Issued on behalf of InterTradeIreland

Embargoed until 00:01, Monday, 13 August 2012

**Survey highlights one in five Businesses failed to make a profit in the last 12 months**

According to latest the quarterly Business Monitor released today by InterTradeIreland, the protracted economic downturn is continuing to have a severe effect on businesses across the island of Ireland with 21 per cent of those surveyed reporting that their business has not been profitable in the last year.

Companies in Northern Ireland are faring slightly better than their Southern counterparts however, as only 11 per cent of local businesses surveyed did not show a profit over the last year compared with 26 per cent of businesses in Ireland.

The largest business survey on the island also showed that sales and employment figures in the second quarter of 2012 remain in the same negative territory as the last quarter. Only 13 per cent of businesses across the island are in growth mode with nearly half (46 per cent) reporting that their business is either contracting, in survival mode or winding down.

Overall though, once again, businesses in Northern Ireland experienced a ‘less worse’ quarter than those in Ireland, with net differences of minus 6 per cent sales growth in Northern Ireland compared with minus 14 per cent in Ireland.

When asked what issues are affecting local businesses, three quarters of respondents in Northern Ireland reported that rising energy costs and the rising costs of other overheads are having an impact. These combined issues are also resulting in cashflow problems for two thirds of businesses in NI, restricting growth and forcing businesses to become leaner and more efficient.

“These findings are very much in line with what we have been seeing over our last few surveys,” said Dr Eoin Magennis, Policy Research Manager for InterTradeIreland. “With stagnant growth reported again for this quarter, it is clear that companies are having to get back to basics and adjust to this new reality in order to survive. There are exceptions to these results however and we continue to find that those companies involved in exporting outperform those that remain in their home market.”

Access to finance continues to be an issue with 32% of companies in Northern Ireland reporting that it is constraining their growth plans - such as and impeding on their ability to purchase stock, refurbish their businesses and upgrade their equipment. Again only a small proportion of businesses are applying for finance (4 per cent for an overdraft and 6 percent for a loan) but of those that do, two-thirds are successful which poses the perennial question of whether the problem is a lack of demand from businesses or a lack of supply from banks.”

***(more…)***

The InterTradeIreland Q2 2012 business monitor also raises the issue of a lack of networking across the island and developing alliances with other businesses, which may also be hindering business opportunities.  Less than a third of companies reported to be a member of a formal business network and more than four fifths of businesses said that they had not joined with other companies to try and form a strategic alliance.

Dr Magennis continued: “Nearly four out of ten businesses did state an interest in developing links or alliances and we would encourage companies to do so. This can help to improve and grow your business. Joining forces and fostering links with other complementary businesses, whether it is within your home market or cross-border, can be a very useful step towards exporting and boosting sales and growth. Businesses should look for support from other firms who can provide extra resources or skills to share technical capabilities, work together for research & development, or to jointly bid for tenders for example.

“If you are an SME which is seeking to collaborate or link with other businesses, diversify, stimulate innovation or look to new markets, there is help available through a number of government support programmes. These companies should not hesitate in contacting InterTradeIreland to find out how our support and funding can help you to develop your business and improve your capabilities over, what is sure to be, another difficult trading year.”

**[ends]**

A copy of the Executive Summary can be viewed at <http://www.intertradeireland.com/researchandpublications/publications/name,10778,en.html>

**For further media enquires please contact Sheelagh Wright/Josephine Lamb of dcp strategic communication on 028 9040 2296 or email sheelaghw@dcppr.co.uk**