Budget provides grounds for optimism

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Chris Cummings, CEO of TheCityUK, welcomes UK Chancellor George Osborne's Budget Statement…

The reductions in both corporation tax and personal tax announced today send a strong signal that the 'open for business' sign over the UK is well and truly lit.

Announcing a future reduction in the top rate of tax to 45p is a step in the right direction. The high personal tax rate is the number one issue on everyone's lips wherever I am in the world. The Chancellor must do all he can to create a competitive, business friendly environment to attract global firms to the UK.

Likewise, the raft of small business support initiatives are a positive move. SMEs and entrepreneurs are the lifeblood of our economy. But, if we're to deliver an export-led recovery, the Government needs to encourage trade with emerging economies around the world, including Brazil, India and Russia. We urge the Government to do more to promote initiatives like the export guarantee scheme.

In that vein, we need to ensure we have the transport links to support the UK's position as a global hub, both for financial services and other growing sectors. One pressing issue is lack of capacity at our airports, especially in the South East. It's got to the point now where I have meetings in London with senior executives who have arrived via Schiphol Airport in Amsterdam. There needs to be a radical rethink of our airport policy. Without additional capacity, our export-led recovery will be grounded. We welcome the Government's forthcoming review announced today.

There's also a pressing need to invest in our infrastructure. The Government should provide renewed support for Private Finance Initiatives, an area where we lead the world. Through Public Private Partnerships GBP53bn has been invested in developing over 700 public sector infrastructure projects in the UK. In particular, the Government should consider underwriting re-financing after the construction phase of a project to reduce the risk factor and encourage investment. One future threat is the new capital requirements under Solvency II, which would restrict insurers' ability to invest in long-term infrastructure projects. The UK's pension industry is the second largest in the world and will contribute towards the GBP250bn national infrastructure plan.

As the Chancellor said, the financial services sector remains an important string in our bow. It is instrumental in driving an export-led recovery and provides the finance to allow enterprise to thrive.

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