

EUROCHAMBRES Economic Survey 2016: slow recovery continues despite fragile confidence

2016 growth perspectives are improving, but at a slow pace, with businesses still underlining domestic demand, general economic conditions and labour costs as the main challenges for the year ahead. These are some of the main findings of the 23rd annual EUROCHAMBRES Economic Survey (EES), based on autumn feedback from 59.000 business in 26 countries.

External factors and reforms

EES2016 reveals the tangible effect that the weaker Chinese economy is having on some of the EU's leading export countries. Results also confirm that the Russian economic crisis is having a strong bearing on several eastern and central European countries that depend on exports to and investments from this major trading partner. Structural reforms seem to be having a positive effect in several EU member states, but the results stress that considerable progress is still needed in Cyprus and Greece. Despite geopolitical tensions and crises in certain Emerging Market Economies, the domestic demand, employment and export sales indicator forecasts suggest a strong positive reaction to lower oil prices and Euro depreciation.

In detail

- **Domestic sales** expectations for 2016 are positive, with Spanish, Portuguese and Romanian businesses the most optimistic. Part of this success is due to the reduction of oil prices that will boost the private consumption for the next year.
- **Export sales** are expected to increase in 2016 after a small drop in 2015. These fluctuations can in part be attributed to the effects of the euro depreciation and geopolitical concerns. The greatest improvement is recorded in Portugal and Latvia.
- **Employment** in 2016 registers a modest improvement, continuing the positive trend of 2015. Eastern European countries generally anticipate a positive year for job creation, while Italian expectations remain negative.
- **Investment and business confidence** do not follow the positive trend of other indicators. Feedback from the Chamber network links the drop with concerns among businesses about recent economic and political tensions outside the EU. Slovakia, Slovenia, Estonia and Hungary register a particularly significant fall in business confidence for 2016.

EUROCHAMBRES Secretary General Arnaldo Abruzzini reacted to the findings: *"The overall results are encouraging and improvements in sales and employment indicate that the post-crisis reform agenda is having a positive effect. But it also highlights businesses' ongoing caution, as well as their sensitivity to currency fluctuations and geopolitical tensions."*

Mr Abruzzini added: *"The recovery process will only gather real momentum when business confidence and in turn investment levels pick up. This underlines the importance of EU level initiatives to facilitate the movement of capital, to create an internal market that's fit for the digital era and to secure ambitious trade agreements"*.

More information:

- [EES2016 infographic](#)
- [EES report](#)

Further information: Ms. Iwona Mertin, Tel. +32 2 282 08 88, mertin@eurochambres.eu
Press contact: Ms Simona Obreja, Tel. +32 2 282 08 81, obreja@eurochambres.eu
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