UNICE ECONOMIC OUTLOOK

The UNICE economic outlook provides a business insight into recent economic developments based on a survey of national member federations covering EU-15 countries and Norway. Qualitative data were collected at the beginning of November, while forecasts were made in September. All aggregate values are GDP weighted. For further information, please contact:

Patrice LIAUZU
☎ *(32.2)237.65.26, p.liauzu@unice.be*

Key indicators:

EUR-11	**1999**	**2000**
GDP (%yoy)	2.1	2.8
Inflation (%yoy)	1.1	1.5
Unemployment (%)	10.5	9.9
Compensation of Employees (%yoy)	2.6	2.3
EUR-15	**1999**	**2000**
GDP (%yoy)	2	2.7
Inflation (%yoy)	1.3	1.7
Unemployment (%)	9.6	9.1
Compensation of Employees (%yoy)	3	2.8

UNICE September forecasts

- **Strong recovery in business confidence**

The November 1999 economic outlook shows a strong recovery in business confidence, investment and profitability in both industry and services. Prospects have improved markedly since early 1999, the emerging market crisis is beginning to recede and an export-driven upturn should benefit most European countries, while domestic demand remains robust. Investment should expand in 1999 and 2000 driven by favourable market prospects, rising capacity utilisation and a conducive monetary framework.

- **Monetary policy moving from an accommodating to a more neutral setting**

The recent interest rate adjustment by the ECB is a precautionary move against price pressures which have risen since the April cut, together with improved growth prospects and strong money supply figures. However, at the present time, there are few clear signs of overheating at EU level and, even if some regions remain buoyant, core inflation should be held below the 2% ceiling (1.5% in 2000). Nevertheless, pressures could mount in some countries in the wake of higher wage demands or energy price increases. The recent hike in interest rates could be premature for some core countries whose recovery is still in an early phase. The Euro is still considered to be at an appropriate level, but likely to appreciate vis-à-vis the dollar in the next few months.

- **Unemployment to continue its decline, increasing budget revenues**

Employment in Europe has improved, mainly due to an increase in private-sector jobs. This development is tending to be driven by flexible contracts and labour-intensive services (as well as construction), although industry is also recovering. Some labour markets have performed rather well in recent years due to a relaxation of the regulatory framework, and moderate pay rises. However, structural unemployment remains high in the core countries. Nevertheless, the average unemployment rate should fall below the 10% level in 2000. In some areas or sectors, markets are expected to tighten, while labour mobility is not yet playing its adjustment role to the full. The recovery of the European economy and increases in employment will provide major dividends for member states, but budgetary efforts should not be relaxed since structural deficits are still large. Moreover, fiscal reforms need to be pursued, in particular to tackle high indirect labour costs and pension imbalances.

- **Recovery confirmed for 1999 and 2000, but underlying risks need to be considered**

Upside risks often mentioned by member federations are external (appropriate value of the Euro, continuing US growth, recovery of emerging markets) and internal (sustained activity in Europe, price stability and higher profitability). Downside risks are a bursting of the US “bubble” and sharp corrections in stock markets, high real wage increases, labour shortages, a tightening of monetary policy, uncertainties about tax reforms, slowdown in trading partners’ growth or further increases in some commodity prices. Moreover, European growth could slow down in 2000, remaining under 3%, through an appreciation of the Euro, affecting European countries’ competitiveness and hence exports, combined with a downturn in IT investments due to the end of Y2K investments.

List of UNICE member federations surveyed in the economic outlook:

BDI	Germany
MEDEF	France
CONFINDUSTRIA	Italy
CEOE	Spain
VNO-NCW	Netherlands
IBEC	Ireland
CIP/AIP	Portugal
VOI	Austria
FEDIL	Luxembourg
TT/PT	Finland
VBO-FEB	Belgium
CBI	UK
DI	Denmark
FIG	Greece
SI/SAF	Sweden
NHO	Norway

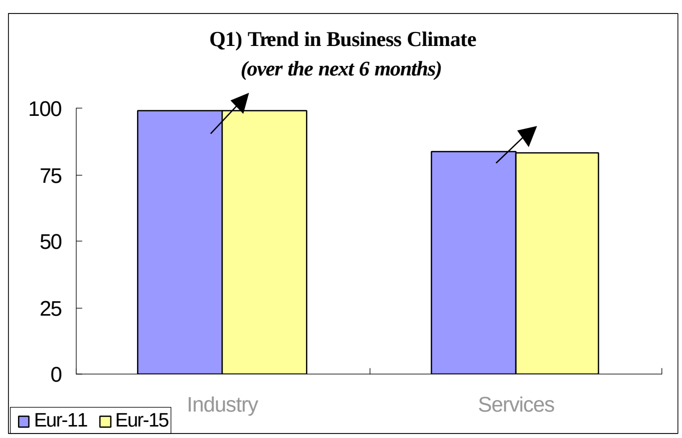
Charts:
: Trend compared with the previous results of the UNICE outlook (May 1999)

- **Business Climate:**

- **Economic Climate:**

Business climate is improving significantly: services steady, industry recovering

The November 1999 outlook shows a strong recovery in business confidence (*chart 1)*, both in industry and services. The gloomy business climate prevailing in the previous UNICE economic outlook six months ago is now past, in line with household confidence. Economic prospects have improved markedly, the emerging market crisis is now receding and an export-driven boost should benefit lagging economies such as Germany and Italy, while internal demand remains robust. Private consumption fuelled by household confidence and conducive interest rates should remain steady fostering construction and service activities in particular, which together account for more that 70% of EU GDP. In Germany, exports have picked up significantly, benefiting from the global economic upswing which should give some impetus to internal demand in the months ahead. Other countries such as Austria, Belgium (where the effects of the dioxin crisis should be over next year) and Denmark should also benefit from higher exports while France, the Netherlands, Sweden, Spain, Greece, Ireland and Finland should also be able to reap the benefits of sustained internal demand. Robust domestic demand in the UK is offsetting weaker exports and contributing to a positive business climate, particularly in services. In Ireland (the only country which expects a less favourable business climate overall in the next six months), both industry and services should experience a slowing-down from a rapid expansion in early 2000.



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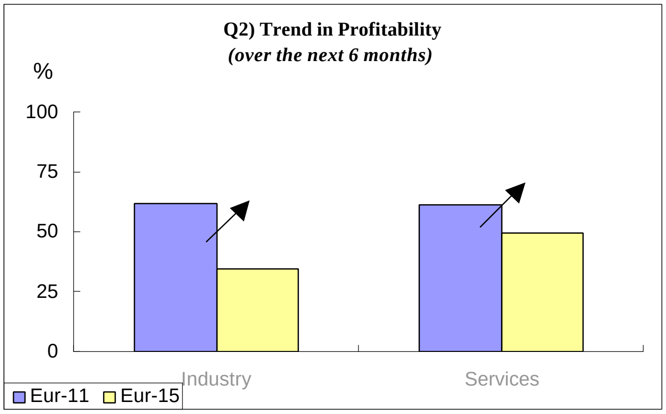

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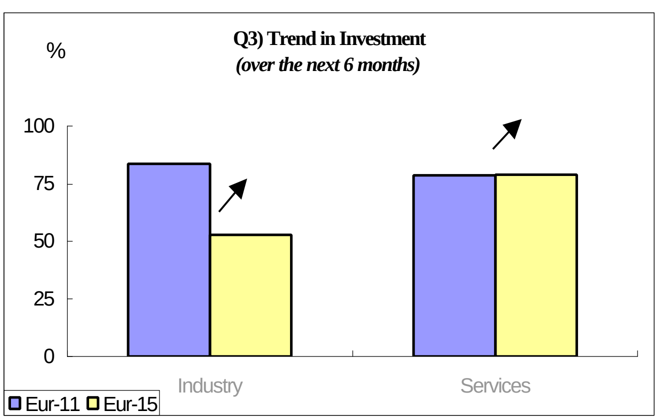
Profitability *(chart 2)* prospects have improved in recent months but increases are likely to remain modest. The main surprise is the recovery in industry. Profitability is expected to increase due to higher capacity utilisation and a substantial increase in overall demand. In Germany, profitability could also improve due to downward pressure on unit labour costs. The situation is less favourable in some countries such as the Netherlands where profitability is hampered by average earnings increases, low labour productivity improvements and fierce competition in domestic and foreign markets. Finland fears high increases in wages. Ireland expects lower profitability due mainly to an overall weakening in 2000 following a period of buoyancy. In the UK, profitability in services should remain about the same, as the good demand prospects are offset by cost pressures, while profitability in industry may be squeezed by a strong pound. On the other hand, Norwegian industry should benefit from higher prices on exports of manufactured goods.



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Investment *(chart 3)* should expand in 1999 and 2000, driven largely by favourable market prospects, rising capacity utilisation and a conducive monetary framework. Construction investment is booming in some countries such as Spain, Ireland and France but remains weak in Germany. However, strongly rising capital formation is expected in Germany (investment in plant, equipment and construction) and European investment in services is still booming. The peak will probably be reached at the end of the year with Y2K investments but should also remain at a high level in 2000. Moreover, public capital spending, mainly on infrastructure, is expected to be high in Ireland - where private investment could slow down - and Luxembourg. However, prospects are less favourable in the Netherlands where investment remains sluggish due to lower output growth than expected, decreasing profitability and a relatively lower capacity utilisation rate. Furthermore, the manufacturing investment trend could be negative in Denmark and the UK due to weak exports and uncertainties about industrial demand.

The business climate has significantly improved over the last few months. However, this upturn should not hide the fact that European economies are still vulnerable to external shocks and dependent on the pace of structural reforms in factor markets. Furthermore, if profitability as such has improved, equity indices (after-tax return) show that European companies are still lagging behind their US competitors. It is vital to continue the necessary structural changes to the European economy in a bullish cycle to ensure sustained recovery, given also the existence of downside risks. At the European level, efforts must be pursued to ensure effective cooperation between economic policy-makers in pursuit of the broad economic policy guidelines. Since the macroeconomic framework is currently sound, priority should be given to the structural side: employment guidelines (Luxembourg process) and reform of capital and product markets (Cardiff process).

- **Monetary and Financial Outlook:**

Monetary policy is now more neutral, not necessarily hampering core countries' recovery and more adapted to conditions in the periphery.

The Euro has recovered against the dollar and should pursue this gradual recovery mainly due to the narrowing of the growth differential between the US and Euro area, where the economy is being driven with reduced imbalances. Most UNICE Euro-11 federations believe that the exchange rate is appropriate for the time being *(table 4)* vis-à-vis the dollar and the pound sterling - respectively 76% (81% for Eur-15) and 56% - but these figures are less clear-cut than in the previous UNICE outlook. Italy, Ireland, Finland and Germany consider the Euro/dollar exchange rate to be low. However, Greece and the UK are suffering from overvalued currencies.

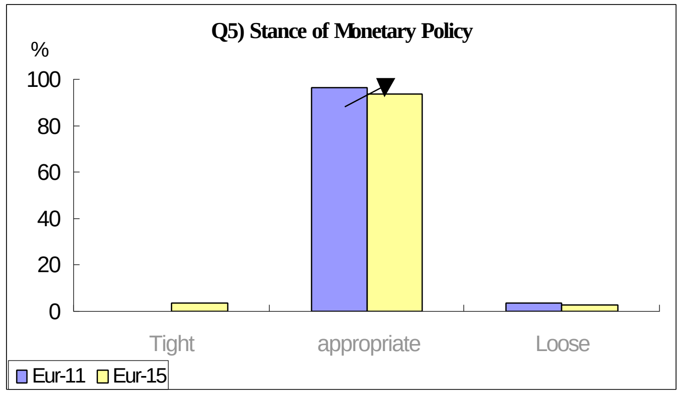
Table 4: Level of Exchange rate (EUR, GPB..) with following currencies

EUR-11 countries	High	Appropriate	Low
USD	0	76	24
GBP	0	68	32
JPY	0	70	30

EUR-15 countries	High	Appropriate	Low
USD	1	81	18
GBP	1	56	25
JPY	1	72	24
Euro	16	5	0

% answers

On the monetary side, the expected recovery in Euroland (2%) has not prompted a sharp about-turn in ECB monetary policy. Moreover, long-term rates have already risen. The European Central Bank has probably reacted to concerns about an increase in money supply, household credit growth as well as the upward trend in core inflation by 2000, and at the same time an increased risk of higher wage settlements. However, there are no signs of overheating at the moment at Euro-11 level (1.1% in 1999), even with the increase in oil prices because its effects on economies could be offset by appreciation of the Euro and Europe's reduced sensitivity to oil-price volatility.



% answers

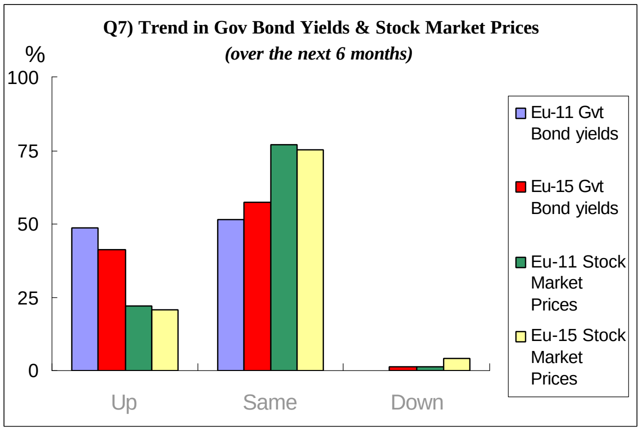
Moreover, fierce competition in some sectors, market liberalisation (energy markets) and increased price transparency brought about by the Euro should also act as a countervailing force to temper inflationary pressures. In the UK, the small (0.25%) rate increase by the Bank of England has been justified by the need to pre-empt inflationary pressures from asset prices and wages. However, there are indirect risks that this tightening will buoy the pound sterling vis à vis the euro hampering the competitiveness of export driven sectors.

For the time being, the UNICE survey shows that a wide majority of EU-11 countries consider the stance of monetary policy to be appropriate *(chart 5)*, but buoyant economies still feel that monetary stance might be too loose, as is the case for Ireland (with strong asset price inflation), and Finland. The Netherlands, with high consumption, tight labour market and booming housing market welcomed the interest rate increase. On the other hand, Italy and Germany feel that the recent hike in interest rates may have come too early in the recovery. Greece is suffering from a tight monetary policy. Some countries such as the UK or Austria are strongly opposed to a further tightening of monetary policy.

Table 6: Cost and access to capital for SMEs compared with the last 6 months (% answers):

Eur-11	Cost	Access
Higher / More difficult	57	6
Same	30	91
Lower / Easier	13	4

Eur-15	Cost	Access
Higher / More difficult	62	19
Same	27	73
Lower / Easier	11	7



% answers

Access to capital remains too difficult in Europe *(table 6)* In the Netherlands, the cost of attracting new equity capital has increased because of the unfavourable situation on stock markets and the preference given by large institutional investors to large companies and pan-European indices (Dutch SMEs are not part of those indices). This makes it more difficult to access the equity market while the corporate bond market is more accessible. Moreover, the cost of debt and bank loans has increased due to higher long-term interest rates in most European countries. However, SMEs in Belgium, which rely more on bank loans have seen their fees reduced. More specifically, Austria points out the lack of supply and poor awareness of venture capital. Risk capital may have progressed in Europe, but seed capital and business angels still need to be developed.

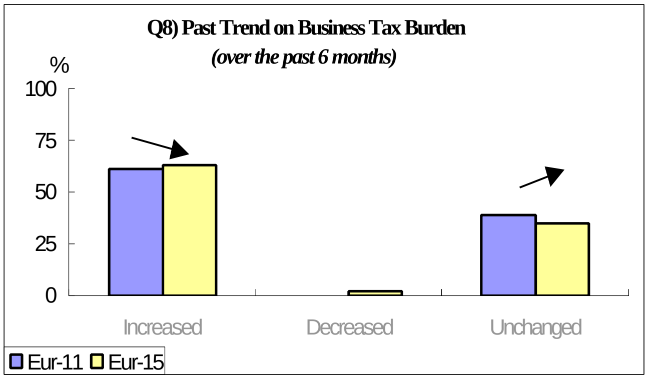
Long term bond yields have increased significantly since last May, and even if some federations expect a further rise in yields on government bonds (*chart 7)* as a consequence of improvement of EU fundamentals and narrowing gap between US and EU, the overall trend should be more neutral now. Moreover, the upturn in interest rates is likely to lower government bond yields (probable outcome being a flattening of the yield curve) as markets had already anticipated and welcomed this hike. On the other hand, federations expect no major strong trend in stock prices, and recent volatility might be explained more by spill-over effects from US markets rather than by domestic developments. Moreover, if they happen, possible upward movements in European bond yields could add some downward pressures on stock prices which could offset improving expectations for economic activity and corporate profitability. Taken together, these mixed factors should stabilise trends in European stock prices over the next 6 months.

Nearly all the components of demand are now growing in Europe but, despite strong recovery expected in 2000 and rising energy prices, core inflation should remain below the 2% target. Moreover, deregulation of utility markets, and corporate consolidation should offset the inflationary pressures if real wages remain appropriate. The challenge for ECB lies in the assessment of future price developments in a medium-term perspective by looking at core inflation, asset prices, wage developments, monetary aggregates and real sector indicators for the whole Euro area while addressing divergent trends in individual countries. However, UNICE would like to underline the need to take account of the overall situation and not only inflationary pressures at the periphery - which should be tackled by domestic policies - in order not to jeopardise the recovery of some core countries where growth remains fragile. Against this background, it is important now to ensure that the recovery can continue to gather pace, supported by further domestic market reforms, budgetary consolidation and moderate wage developments.

- **Taxation**

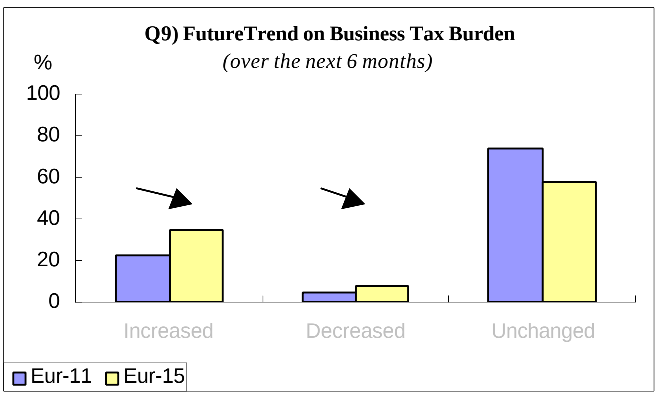
Budgets moving close to balance, structural deficits still have to be tackled

Across the Euro-area, reforms to alleviate Europe's Achilles heel, unemployment, have been made a top priority. It has become obvious that the overall tax burden, particularly on labour, has hampered growth and employment. The Stability Pact and EMU convergence criteria have obliged member states to run sound budget policies, to reduce budget deficits and debt. However, budgets are now moving closer to balance resulting more from a positive business climate and an increase in tax revenues in a favourable monetary framework than from structural adjustments. There is a risk that countries which are now well within the convergence criteria targets will move towards more stimulative fiscal policies instead of improving budgetary consolidation. Even though member states have began to undertake reform of their public finances, lack of clarity about the shape and pace of tax reforms and the implications for business is causing uncertainty. Furthermore, reform of social protection systems is becoming urgent, since the ratio of European pensioners to workers will increase markedly, putting more pressure on public finances. Some UNICE federations still expect an increase in the business tax burden. In Germany for example, introduction of the ecotax (as in France and the Netherlands) and a broadening of the tax base will hit SMEs particularly, and is likely to nullify the effects of a reduction in corporate tax rates.



% answers

In Finland, a 1% increase in capital tax is expected. In Ireland, employers' social charges have been increased by a rise in the ceiling for the 12% national insurance levy (from IEP 29,000 to 35,000). However, corporation tax in that country on service companies is set to be lowered from 28% to 24%. Finally, in Norway, depending on the political agenda, a tax hike on business can be expected.



% answers

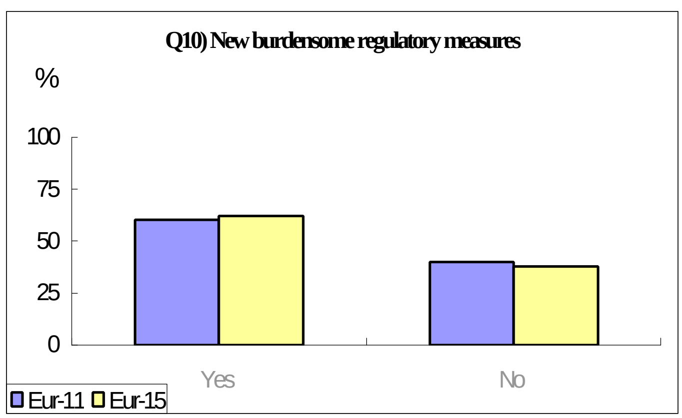
Solid and sustained growth together with low interest rates should bring budgets close to balance. However, efforts achieved to cope with EMU requirements should not delay the agenda for tax reforms. The tax burden has become unsustainable, in particular on labour. If some countries have a large buffer to conduct more active fiscal policies, others should try to tackle their structural deficits to make room for manoeuvre in the event of a downturn. Recent increases in the business tax burden in some countries run counter to a more business-friendly tax strategy which should boost incentives to work instead of maintaining pouches of outsiders. At EU level, priority should be given to tackling crossborder tax obstacles which hamper investment rather than focusing on measures which aim mainly at protecting member states' tax bases.

- **Regulatory issues**

New regulatory measures expected in some countries, particularly on labour markets

New regulatory measures are expected in a majority of countries *(chart 10)*. In Germany, the government is now supporting early retirement at 60 in some sectors. French companies will have to bear the costs of adapting to new working time law and limitations on flexible contracts (short-term contracts). Since recovery in unemployment has come from a relaxation of the regulatory framework for flexible contracts in some European countries, priority should be given to relaxing the framework for indefinite contracts rather than tightening the rules on flexible working arrangements.

In the Netherlands, a new law on part time work and paid leave is planned. The regulatory framework will tighten in Ireland in the area of environmental policy. In the UK, the impact may not come from new regulatory schemes per se but rather from administrative burdens, especially on SMEs, arising from implementation and compliance requirements. In Luxembourg, increased administrative burden results from new regulatory measures on waste transport and working time organisation and company pension schemes have been introduced recently. Moreover, new measures concerning the representative status of trade unions is envisaged from the new government. In Italy, a recent legislative proposal to be discussed in parliament is designed to ensure trade union representation in small businesses. On the other hand, in Austria, the political climate is not yet certain but a simplification of administrative measures is expected for new investment in plant, equipment and technology.



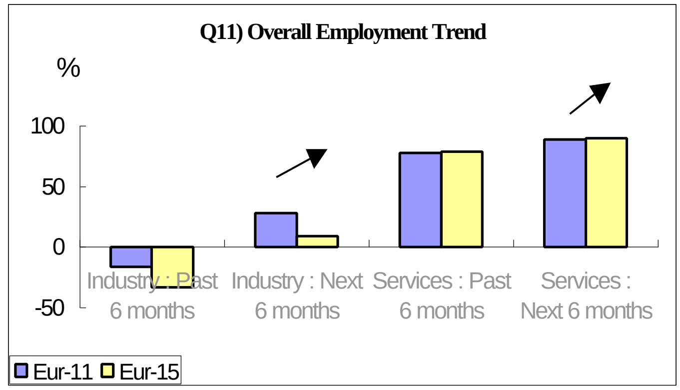
% answers

➢ Labour Market and Wage Indicators

Employment improving at steady pace, but structural levels remain high in some countries

European employment has improved markedly since 1998, despite the slowdown in activity in early 1999. The overall employment trend *(chart 11)* is positive in both industry and services for the next six months, growth driven mainly by services. Only Denmark, the Netherlands, Austria, the UK and Norway expect negative trends in employment in industry over the next six months. However, improved market prospects, including in industry, and a shift towards development of labour-intensive service activity as well as in the construction sector should lead to an unemployment rate of less than 10% in 2000. The decrease in unemployment may have stimulated household confidence and sustained private consumption to the benefit of investment and overall demand. This pattern is a change from a situation where, traditionally, public sector employment has been the main contributor to employment growth in some countries. Moreover, the downturn in activity in early 1999 did not last long enough to weaken the employment trend. Structural changes in labour markets have also contributed to this recovery, for example in Spain and the Netherlands. In both cases, this has been reflected in wage moderation. This flexibility, by increasing the number of insiders, has raised private consumption and sustained internal demand. A crucial factor for employment is sustained wage moderation in line with inflation forecasts and productivity gains.

Many UNICE federations believe that wage expectations fit in with these factors in most countries *(chart 14)* - except in Greece, Finland, Sweden, Denmark, Spain, Italy and the Netherlands. Labour productivity is also expected to increase *(chart 13)*, in particular in industry. In France, productivity should rise as companies are trying to offset a tighter regulatory framework (35 hours) with increased productivity. Regarding the tightening of labour markets *(chart 12)* some countries are facing labour shortages in specific sectors: Belgium and Norway in services and public health, Finland and Sweden in services, the UK in services, engineering and IT or in the overall economy (Netherlands, Ireland). Germany still does not face a tightening of labour markets since the reduction in unemployment is mainly due to a reduction in the labour force.



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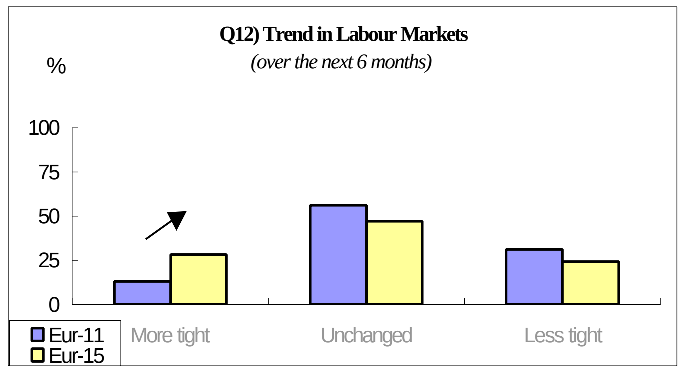
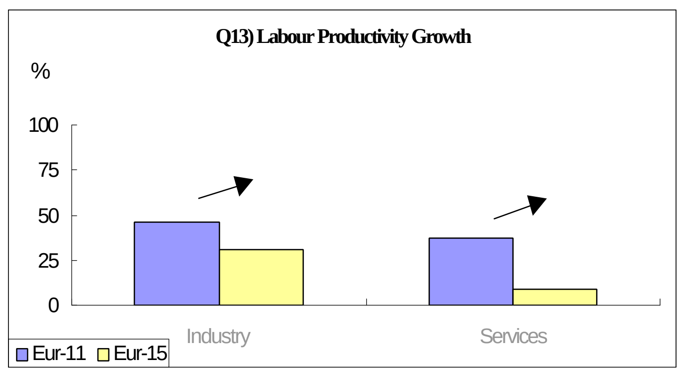
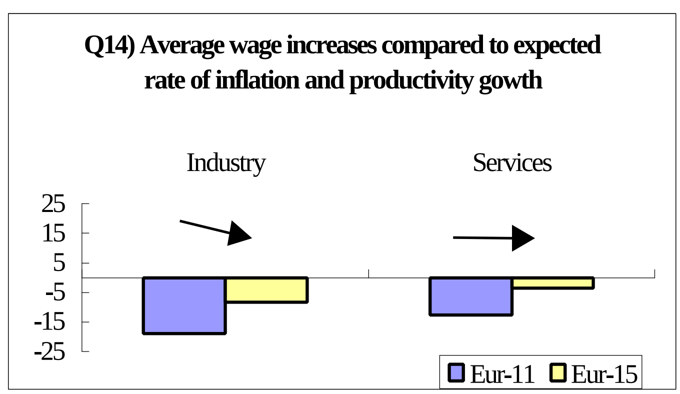






% balance (difference between higher and lower answers)

Employment prospects are favourable since manufacturing industry is now recovering and services continue to develop at a steady pace driven by strong private consumption and export recovery. The increasing use of flexible part-time and short-term contracts together with appropriate wage increases have played a crucial role in this upturn. Some labour markets (regions and sectors) are even experiencing labour shortages. Since unemployment in some countries will come to reach equilibrium levels, there is an urgent need to pursue structural reforms, by relaxing - for example – the regulatory framework governing indefinite contracts. Moreover, framework conditions for business (administrative, fiscal, financing) should enable companies to pursue their development smoothly, a necessary prerequisite for a well functioning single market. At EU level, exchanges of best practices must be pursued, the entrepreneurship pillar of the Luxembourg process being a priority, and better integration between the economic and social dimension must be fostered.

- **Main risks over the next 6 months**

The main risks for the European economy within the next six months come mostly from the external and monetary side. A sharp tightening of monetary policy in a situation where long-term interest rates have already increased would hamper the European recovery, and wage developments could also put some pressure on costs and inflation at a buoyant stage of the cycle. In addition, the situation has improved in Asia but structural reforms have not been fully implemented yet and the Latin American recovery is still patchy. Another external risk is seen in growing imbalances in the US economy.

Germany: economic activity has been cooled by increasing long-term interest rates and remains at risk Furthermore, new regulation on labour markets and uncertainties about tax reform and the direction of economic policy might hamper companies' propensity to invest. A German recovery driven by exports could also be held back by a stronger Euro.

France: The competitiveness of French companies could be hindered by business-unfriendly new regulations, particularly on working time.

Italy: An increase in petrol prices would harm Italian recovery and problems in the labour market could arise if the Parliament approves a law on Union representation in small firms. More generally, political problems could cause a further postponement of the liberalisation process in the Italian economy.

United Kingdom: the main risk in UK is from the monetary side (asset price inflation) which could lead to a further tightening of monetary policy potentially harmful to business, in particular for export-oriented companies already hit by strong sterling.

Spain: Spain could suffer from inflationary pressures which would hamper its competitiveness.

Belgium: Risk of labour market tightening (qualified labour force).

Netherlands: the tightening of the Dutch labour market could increase wage pressures, while there is a real risk of inflation in asset prices.

Ireland: Ireland could suffer from infrastructure bottlenecks since the public infrastructure programme will soon end. The housing market is booming and the next three-year wage agreement could add some pressure in a situation where labour markets are tight. Furthermore, the high level of direct investment from the US could make Ireland vulnerable to adverse developments in the US economy.

Austria: a further increase in interest rates could reduce Austrian growth and the political climate has created some uncertainties.

Portugal: reduced demand (public investment and private consumption) could hamper growth.

Finland: fears are coming from negative external developments and the possible failure of wage bargaining rounds to secure moderate increases.

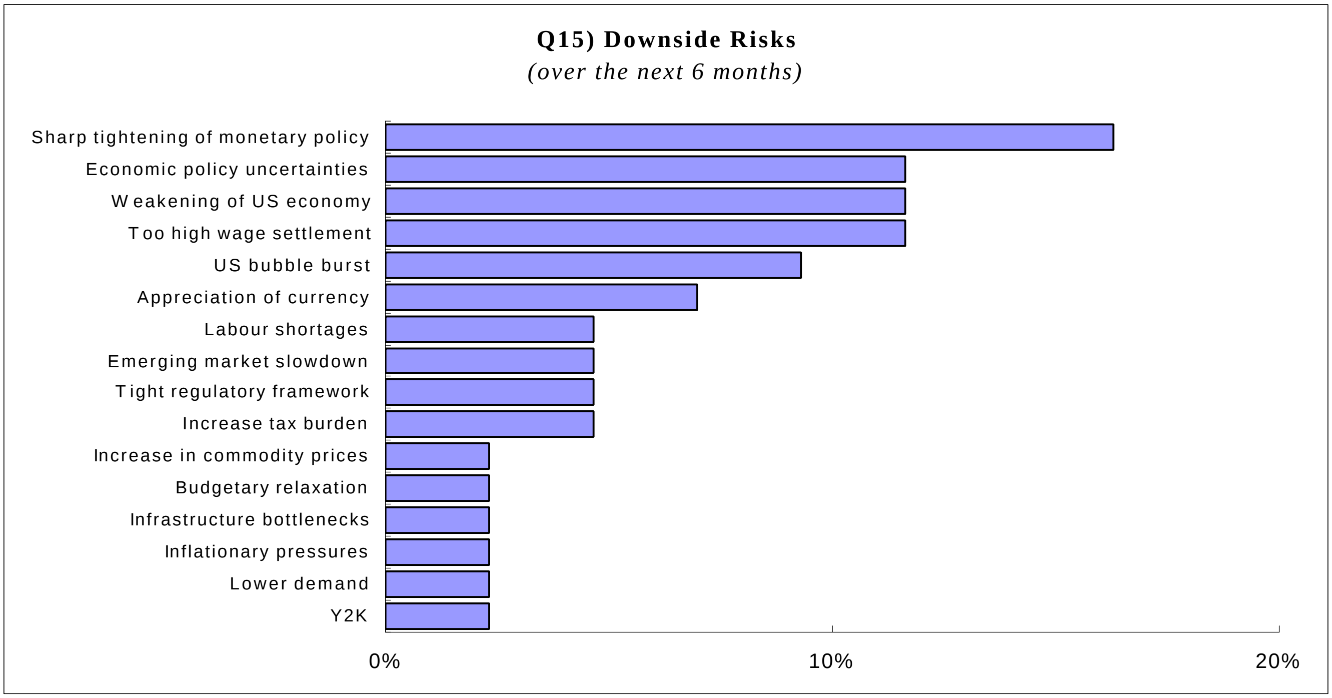
Luxembourg: high wage settlements could increase unit labour costs and a tax on electricity could affect company costs adversely.

Greece: risks of relaxation in fiscal policy and volatility of the drachma.

Sweden: overheating could lead to a hike in wages and slower growth in services is expected.

Denmark: risk of strikes.

Norway: increased tax burden, excessively high wage settlements and decrease of competitiveness in the economy due to appreciation of the krone.



% answers (non weighted)

Annex 1 : country results

November 1999 UNICE Economic Outlook

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	NW	EU-11	EU-15
Forecasts 1999																		
GDP (%yoy)	1.6	1.3	1.5	3.4	3.7	2.3	7.8	1.1	4.5	2.75	2.2	3	3.5	3.5	1.2	1.3	2.1	2.0
Inflation (%yoy)	1.1	2.6	0.7	2.5	2.4	0.5	1.7	1.7	1.1	2	0.7	2.2	1.1	0.4	2.3	2.3	1.1	1.3
Unemployment (%)	9	4.3	10.2	9.4	16	11.2	5.7	11.7	2.9	4	4.4	4.5	10.1	5.5	6.1	3.2	10.5	9.6
Compensation of employees (%yoy) *(nominal)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.6	3.0
Forecasts 2000																		
GDP (%yoy)	2.5	1.5	2.5	3.6	3.7	2.8	6.5	2.2	4.1	2.5	2.6	3.25	4	3.4	2.3	3.2	2.8	2.7
Inflation (%yoy)	1.4	2.4	1.5	2	2	1	2.5	1.9	1.6	1.75	1	2	1.7	1.5	2.3	1.9	1.5	1.7
Unemployment (%)	8.6	4.1	9.6	9.2	14.5	10.4	5	11.5	2.8	3.75	4.2	4.5	9	4.8	6.2	3.5	9.9	9.1
Compensation of employees (%yoy) *(nominal)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.3	2.8
	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	**EU-11**	**EU-15**
Question 1	*Trend in business climate over the next 6 months:*																*% weighted answers*	
Positively	X/X	X/	X/X	X/X	X/	X/X		X/X	X/X	X/X	X/X	X/X	X/	X/X	X/X	/X	99/84	99/85
Negatively		/X														X/	0/0	0/2
Neither P nor N.					/X		X/X						/X				1/16	1/13
	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser		
Question 2	*Trend in profitability over the next 6 months:*																	
Positive	X/X		X/X		X/X			X/X	X/		X/X			X/X		X/	67/67	56/56
Negative		X/X								X/X					X/		6/6	22/7
Unchanged				X/X		X/X	X/X		/X			X/X	X/X		/X	/X	27/27	22/38
	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser		
Question 3	*Trend in investment over the next 6 months:*																	
Positive			X/X	X/X	X/X	X/X		X/X			X/X	X/X	X/	X/X	/X		89/87	75/88
Negative		X/X								X/X			/X		X/	X/X	6/8	22/8
Unchanged	X/X						X/X		X/X								5/5	4/4
Question 4	*Level of exchange rate with:*																H/App/L	H/App/L
USD	App	App	Low	High	App	App	Low	Low	App	App	App	App	Low	App	App	Low	0/76/24	1/81/18
GBP	App	App	Low	High	App	App	Low	Low	App	Low	Low	App	Low			Low	0/68/32	1/56/25
JPY	Low	App	Low	High	App	App	Low	Low	App	Low	App	App	App		App	App	0/70/30	1/72/24
Euro		App		High										App	High	App	-	16/5/0
Others :													SEK (App)					
Question 5	*Stance of Monetary policy:*																	
Tight				X													0	3
Appropriate	X	X	X		X	X		X	X	X	X	X		X	X	X	96	94
Loose							X						X				4	3

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	NW	EU-11	EU-15
	Cost/Acc	Cost/Acc	Cost/Acc	Cost/Acc	Cost/Acc	Cost/Acc	Cost/Acc	Cost/Acc	Cost/Acc	Cost/Acc	Cost/Acc	Cost/Acc	Cost/Acc	Cost/Acc	Cost/Acc	Cost/Acc	*% weighted answers*	
Question 6	*Cost and access to capital for SMEs compared to the last 6 months:*																	
Higher/more difficult		X/	X/					X/		X					X/X		57/6	62/20
Same/same		/X	/X		/X	X/X	X/X	/X	X/X		X/X	X/X	X	X/		/X	30/90	27/73
Lower/less difficult	X/X			X/X	X/									/X		X/	13/4	11/7
Question 7	*Trend in government bonds yields and stock market prices over the next 6 months:*																U/S/D	U/S/D
Gvt Bond Yields /	Same	Same	Up	Down	Up	Same	Up	Same	Same	Same	Up	Up	Up	Up	Same	Same	49/51/0	41/57/2
Stock market prices	Up	Up	Same	Up	Up	Same	Down	Same	Same	Up	Up	Same	Same	Down	Same	Up	22/77/1	20/75/5
Question 8	*Trend of total tax burden on business in the past 6 months:*																	
Increased			X			X	X			X			X		X		61	63
Decreased		X															0	2
Unchanged	X			X	X			X	X		X	X		X		X	39	35
Question 9	*Trend of total tax burden on business in the next 6 months:*																	
Increase		X				X									X	X	22	34
Decrease				X			X				X			X			4	8
No change	X		X		X			X	X	X		X	X				74	58
Question 10	*Expectation of new regulatory measures which could hinder business competititeveness:*																	
Yes			X			X	X			X					X		60	62
No	X	X		X	X			X	X		X	X	X	X		X	40	38
No answer																	0	0
Question 11	*Overall trend in employment:*																U/Un/D	U/Un/D
Ind: past 6 months	Up	Down	Down	Unch	Down	Unch	Up	Up	Unch	Unch	Down	Unch	Up	Down	Down	Down	27/29/44	21/24/55
Ind: next 6 months	Up	Down	Unch.	Up	Up	Unch	Up	Up	Up/Unch	Down	Down	Unch	Up	Up	Down	Down	37/55/9	33/43/24
Ser: past 6 months	Up	Down	Up	Up	Up	Unch	Up	Up	Up	Up	Up	Up	Up	Up	Up	Up	78/22/0	81/17/2
Ser: next 6 months	Up	Unch	Up	Up	Unch	Up	Up	Up	Up	Up	Up	Unch	Up	Up	Up	Up	89/11/0	90/11/0
Question 12	*Expectation on labour markets over the next 6 months:*																	
More tight	X						X			X			X	X	X		13	28
Unchanged		X		X	X	X		X	X		X	X				X	56	47
Less tight			X														31	25
	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser		
Question 13	*Evaluation of labour productivity:*																	
High			X/X		X/X	X/X	X/X				X/					X/	67/61	53/50
Average	X/X			X/X					X/X	X/	/X		X/X		X/		12/9	26/9
Low		X/X						X/X		/X		X/X		X/X	/X	/X	21/27	21/41
	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser	Ind/Ser		
Question 14	*Compared with inflation and productivity growth, level of average wage increases:*																	
Higher	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37/40	36/38
Same	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6/6	20/20
Lower	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57/54	44/42