

PRESS RELEASE**EUROCHAMBRES regrets interest rate rise:
ECB should “regain and retain” growth**

EUROCHAMBRES, the Association of European Chambers of Commerce and Industry, regrets the European Central Bank (ECB)'s decision to raise interest rates to 3.75% today, and expresses its concern with regard to the possible negative impact on growth and job creation in the EU.

Pierre Simon, President of EUROCHAMBRES, said: *“The ECB decision to once more raise interest rates, which have now reached the highest level since September 2001, is not likely to help European enterprises. We fully understand that the Treaty entrusts the ECB with the primary objective of maintaining price stability in Europe, but we urge the ECB once more to give equal attention to growth and employment. The current economic upswing should be sustained.”*

EUROCHAMBRES stresses that the current scenario does not justify an overestimation of upward risks to price stability. While it is true that a record growth in money supply has been registered in the last few months, recent ECB and Eurostat forecasts show contained inflationary pressures for 2007 (slightly below 2%) and for 2008 (hovering around 2%), thus fully in line with the ECB price stability target of ‘below, but close to, 2% over the medium term’.

On wage pressures, while nominal wages are expected to accelerate in line with cyclical improvements, there seems to be no imminent danger to stabilizing wage settlements, with the emergence of cost pressures which have so far failed to materialise.

EUROCHAMBRES urges the ECB to desist from further interest rate rises in the future. Inflationary pressures will ease, while European business needs confidence to invest and to create the jobs needed to bring the still high unemployment rate down as well as to enhance Europe's global competitiveness.

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