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THE YEAR AHEAD BY THE MASTER CUTLER JAMES NEWMAN

2010 may be the year of the Tiger but I am not so confident that the Tiger will be roaring in the UK economy in general or in Yorkshire in particular. I think most economic pundits are predicting a year of slow but sure growth. However, this is growth against the low base of 2009 and even if the economy does achieve some growth, levels of activity in many companies in the Region will still not be back to 2007 levels by the end of 2010.

In the wider economy, there is still nervousness surrounding the fragile state of the banking system with a potential ratings downgrade for UK banks. Coupled with the risk of inflation and the uncertainty and political paralysis, created by the pre- election posturing of all the political parties, a stable and decisive environment for business is unlikely.

This political uncertainty will also have a direct effect on the strategic direction of the economy in the Region as the future of Yorkshire Forward is put under the microscope by a potential Conservative Government. In my opinion, any attempt to dismantle the RDA would be a step in the wrong direction as the Region would then lose control of its own destiny, which would fall into the hands of the civil servants and the politicians in Whitehall.

So what does the year ahead hold for Yorkshire and its manufacturing companies, especially in South Yorkshire, which I represent and try to promote?

Firstly, we need to make sure we get our fair share of what will become a much reduced public purse available to support our industry. Whilst the Government has made all the right noises regarding regional manufacturing being vital to rebalance the economy, apart from one or two isolated instances, we have seen little in the way of hard cash for immediate investment, the Nuclear Research Centre in South Yorkshire being one of the few exceptions.

Secondly, there needs to be a continuation of the ‘apparent’ availability of credit from the banks, whether quantitative easing continues or not. There is still a reluctance by the banks to take some risk and lend to those other than the blue chip companies and those with adequate security, which is cutting off finance for investment, growth and innovation to smaller and new businesses. Hopefully, the launch of Finance Yorkshire’s new £90m Fund in the next few weeks will provide some alternative to the banks for businesses with a riskier than average profile.

Thirdly, the Region’s businesses, and especially those involved in our high value, competitive and specialised manufacturing sectors, do need to keep investing and innovating to stay ahead of the game. They should all be encouraged by what I have been saying, for a few months now, that many UK companies are recognising the false economy of buying abroad from the Far East or parts of Europe. Quality, lack of credit and uncertain service are a few of the issues which are repatriating some manufacturing back into the UK.

So 2010 may not be the year of the Tiger, but more a year of the Tortoise!