

3 June 2002

Commission's Recommendation for the 2002  
Broad Economic Policy Guidelines:

**Business more cautious on current recovery - sound  
public finances needed**

Unice, the Voice of Business in Europe, broadly welcomes the tone and the content of the Commission's recommendation for the 2002 Broad Economic Policy Guidelines, which will be discussed by Economic and Finance ministers at tomorrow's (4 June) ECOFIN Council. However, UNICE is **more cautious on the current economic outlook**. "We are still waiting to see the hard facts on sales and profits", says UNICE's Secretary General, Philippe de Buck. UNICE recognises that there is overall improvement in the business climate, but these positive expectations towards the future economic development do not justify enthusiasm for today's situation, which still is fragile. "One cannot forget the risks that could undermine the recovery process in Europe. It is not impossible that US imbalances would impact on the euro/ dollar exchange rate, that the oil prices would increase, that the wage negotiations would not result in a moderate outcome, or that we would have to deal with the negative consequences of the EU-US trade conflict", explains de Buck.

In supporting the Commission's recommendation, UNICE calls upon the Member States to:

- comply fully with the strict criteria laid down in the Stability and Growth Pact, in order to create room for manoeuvre in case of external shocks, and
- develop a comprehensive approach to the problem of the ageing population.

The **Stability and Growth Pact** is only credible if backed by credible policies of the governments that created it. Commitments to fiscal consolidation need to be respected. Member States' budgets should be in or close to balance by 2004, and no later.

The problem of **population ageing should be considered a medium-term** problem, not a long-term one. We need a bigger active population to generate enough income to distribute to the growing inactive population. Consolidating budgets is essential for public finances to be able to respond to the ageing challenge. The Commission's recommendation to tackle this problem by reducing public debt, reforming pension systems and increasing employment rates is supported by UNICE. The Lisbon strategy to increase the participation in the labour markets should be seen as a part of tackling the ageing problem.

The moderate recovery under way offers an opportunity to achieve sound public finances. UNICE, representing the business community in Europe, calls upon the governments of the Member States not to miss this opportunity.

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.