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Is it safe to go out yet?

CLOSE, but no banana! Actually, not so close at all. Far from showing the anticipated economic recovery, the recent initial GDP figures issued by the Office for National Statistics in October showed that we are still in recession.

This has been the most prolonged recession since records began with the economy contracting by a worrying 0.4%. Depressing stuff indeed.

What was perhaps most strange however, was that the day before the figures were released, most economic commentators and newspapers all but called the end of the recession. Just how did they get it so wrong?

While we are all inevitably looking and hoping for recovery, it's important that any judgement about that recovery is based on sound economic foundations rather than a reaction to increased confidence alone.

In fact, for some time talk of 'green shoots' had supposedly been reflected in a rise in confidence detailed in various surveys from professional bodies and business organisations – some of which predicted the end of the recession as long as two months ago.

Others are more cautious. ACCA (the Association of Chartered Certified Accountants) has undertaken quarterly global surveys which have shown that while there are signs of more confidence, investment in capital projects and staff is still falling.

There is a danger of mistaking less panic for improved economic fundamentals.

That doesn't mean that it's all doom and gloom, but the view of ACCA is that there is some way to go yet before we can confidently say we are out of the woods.

ACCA Wales' own view is that recovery in Wales will, for the most part, be driven by our small businesses and that being the case, the UK and Welsh Assembly Governments must make the interests of small businesses the key economic priority. Encouraging better access to finance for them will be absolutely vital.

Given Wales' reliance on SMEs, getting the right formula could prove a real boon. But without a new and genuinely dedicated approach to developing small businesses, we arguably put at risk any sustained economic recovery.

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