

## WEEK IN WESTMINSTER

Week ending Friday 27 January

### UK economy shrinks 0.2% in the fourth quarter of 2011

The Office for National Statistics (ONS) has published figures showing that UK economic activity decreased by 0.2% in the last three months of 2011. This marks a sharp drop in economic activity from the third quarter of 2011, when GDP expanded by 0.6%. Chancellor of the Exchequer, George Osborne MP, stated that the figures were disappointing but not a surprise, due to the economic instability in both the eurozone and the wider world. The quarterly fall in GDP is the first since the last three months of 2010, when there was a 0.5% drop. The contraction was driven by a 0.9% fall in manufacturing, a 4.1% drop in electricity and gas production, a 0.5% fall in construction sector, and no growth in the services sector, which accounts for two-thirds of the economy. The figures published by the ONS also showed that the UK economy grew by just 0.9% in 2011, whilst the International Monetary Fund have also cut the growth forecast for the UK economy in 2012 to 0.6% from 1.6%. (Source: BBC News)

<http://www.bbc.co.uk/news/business-16715080>



### Department for Transport launches 'Charging Heavy Goods Vehicles' consultation

Roads Minister, Mike Penning MP, has announced a consultation on 'Charging heavy goods vehicles'. Government's proposed scheme will levy a time-

based charge of around £10 a day for lorries of 12 tonnes or over using any road in the UK. The precise level of charges will depend on exchange rate and inflation at the time of implementation – predicted by government to be in 2015, subject to the legislative programme. By law, the scheme cannot discriminate between UK-registered vehicles and vehicles from elsewhere in the EU, so the charge will apply to all lorries, but government claim the vast majority of UK hauliers will not incur an increase in costs due to proposed compensation for the charge. The most likely compensation measure will be a reduction in Vehicle Excise Duty for UK-registered vehicles. Government has stated that for 94% of UK-registered HGVs over 12 tonnes, hauliers would not pay any more than they presently do. 4% would pay no more than £50 a year more and a further 2% would pay slightly over £50, but the maximum extra cost would be £79. Under the plans, UK hauliers would pay an annual (or six month) charge for each HGV at the same time and in the same transaction as they pay its Vehicle Excise Duty. Foreign hauliers could pay daily, weekly, monthly or annual charges. The consultation will run until 18 April 2012 and can be found here: <http://www.dft.gov.uk/consultations/dft-2012-03/>.

(Source: DFT)

<http://www.dft.gov.uk/news/press-releases/dft-press-2012012/>

### David Cameron defends UK deficit reduction plan at World Economic Forum

Prime Minister David Cameron has used his speech to the World Economic Forum in Davos, to defend the UK government's deficit reduction plan. Cameron stated that the cuts in spending had helped the UK "get ahead of the markets", and further added that the eurozone crisis was "weighing down business confidence and investment" across Europe, and that EU leaders had to "to show the leadership our people are demanding". In addition, Prime Minister Cameron used his speech to refute the idea of a tax on financial transactions, stating that it would be "simply madness" for Europe to unilaterally introduce a tax on financial

transactions - as it would see thousands of jobs being lost to other parts of the world. (Source: BBC News)  
<http://www.bbc.co.uk/news/uk-16736260>

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## CBI Industrial Trends Survey shows production weakened in Q4 2011

The CBI's quarterly Industrial Trends Survey showed that sentiment among UK manufacturers deteriorated in the fourth quarter of 2011, as confidence was hit by stagnant output, falling demand and concerns over exports. However, the survey does indicate that a slight rise in export orders and modest growth in output are expected in the next three months. Of the 387 manufacturers responding to the survey, 27% said output rose, while 26% said that it fell. The resulting rounded balance of +2% showed that production weakened sharply in the three months to January. In the next three months, manufacturers expect output to rise modestly, with a balance of +15%. Domestic and export orders both fell for the first time in two years. The fall in domestic orders (a balance of -17%) was the first since January 2010, and the decline in export orders (-19%) was the first since October 2009. But in a sign that fears over global demand are beginning to ease, firms expect to see a slight rise in export orders (+4%) and a levelling out of domestic orders (-3%) in the coming quarter. (Source: CBI)

<http://www.cbi.org.uk/media-centre/press-releases/2012/01/stalling-output-growth-and-falling-demand-hits-manufacturing-sentiment-cbi-1/>



## Week ahead

### Commons Committees

Monday 30 January

Public Accounts Committee (3:15pm, room 15)  
Reducing bureaucracy in further education

Tuesday 31 January

Energy and Climate Change Committee (10:15am, room 16) – Consumption-based emissions reporting

Wednesday 1 February

Environmental Audit Committee (2:15pm, Thatcher room) – Green economy

### Lords & Joint Committees

Thursday 2 February

Social Policies and Consumer Protection (EU Sub-Committee G) (9:30am, room 2) – Modernisation of higher education in Europe – The EU contribution