

PRESS RELEASE

EUROCHAMBRES Economic Survey 2007: 78,000 businesses show greater confidence for 2007 Denmark highest hopes, Hungary most pessimistic, regions make the difference

European companies show greater confidence for the year ahead, and expect growth for all major economic indicators*. Following an overall positive business climate in 2006, companies anticipate a continuation of the economic upturn next year. In particular, positive forecasts in the “big” European economies (Germany, France, UK, Spain and Italy) lead to better results overall.

These are the key findings of EUROCHAMBRES Economic Survey (EES) 2007, released in Brussels today. The EES is EUROCHAMBRES’ annual qualitative survey measuring the “mood” among entrepreneurs concerning business confidence for the coming year. This year, over 78,000 companies in 133 regions of 27 countries* were polled.

Denmark is the country with the highest net balance figure** for all six economic indicators of the survey (61.3). However, Portugal is the country which has made the best overall progression compared to last year (+24.8). In Hungary the pessimistic responses outnumber by far the optimistic ones (-2.3 net balance points), and Latvia has the highest regression compared to last year’s results (-ac17).

Pierre Simon, President of EUROCHAMBRES, said: *“It is important to note that the general results at national level strongly depend on the performances at regional level. Regions play a crucial role in shaping Europe’s economy.”*

Business confidence – Best result in 5 years!

Results of this year’s survey show that business confidence is positive and the highest since 2000 (24.17 net balance points, + 6 compared to last year). Euro zone, non Euro zone and accession candidate countries witness similar progression rates in comparison to last year’s forecasts. The most optimistic country for this indicator is Latvia, while Portugal makes most progress compared to last year. Hungary is the most pessimistic overall, while Slovakia slips further year-on-year.

Total turnover – Also on the upswing

Overall total turnover expectations are also very positive, resulting mainly from a big push in demand from domestic sales. Enterprises in the accession candidate countries expect a higher growth in turnover than those in the current Member States. Best performer for this indicator: Estonia. Best progress: Portugal. Most pessimistic country: Hungary. Worse regression: Slovakia.

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EUROCHAMBRES has member organisations in 45 countries representing a network of 2,000 regional and local Chambers with over 18 million member companies.

Domestic sales – Euro zone more optimistic than non Euro zone

There are two main elements driving forward the upbeat situation: investment and household consumption. However, two fifths of surveyed companies do not foresee any change next year. Euro zone companies largely exceed non Euro zone companies in their forecasts. It is to be noted that there are no results available for Germany.

Export sales – Current upward trend will continue

Export sales are on the upturn as well, albeit somewhat slower than domestic sales. In all major EU economies, except Spain, forecasts for 2007 are up. Here again, Euro zone companies are much more upbeat about their 2007 export prospects than those of the non Euro zone.

Employment – The fastest growing indicator

Employment prospects show the biggest improvement in comparison to the other indicators. Germany moves away from negative prospects, with over two thirds of respondents forecasting an unchanging employment environment for next year (“zero” balance). Other major EU economies (UK, IT, FR, ES) witness higher forecasts as well. Portugal and Slovenia see a reversal in trends (from negative to positive), while Hungary remains negative for the third consecutive year.

Investments – Positive but relatively subdued

While the outcome of investment activity in 2006 is higher than that forecasted at the end of last year, the survey net balance does not indicate strong growth levels for 2007. Interest rates have risen in the Euro zone throughout 2006, and may rise further in 2007. The trend is the same in several other European countries, and this may have had a dampening effect on the investment forecasts for 2007.

Mr Simon said: *“Optimistic entrepreneurs should not be let down! What we witness here is very encouraging, but we should not forget that economic forecasts for European competitors – the US, Japan and the rest of Asia – are even higher. The Competitiveness Council today should already address the key issues that can sustain the positive trend in Europe, and should make recommendations for ambitious, forward looking reforms involving the regional level as much as possible: it is the regions, in fact, that can make the Lisbon Agenda happen!”*

In particular, EUROCHAMBRES recommends the following:

- A strong commitment by Member States to the **better regulation** strategy. Enterprises want simplified administrative procedures and more commitment by national and regional authorities to reduce red tape and make business easier. The recent approval of the Services Directive should also enhance cross border business in the enlarged EU in the years to come.
- Addressing the **institutional crisis** and European governance. This will be a top priority of the incoming German presidency, although solutions will only be known in 2008.
- Making the best out of the new operational programmes which will be launched in the Member States during the first half of 2007. The focus should be on **education and training, employability and research and innovation**, especially in SMEs.

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- On the international scene, there should be an attempt towards resuscitating the **Doha development agenda**, hence avoiding the multiplicity of bilateral trade agreements which could distort international trade.

* Business confidence, Total turnover, Domestic sales, Export sales, Employment and Investments.

** 23 EU countries (not Belgium and Ireland) and 4 Accession Candidate countries (Bulgaria, Croatia, Romania, Turkey).

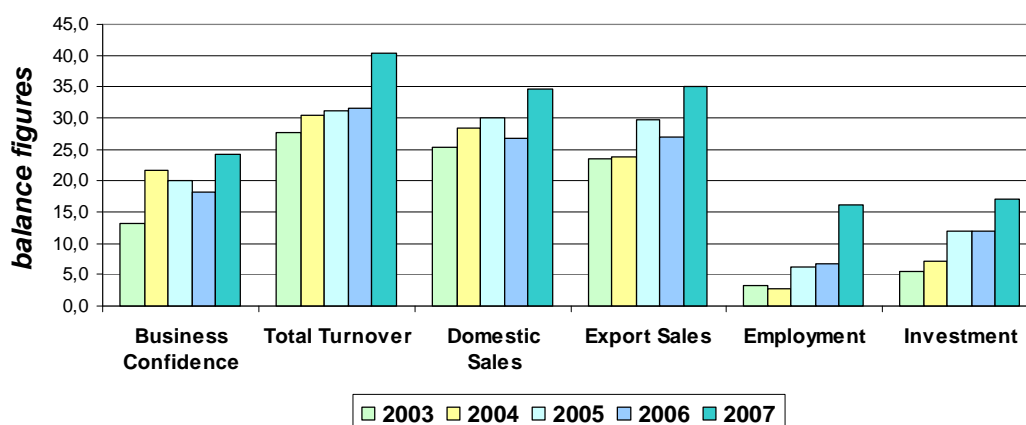
*** Net balance= % of positive responses - % of negative responses

EUROCHAMBRES Economic Survey 2007 can be downloaded from http://eurochambres.eu/PDF/pdf_ees2007/EES2007complete.pdf

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ECONOMIC INDICATORS FOR 2003 - 2007



Over the years, EUROCHAMBRES Economic Survey's forecasts have proven to be a very accurate and reliable indicator for the performances of the regional, national and EU-level economy. This is shown by the chart below, comparing the expectations outlined in the EES with real GDP growth figures.

BUSINESS CONFIDENCE EXPECTATIONS / REAL GDP GROWTH

