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**EUROPEAN BUSINESS SOUNDS THE ALERT ON EUROPE'S
ECONOMIC PERFORMANCE**

When UNICE published its last Economic Outlook in October 2002 growth in the Eurozone was forecast at 2.1% for 2003. Economic indicators have since deteriorated and growth expectations have been trimmed by governments and independent forecasters alike. In February 2003, when the data were compiled, European business expected growth for this year to be a mere 1.2% in the Eurozone (EU-15: 1.4%). Today the prognosis looks even worse.

UNICE's Economic Outlook is based on a survey of the economic situation in the European Union, carried out by its member federations in the 15 Member States.

Clearly, a major uncertainty overhanging future prospects is geopolitical. Economic optimism cannot be expected to revive until the situation in the Middle East is resolved. There is also growing concern about the global economic fragility caused by the ballooning current account deficit in the USA.

Yet, many of Europe's economic woes are home-grown and require immediate and effective action in EU Member States. Europe's largest economy, Germany, is only keeping its head above water thanks to exports, themselves under threat in a sluggish world economy. Particularly worrying is the apparent inability to take remedial action to improve the situation, a failing not unique to Germany. Other European economies also face difficulties, although some smaller countries continue to expect good growth.

Summarising the situation in Europe, Jean-Paul Betbéze, Chairman of UNICE's Economic and Financial Affairs Committee said *"I wish I could say that our view of the economy was positive, but the overall picture is one of stagnation, with GDP growth forecasts revised downwards in every country of the Union"*.

UNICE does not see the situation as hopeless in the longer term. However, it is not sufficient to rely on external factors to pull the European economy out of the doldrums. There is an urgent need for EU governments to demonstrate political will and carry through reforms to tackle underlying economic weaknesses.

UNICE President Georges Jacobs concluded: *"In order to restore Europe's competitiveness, this week's EU spring summit must renew the political commitments made in Lisbon and finally come to grips with market rigidities and structural imbalances"*.

The report can be downloaded from UNICE's web-site.

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. UNICE's members are 35 central industrial and employers federations from 28 countries, working together to achieve growth and competitiveness in Europe.