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UNICE ECONOMIC OUTLOOK MARCH 2002**The worst case scenario has been avoided – Europe must now become its own motor for growth**

UNICE, the voice of business in Europe, today (25 March) presented its Economic Outlook, a twice-yearly assessment of the economic climate in the EU as perceived by industrial and employers' federations.

Following the tragic events in the US in September 2001, all international organisations and forecasters revised their growth estimates downwards. In the intervening period, business expectations have improved, and in March 2002 are clearly more optimistic than they were last September. Nevertheless, the business climate remains negative.

UNICE's Economic Outlook brings together the new growth forecasts from our member federations, and assesses the prospects for the coming year. The results suggest that there are some initial signs of improvement in business confidence in Europe, with a majority of federations expecting an improved business climate in 6 months' time. Prospects for investment are better than they were in September, but still there is overall pessimism, with the expected trend in employment to be negative over the next 6 months, except in services where there are some signs of growth in certain Member States.

This does not mean all is well – 2002 will be a year of very low growth in most of Europe, with growth expectations of only 1.2% in EU12 and 1.3% in EU15 for 2002. Forecasts for economic growth have been significantly revised down for practically all EU economies. The US played an important role in sustaining EU growth in recent years. It can no longer be expected to play this role. "The EU must take more serious steps to becoming its own motor for growth.", says Philippe de Buck, Secretary-General of UNICE.

This will require genuine commitment to the Lisbon reform process. Following the Barcelona summit, UNICE's message is that: until now, policy-makers have displayed insufficient conviction in adopting and implementing the measures necessary to make the European economy more flexible and dynamic. UNICE hopes that the decisions taken in Barcelona will be a turning point, and that Governments will endeavour to create the conditions for growth.

A stable macro-economic framework is required for these structural reforms to have their positive impact. UNICE stresses the importance of the Stability and Growth Pact for long-run stability. The recent political compromise over early warnings for Germany and Portugal risked undermining the credibility of the SGP.

The UNICE Economic Outlook is now available in electronic format at www.unice.org

Note to the editor:

UNICE is the official voice of more than 16 million small, medium and large companies active in Europe, employing over 106 million people. Active in European affairs since 1958, UNICE's members are 34 central industrial and employers federations from 27 countries, working together to achieve growth and competitiveness in Europe.