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Increased Lending to SMEs Essential for Economic Recovery

The Construction Products Association has welcomed today's announcement of the government loan guarantee scheme, which the government says will provide £20 billion over the next two years to help the country's major banks lend to SMEs. However, more will need to be done if lending to business is to improve significantly and help deliver the economic recovery the country needs.

Commenting on the announcement, Noble Francis, Economics Director of the Construction Products Association, said: 'Although the major banks have clear targets for lending under Project Merlin, lending to SMEs has in fact fallen over the past year. Therefore, any measure to address this is welcome, as SME growth is vital to sustained economic recovery. The loan guarantee scheme announced today will help boost the cost and availability of finance for the major banks involved in the scheme, but this must be passed on to SMEs which are critically dependent upon lending.'

'The Association has been asking the chancellor for increased lending to SMEs for a considerable period of time and it is encouraging that government is listening to business. However, although this is a step in the right direction, more needs to be done to ensure that it is not just the banks that benefit from this access to low cost lending, but SMEs as well.'

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NOTE TO EDITORS:

The Construction Products Association represents the UK's manufacturers and suppliers of construction products, components and fittings. The Association acts as the voice of the construction products sector, representing the industry-wide view of its members. The sector has an annual turnover of £50 billion and accounts for 40% of total construction output.

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