

PRESS RELEASE

EUROCHAMBRES' Economic Survey 2006: Fainthearted economic recovery urges actions, Chambers say

"Business confidence in Europe remains cautiously positive but this is clearly not sufficient for a sound economic recovery. We do not need stabilisation and a wait-and-see approach but a clear upward trend!" At the today's presentation of EUROCHAMBRES' Economic Survey (EES) 2006, President Christoph Leitl urged European and national decision-makers to step up actions in favour of economic growth and job creation.

"The lingering mood of crisis in the EU must be overcome and competitiveness and growth must be at the top of the agenda of all actors at European and national level," Mr Leitl said.

"To raise interest rates in a fragile economic climate is certainly the wrong signal" Mr Leitl criticized yesterday's ECB decision to increase interest rates by a quarter percentage point. *"We need an ECB which pursues an active and growth-oriented policy which supports Europe's economic pick-up and not one which focuses only on price-stability."*

Results of this year's EUROCHAMBRES' Economic Survey suggest that on average the European economy will continue to grow next year on a stable but not very steep path. Business confidence, domestic demand and export sales are expected to decline compared to 2005. Only total turnover and employment are expected to slightly increase. Investment levels are expected to remain unchanged.

More than 90.000 companies from 27 European countries* were polled.

Business Confidence: still positive but relatively subdued

According to this year's survey, European entrepreneurs are less confident than they were in 2005. The business confidence in the Euro zone continues to be on a relatively optimistic trend as forecasted in 2005, but loses 2.3 points in net balance**. In the non-Euro zone, the worsening of the confidence in the United Kingdom is dampening enterprises' outlook on average (-1.9 points compared to 2005). On the contrary, business confidence in future EU Member States raises, as Turkish firms expect a better business climate in 2006.

Turnover: EU countries less optimistic than future EU-members

Despite the negative business confidence indicator, entrepreneurs throughout Europe expect their total turnover to improve in 2006. In line with the growth projections released

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EUROCHAMBRES has member organisations in 44 countries representing a network of 2,000 regional and local Chambers with over 18 million member companies.

by the European Commission in mid November (1.9% and 2.1% in the Euro area and the EU respectively – compared to 1.3% and 1.5% in 2005), the positive expectations of many export oriented enterprises indicate that the European economy should be benefiting from robust world economic growth. Companies in future EU Member States expect a higher turnover growth (+41.2 points) than those in EU Member States (+37.7).

In this respect EUROCHAMBRES' President also referred to the WTO Ministerial Conference in Hong Kong on 13-18 December. He said: *“WTO members should seize the opportunity in Hong Kong to overcome entrenched positions and find a compromise. The issues under negotiations in the Doha Round are of crucial importance to the economies of developed and developing countries. Insufficient market access, opaque customs procedures and risks such as the non-enforcement of intellectual property rights are still preventing businesses from realising their potential in international markets.”*

Employment: slight increase expected – trend towards jobless growth

The EES 2006 confirms a favourable upward trend in employment forecasts, although there is a trend towards jobless growth. In four countries (Germany, Hungary, Portugal and Slovenia) the negative expectations towards jobs exceed the positive ones. Whereas the forecast in Germany is improving in comparison to previous years, the situation in the other three countries is deteriorating. The strongest growth in employment prospects – based on the progression of the net balance – is expected in Finland (+12.1 points compared to 2005), Greece (+11), Cyprus (+7.1), Romania and Malta (both +7).

Investment: expectations unchanged compared to 2005

Investment expenditure is expected to remain stable as over half of respondents do not anticipate any changes in investment levels. Only one quarter of businesses expect increased outlays in 2006.

* 23 EU Member States (Belgium, Czech Republic did not participate) and 4 accession candidates Romania, Croatia, Bulgaria, Turkey.

** Net balance: obtained by deducting the percentage of companies giving a negative answer regarding their expectations from the percentage of companies responding positively.

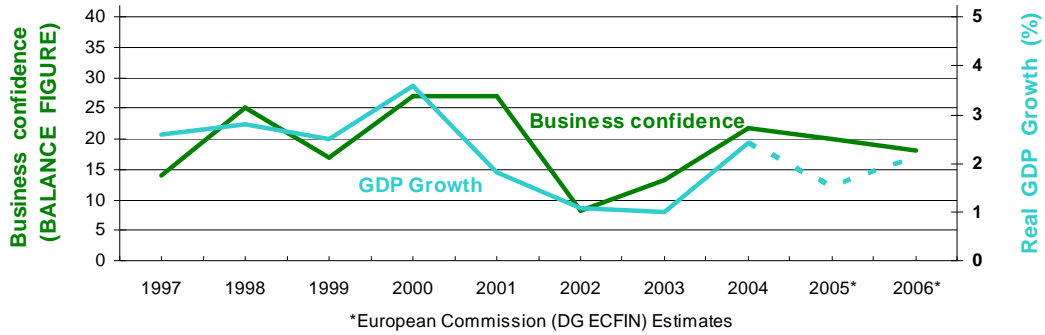
EUROCHAMBRES' Economic Survey 2005 can be downloaded from www.eurochambres.be

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BUSINESS CONFIDENCE EXPECTATIONS / REAL GDP GROWTH



ECONOMIC INDICATORS FOR 2002 - 2006

