

MEDIA RELEASE: QUARTERLY ECONOMIC INDICATOR

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A SLOWER THAN EXPECTED START TO 2015 BUT THE OUTLOOK REMAINS POSITIVE

Scottish Chambers of Commerce's Quarterly Economic Indicator engages with 5 of Scotland's key business sectors: Construction, Financial & Business Services, Manufacturing, Retail & Wholesale and Tourism.

These findings, released in collaboration with the University of Strathclyde's Fraser of Allander Institute show the position of businesses for the first quarter of 2015.

Liz Cameron, Director and Chief Executive of Scottish Chambers of Commerce said:

"Our first economic indicator covering 2015 depicts an economy that has returned to pre-recession levels and is now on a path of slower growth. However, it is not enough to get back to where we were – that wasn't good enough then and it isn't good enough now. Scotland needs to up our game and our targets. Other economies have moved on and we need to catch up and overtake them

"The indicator shows that growth levels across most sectors have slowed considerably compared with the final quarter of last year, but most indicators still remain above pre-recession levels and long term averages, and some point towards an improved performance from Scotland's businesses going forward.

"Sales revenue and profits declined noticeably in the Construction and Tourism sectors and, although revenues grew for Financial & Business Services, Manufacturing and Retail & Wholesale firms, all increased at slower rates than in the previous quarter. Employment growth was also weaker than at the end of 2014 across all sectors.

"It is encouraging however that spending on investment increased in every sector. Alongside improved productivity, Scotland can only fuel long term economic growth through increasing capital and labour inputs. If we want to encourage businesses to continue to invest, and to stimulate much needed consumer demand, interest rates must not be raised above current levels, at least for the remainder of this year.

"When business is successful, Scotland is successful; and this can only be achieved through breaking down the barriers that limit the success of our businesses. We need governments in Edinburgh and London that will not only listen to the concerns and needs of business, but that follow through on pre-election commitments.

"Whatever the outcome of the General Election, the priorities of Scottish businesses are clear: we need action to open up international opportunities, to ensure a more appropriate skills mix, to deliver more effective connectivity and to reduce the tax burden on businesses. Scotland's private sector is growing but we need to get the business environment right to secure its long term success."

Ends.

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