

VIEW FROM THE CHAIR

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We need to be pro-active economically

IT is becoming increasingly clear that the current downturn will be longer and deeper than originally anticipated, though I believe Northern Ireland still has the potential to fare better than other regions of the UK, but only if we take timely and decisive action in areas where we have a degree of local control.

However, unemployment is expected to rise by 20,000 during the course of 2009, bringing it back up to a total of around 50,000, which is the highest it has been for a decade. Consumer confidence has dropped sharply, due in no small measure to fears about job security, while for businesses, demand in key markets both at home and abroad has also shown a marked decline. However, there are some sectors, such as food, ICT and health technologies, which seem to be more resilient to the downturn.

We can also expect greater consumer spending power as the year goes on. For those who are still in employment, disposable income for most has actually improved, with lower mortgage payments and utility bills easing, though people are currently choosing to save rather than to spend.

In the UK as a whole, the focus is on getting credit flowing again, with the priority being to finalise the detail of the government's intervention schemes in the banking sector so that they can start delivering for business.

This is crucial for local business, and there are early signs that banks are trying to ensure that SMEs get access to credit, though this may cost more and be on tougher terms. The CBI is also pushing for action on other issues such as trade credit insurance, the funding of pension deficits and the question of 'going concern' status, which all need to be resolved if the economy is to recover during 2010.

The Northern Ireland Executive announced some welcome initiatives last December, including a commitment to delivering the Investment Strategy and the commitment to accelerate payments on public procurement contracts to ten days. To build confidence in the economy, we now need effective delivery of these initiatives with regular monitoring and reports on progress.

There are other actions which the CBI believes the Executive urgently needs to take in terms of finance, measures to stimulate demand in the housing market, particularly for first-time buyers, construction - a commitment to increase spend on maintenance and delivering the MATRIX recommendations and existing skills initiatives should all be priorities for the Executive.

We need strong political leadership to take timely decisions to help us prepare for the recovery which is possible next year and the business organisations including CBI are fully committed to make their contribution.