



Media Release

EMBARGOED UNTIL 00:01 MONDAY, JULY 6, 2015

Monday, July 6, 2015

Budget measures needed for energy's "recession in confidence"

A North-east business organisation has called on George Osborne to take further steps to address the oil & gas "recession in confidence" in his Emergency Budget next week.

Aberdeen & Grampian Chamber of Commerce said its members broadly approved of the measures introduced by the Chancellor in the 2015 Budget, but they needed extra support for exploration and drilling.

The Chamber released the results of its 22nd Oil & Gas survey last month, which found that the global fall in the oil price had negatively impacted 91% of the businesses surveyed.

Research & policy director at the Chamber James Bream said: "Government support is especially important in the short to medium term for the industry, as the fall in oil price has forced energy sector companies to lay off staff, cancel projects and reduce prices, which impacts the whole North-east region.

"Our research points to a 'recession in confidence' in the sector, with an increase in decommissioning activity for more than 80% of contractors and a 70% have seen a drop in the value of exploration activity.

"These trends point to a risk of premature decommissioning, a lack of future development projects and work against the Government's stated objective of maximising economic recovery."

The Chancellor delivers his post-election Emergency Budget on Wednesday (July 8) and the Chamber has briefed local MPs on the measures that would support North-east business.

As well as specific pledges to help the oil & gas sector, it is looking for a commitment from the UK Government to act on the Airports Commission findings which support building a third runway at Heathrow.

The British Chambers of Commerce (BCC) is calling for the creation of an independent body to look at the UK's infrastructure needs, which would expedite the evaluation and delivery of what they see as highly necessary infrastructure projects.

Like the BCC, Aberdeen & Grampian Chamber of Commerce supports the government's plans to cut red tape and eliminate the deficit as long as they are balanced with the objectives of supporting growth and tackling the UK's low productivity.

The Chamber's 2014 North East Business Week research showed that poor connectivity has a strong impact on businesses' growth aspirations. Members surveyed identified high-speed broadband (86%), local road infrastructure (64%) and rail links (53%) as critical or highly important to their business.

Mr Bream said: "Our members need fiscal stability in order to conduct business, particularly in a region where volatile oil prices impact performance, growth and employment across all sectors.

"It is essential that the Emergency Budget continues to support infrastructure projects to encourage growth and delivers in full the revision of the oil and gas fiscal regime to provide more certainty for business."

Ends

Notes to editor

- Please find attached a copy of the policy briefing sent to MPs.
- Aberdeen & Grampian Chamber of Commerce (AGCC) is North-east Scotland's leading private sector, member-focused, business organisation. The Chamber represents more than 1,350 businesses with almost 130,000 employees in the private sector covering all industry sectors, ranging in size from sole traders to multi-national corporations.

Media enquiries to Aberdeen & Grampian Chamber of Commerce

Joanna Fraser, Communications Team Leader

Tel: +44 (0)1224 343926

Mob: +44 (0) 7891 547 965

Email: joanna.fraser@agcc.co.uk

Twitter: @chambertalk