheets, and we hope that this will allow them to increase access to credit early in the new year. This is vital if we are to get the economy moving again.

"Business needs certainty at this time of ebbing confidence, and there couldn't be a worse time to introduce a change like the Local Income Tax. We hope that the Scottish Government will be brave enough to drop their proposal, and work with SCDI and others to develop alternative approaches to modernising local taxation.

"The Scottish Government has unveiled an ambitious blueprint for improving Scotland's transport network, but we can't wait for twenty years for the economic benefits of many of these projects. We need to invest in these improvements *now*, and by investing in our future connectivity, we can also stimulate the economy and support employment.

“However, there are sectors which are expanding and performing strongly, notably energy. SCDI’s report into Scotland’s energy future showed that we will need around £10billion of investment, and Scotland’s energy sector needs to capture as much of this work as possible.

“And next year the hard work and difficult decisions begin on how Scotland can hit the Scottish Government’s target of an 80 per cent reduction in climate change emissions.

“With falling demand in the UK and our main export markets in Europe and the US, Scottish businesses need to look more than ever to rising economic powers of India and China. We need to work collectively to give more Scottish businesses the opportunity to access international markets in 2009 and beyond, and to take advantage of the cheaper pound.

“Finally, as we face up to an uncertain future, people ask if we should implement short term measures to boost the economy or invest for the future. The answer is quite simple: we can and must do both. By investing in transport, in housing, and in strengthening our business base we will ensure that the downturn is as short as possible, whilst preparing for the upturn that will inevitably come.

“That is how we will limit the impact of the recession on people’s jobs, and on families and households across Scotland.

“Scotland has been through tough economic times before, and adapted and re-invented itself to the new realities. This time will be no different, and with a strong devolved government and parliament, and world leading private and public sector organisations we will come out of the recession stronger than before.

“SCDI is known for its track record in pulling together the public and private sector to lead the debate on increasing Scotland’s competitiveness, and this year we believe that our role will be more important than ever.”

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