

# SNP cause 'Scotland-specific economic shock'

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The economy is facing a 'Scotland-specific economic shock' – a term enshrined in law, used to describe a set of poor economic indicators that only apply to north of the border.

This was confirmed by Andrew Chapman from the Scottish Government Fiscal Responsibility Division at the Holyrood Finance and Constitution Committee this morning.

The 2016 Fiscal Framework states that a 'Scotland-specific economic shock' is when annual Scottish GDP growth is both below one per cent, and one percentage point below GDP growth in the UK.

This can be based on either projections, or the most recent backwards-looking outturn data. The annual growth rate can be based on any four quarters, compared to the next four quarters.

The Scottish Government's most recent GDP statistics state that Scottish GDP grew by 0.75 per cent between the whole year of 2016 and the whole year of 2017 – meeting the first criteria.

In the same period, UK growth was 1.78 per cent, so the full gap between the Scottish and UK growth was 1.03 per cent.

Between 2016 and 2017, the Scottish economy therefore met both criteria for a 'Scotland specific economic shock'.

If these criteria were met for just one more quarter, then additional borrowing powers could be triggered by the Scottish Fiscal Commission.

**Murdo Fraser, Scottish Conservative shadow finance secretary said:**

"This clearly highlights the scale of the economic crisis Scotland is currently in.

"The criteria for a 'Scotland-specific economic shock' has been met.

"There is no room for excuses from Nicola Sturgeon – this is a shock made in Bute House.

“The SNP has failed to energise the economy, preferring to write strategies and create quangos rather than deal with the systemic issues Scotland faces.

“It is absolutely clear that the last thing Scotland’s economy now needs is another divisive referendum.

“The SNP’s independence referendum plan will not distract the Scottish public from Scotland’s grim economic performance.

“Surely now the SNP must wake up, stop penalising Scots with tax increases, focus on productivity and start encouraging businesses.”