

# BCC comments on Bank of England's Super Thursday

Commenting on today's interest rate decision and inflation report by the Bank of England's Monetary Policy Committee, Dr Adam Marshall, Director General at the British Chambers of Commerce (BCC), said:

"The Bank of England's decision to keep interest rates unchanged is unsurprising, and reflects the more subdued levels of growth we have seen in UK business communities over recent months.

"In our view, the Bank of England's forecasts are still slightly optimistic about the near-term outlook for the UK economy. We expect inflation to rise by more than the central bank is currently predicting, peaking at 3.4% this year. Businesses continue to report rising prices at factory gates, which are squeezing profit margins and investment intentions.

"Our Quarterly Economic Survey shows business investment is likely to remain relatively stagnant in the near-term, as inflation and the escalating burden of upfront costs weigh on the growth prospects of firms.

"Monetary policy can only do so much. This autumn, it is time for the government to act as well, both to reinforce business confidence and encourage investment. Action to reduce the many up-front costs that UK companies face would be an important first step in ensuring firms have the best possible environment to invest and grow."

**Ends**

## **Notes to editors:**

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 52 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global Business Network connects exporters with nearly 40 markets around the world. For more information, visit: [www.britishchambers.org.uk](http://www.britishchambers.org.uk)

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## **BCC: Home Secretary right to take objective look at migration trends and needs**

Director General Adam Marshall comments on the Home Secretary's decision to ask the Migration Advisory Committee to evaluate migration impacts on the UK economy.

"We welcome the Home Secretary's decision to commission rigorous and independent analysis to inform the shape of our future immigration system. Business communities across the UK tell us that immigration rules need to be based on an objective look at economic trends and needs, which are better evaluated by the experts on the Migration Advisory Committee than by politicians or commentators.

"Over the coming years, changes to the UK immigration system should be based on firm evidence, input from employers, and a clear understanding of the different requirements facing each region and nation. While businesses are committed to filling vacancies locally wherever they can, they will still need access to both EU and global candidates with a range of skills in the future. We will work to ensure that the views of business communities all across the UK are heard loud and clear by the Migration Advisory Committee over the coming year."

### **On EU nationals, Marshall added:**

"Amber Rudd has given EU nationals and their employers some much-needed reassurance, by signalling that any significant changes to the immigration rules for EU citizens will take place in an orderly fashion over time. Businesses need clear information to support their existing employees – and to know, right now, who they can hire with confidence over the coming years.

"The Home Secretary has given some important reassurances for EU nationals working in UK businesses, and for those businesses considering hiring EU nationals in the immediate future. Her department now needs to work with employers to get the detail right, and ensure that EU nationals do not face complex administrative processes to confirm their status here in the UK."

### **Ends**

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## **Employers concerned about return to the past on tribunals, says BCC**

Director of Research Mike Spicer comments on the Supreme Court ruling that employment tribunal fees should be scrapped.

“A fair tribunal system must provide access to justice for all, while at the same time discouraging unmeritorious claims.

“Today’s ruling will leave employers concerned about a return to the past, when despite winning the majority of cases, companies would often settle to avoid a costly and protracted process even when their case was strong.

“There is now a need for the government to work with all interested parties, both to ensure the ruling is respected, and to ensure that employers and employees alike can have confidence in the tribunal system in future.”

**Ends**

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## **BCC comments on GDP for Q2 2017**

Head of Economics Suren Thiru comments on the first estimate of GDP for Q2 2017.

“While GDP growth in Q2 was a slight improvement on the previous quarter, it was still less than half the pace of growth recorded at the end of 2016, and provides further evidence that the UK economy is treading water.

“UK economic growth remains unbalanced, with the service sector accounting for all of the growth recorded in Q2, while the industrial production and construction sectors were a drag on growth in the quarter.

“The pick-up in growth in Q2 could prove to be a high point for the UK economy this year. Inflation is likely to resume its upward trajectory in the coming months and this could trigger a sharper economic slowdown by increasing the squeeze on consumer spending – a major driver of UK economic growth. Rising inflation together with continued uncertainty over the longer-term impacts of Brexit is also likely to stifle investment intentions.

“The BCC’s Quarterly Economic Survey confirms that domestic business activity remains subdued with firms facing significant cost pressures. Overall, the UK economy remains on track to grow by 1.5% this year, which if realised would be the weakest rate of growth since 2012.

“With UK economic conditions becoming more challenging it is vital that as well as reaching a comprehensive agreement with the EU, longstanding domestic issues, including the multitude of upfront business costs that continue to undermine the UK’s long-term growth prospects, are addressed.”

**Ends**

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## **BCC comment following PM's Business Council meeting**

Following his attendance at the Prime Minister's business council meeting, Francis Martin, President of the British Chambers of Commerce (BCC), said:

"The increased tempo of engagement with business in recent weeks is welcome, as is the Prime Minister's commitment to sustain that engagement over the crucial months ahead.

"High-level discussions with the Prime Minister and her Cabinet must continue, but we also need to see sustained and structured discussion with business on the dozens of practical, real-world questions that firms face as a consequence of Brexit. Only by working together on the detail can we minimise disruption and maximise confidence for firms across the UK.

"Our research shows clear support among the business community for the UK to reach a comprehensive agreement with the EU, and for a transition period which will prevent firms facing a cliff-edge. The prospect of multiple, costly, adjustments to trading conditions is a concern for many, so starting discussions on transition arrangements as soon as possible would go a long way to boost business confidence.

"Economic growth is slowing, with Brexit-related uncertainty part of the story. As we work to get the best possible deal with the European Union, the government must not forget to underpin confidence here at home. A domestic agenda that puts the economy and business growth front and centre remains absolutely critical."

**Ends**

**Notes to editors:**

[The British Chambers of Commerce's post-election survey](#) received responses from 2,422 business people from all regions of the UK online between Monday 12 June and Wednesday 14 June 2017. Of the businesses surveyed, 91% were SMEs, 25% operate in the manufacturing sector, and 75% operate in the services sector. The results were weighted to align to the BEIS 2016 business population estimates.



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