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<p>UNICE PRESENTS MAY 1999 ECONOMIC OUTLOOK SURVEY</p>

UNICE presented today the results of the May 1999 European Economic Outlook, which is based on a survey of 16 UNICE member federations (EU-15 plus Norway). The Outlook provides a business insight into economic and employment trends as well as main risks and prospects for the European economy.

The scope of the Survey covers both EU-11 and EU-15 indicators and is split up between industry and services. The Outlook reveals that business confidence remains gloomy in industry while prospects in services are more favourable. UNICE's Secretary General Mr. Dirk Hudig warned about the persistent divergence between household and industry confidence which calls for appropriate structural and supply-side policies, while artificial stimulation of demand should be avoided.

The recent cut in interest rates by the ECB must not be jeopardized by unduly expansive budgetary policies or by inappropriate wage developments. Moreover, this Survey shows that a sound macro-economic framework will not be sufficient to revive demand, growth and employment, if it is not accompanied by structural reforms. Furthermore, European companies, and more particularly SME's, still suffer from difficult access to capital, heavy tax burdens and rigidities in labour markets, which hinder their competitiveness.

Considering the main risks for the European economy over the next six months, UNICE is worried about the renewed market volatility and a weakening of the USA economy, but internal risks are also a source of concern.