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**INTERTRADEIRELAND BUSINESS MONITOR SHOWS THAT**

**BUSINESSES CONTINUE TO FEEL THE STRAIN**

**Still only 15% of businesses across the island are in growth mode**

According to the results of the latest Business Monitor for Q1 2012 released by InterTradeIreland, 85% of businesses across the island still are not growing. The protracted downturn continues to have a significant adverse impact on businesses in Northern Ireland, where just over a fifth (21%) of those surveyed are either growing or expanding. However, companies in Northern Ireland appear to be faring better than their Southern counterparts where only 13% of businesses report that they are growing.

The largest business survey on the island also highlights that overall sales performance figures remain negative on balance this quarter with 22% of businesses reporting an increase in sales but 37% seeing a decline, resulting in a net balance of -15%. These figures show a slight improvement on the last quarter when the respective figures for sales increases stood at 18% and decreases stood at 41%.

Consistent with past trends, Northern Ireland companies have experienced a slightly better quarter in terms of sales than those in the South, with 28% reporting a sales increase compared to 20% in Ireland.

Businesses are very clear about the underlying reasons for the continued strain that they are feeling. Lack of demand for their products or services is cited by almost two thirds of businesses on the island and rising costs by around four fifths. These combined issues continue to have a knock-on effect on cash flow, suggesting that the remainder of 2012 is likely to be a difficult trading environment across the island.

Aidan Gough, Director of Strategy and Policy for InterTradeIreland, says of the latest Business Monitor findings: “The fact that after three years still only 15% of businesses are in growth mode shows the protracted nature of the current situation. Businesses however are adapting to the new economic reality and are actively reducing internal costs and pricing their products and services more keenly.

**(more....)**

Businesses believe that Government can best help the situation by reducing taxes and improving access to finance.

Aidan continues: “Demand, or lack of it, still remains a key issue for businesses. One sign of how businesses are addressing the issue of demand is the extent to which they are looking for new markets. Our research shows, 25% of those companies currently trading cross-border have been encouraged by this experience to explore further opportunities to export to other markets. Half of these existing exporting companies are now looking at the EU markets for new sales. InterTradeIreland are dealing with demand problems by taking more companies onto the first rung of the exporting ladder and giving them the confidence to seek out new opportunities across the island.”

The InterTradeIreland Q1 2012 Business Monitor also raises an ongoing issue about access to finance. More than two in five businesses (41%) said that a lack of finance for investment in constraining their growth plans. This figure has risen since last quarter (from 36%) and businesses in Northern Ireland (43%) are slightly more concerned than those in Ireland (40%).

Significantly, 87 per cent of businesses are not applying for any type of credit. However, in the last quarter, of those companies that did apply for a loan (4%) over half (53%) were successful in securing the finance. (8%) of businesses had applied for an overdraft of which (79%) were granted.

Aidan concluded: “Although only a small minority of companies surveyed in this Business Monitor report applied for finance, a large percentage are telling us that a lack of finance is affecting their growth plans. Many of those going forward to apply for credit have been successful and I would encourage businesses to seek out financial support if they require it. InterTradeIreland will continue to work with business owners, government bodies and investors to ensure that we carry on providing support for businesses to help them accelerate their growth.”

**[ENDS]**

A copy of the Executive Summary can be viewed at

[INSERT](http://www.intertradeireland.com/researchandpublications/publications/name,10778,en.html)

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