

## **GIBA Statement - Phase 4 Exit From Lockdown**

The decision to move to Phase 4 of the exit strategy, several weeks ahead of when many expected, is great news, especially for those local businesses that can start to trade again. The reopening of the schools from 8<sup>th</sup> June is particularly welcome. As well as being so important for the long term wellbeing of our children, working parents will be pleased to get back to a normal working pattern. This is all good for the wider business sector.

GIBA also welcomes the acknowledgement that we need to address how we can start to reopen our borders safely to the outside world. This is a vital step to economic recovery.

It is the need for economic recovery that gives us concern. We have been talking to many businesses about the current and future impact of the COVID-19 measures on their operations. Whilst many finance businesses have been fortunate to be able to operate substantially as normal, this is not the case across the whole sector. There are many businesses that are being adversely affected now or who are concerned about the immediate future. For example:

- Around a quarter of businesses are experiencing cash flow problems now;
- Many expect to see sales to reduce by over 10%;
- Almost half of businesses expect profits to be hit by 20% or more this year.

These messages are concerning for the island as a whole.

The finance sector directly accounts for around half of GDP, so reductions of revenues and profits in finance will impact on tax revenues for the island. With the massive increase in expenditure for business support and wider mitigation measures, it is not sufficient to seek to simply return the economy to pre-COVID levels, we need to drive growth to compensate for lost revenues and to fund public services.

This will require the States of Guernsey and business to work in partnership for the good of the island. This means support for and promotion of the finance sector, which must also include finding ways of opening our borders safely and engaging with the global community.

**Tony Mancini, GIBA Chair**