

Macroeconomic stability vital for Welsh firms' investment plans

After the turbulence of the past week, no one can doubt the importance of strong financial institutions in protecting and promoting the UK's attractiveness to investors. As the UK seeks the sustainable growth needed to improve living standards amid the worst cost-of-living crisis in recent memory, it will be even more vital.

Events began with the new Government acting to help people and businesses weather the rising storm in energy prices. Helping the most vulnerable was the right thing to do, though better targeting will be needed to ensure support remains affordable.

Then came the Chancellor's anything but "mini" fiscal statement. It should have been accompanied by an Office for Budget Responsibility (OBR) assessment; failure to do so undermined the growth plan itself and the credibility of our institutions, so it's good the Prime Minister and Chancellor met with the OBR on Friday, particularly if that means findings can be published on an accelerated timetable.

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This matters, as the scale and nature of the tax cuts startled markets and led to a fall in the pound and rises in long-term interest rates. Many Welsh businesses I spoke with this week told me how important macroeconomic stability is for their investment plans. It's the bedrock for any growth plan.

The pragmatism behind the rethink over the higher income tax rate can pave the way for delivery and stability. Reassurance is now needed to promote fiscal responsibility and protect the

UK's reputation following recent market turmoil.

The Government needs to bring forward a clear fiscal plan to stabilise the debt to GDP ratio in the medium term. This is what will enable a plan for growth to succeed. And given the cost-of-living crisis and how that affects the most vulnerable in our society, along with pressures on public services from health to education, it's not credible to address this through public spending cuts alone.

Accompanying the Chancellor's speech was a growth plan to raise our long-term potential and productivity. It needs more details on skills and our energy transition, but the supply side measures are a step in the right direction. Put simply, policies unlocking sustainable growth and productivity without stoking inflation are no longer optional, they're essential.

The Government's fresh commitments to net zero projects, including onshore wind and carbon capture and storage, are positive and reflect the reality that net zero remains the biggest growth opportunity in a generation.

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Promises of planning reform will hopefully be followed by Welsh Government, and not hinder, biodiversity to add confidence and gain support. Making it easier for vital

infrastructure – including public transport and energy efficient homes – to be built can make a material difference to growth in the medium term. On immigration, growth is hampered by skills and labour shortages – let's be more open to temporary visas where needed and urgently review the Shortage Occupations List.

Welsh businesses need to hear all this and more from the Government – sooner rather than later. Bring forward legislation. Publish details. Reassure markets there is a credible plan for sustainable growth. Make the right choices for our economy and our businesses.

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