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**UNICE ECONOMIC OUTLOOK – Spring 2004:  
FRAGILE RECOVERY – BETTER THAN EXPECTED BUT WITH SOME MORE RISKS**

The UNICE Economic Outlook – Spring 2004 shows that recovery is there, but fragile and dependent on external factors. UNICE estimates the growth rate for this year to be 2.0% for EU-15 (Eurozone: 1.9%). This is slightly better than the estimates UNICE published in its Economic Outlook last autumn, when growth for the Eurozone was expected to be 1.7% (EU-15: 1.8%). But Europe is still not catching up with the USA and Japan in terms of growth and unemployment. The tragic events in Madrid might increase uncertainty and strengthen the need for vigilance and concerted reaction. The situation will have to be assessed.

The UNICE Economic Outlook is based on a survey of the economic situation in the EU, carried out by its member federations in the current 15 Member States.

UNICE expects stronger and more homogeneous growth in 2004 than in 2003. The inflation rate is declining, and the price stability objective of the ECB is likely to be reached in 2004. On the other hand, the unemployment rate will increase to the high level of 8.8% and no real progress is expected for 2005.

With a view to enlargement, UNICE is very much looking forward to 1 May 2004, as this will bring more competition and growth opportunities. For the new members, just as the current ones, implementation of structural reforms to increase their competitiveness in line with the Lisbon strategy will also be key. Next step, which will come much later, will be the adoption of the euro for those states. This also will require rigorous preparation.

The Chairman of UNICE's Economic and Financial Committee, Jean-Paul Betb  ze, said: *"The situation in Europe is improving, but we are far from being enthusiastic. Growth is set to be stronger in 2004 than in 2003 on average. It is also worrying that fiscal discipline is weakening while the external environment might change"*.

Some main risks remain over the next months:

- Despite the recent stabilisation, the possibility of a further appreciation of the Euro against the dollar remains
- Persistence of international tension and the possibility of new terrorist actions
- Risk of a flattening of the US recovery
- Consumer confidence as a key factor could either reinforce the recovery (in the case of an improvement) or postpone it

Philippe de Buck, UNICE Secretary General concluded: *"Despite the slightly positive general assessment, Europe is still losing ground due to structural weaknesses. Burdensome regulations, insufficient R&D spending and structural rigidities are hampering European competitiveness. Our recommendation: play to win! Implement the Lisbon Strategy!"*

The report is available on the UNICE website at [www.unice.org](http://www.unice.org)

Note to the editor:

UNICE is the official voice of more than 16 million small, medium and large companies in Europe. Active in European affairs since 1958 UNICE's members are 36 central industrial and employers' federations from 29 countries, working together to achieve growth and competitiveness in Europe.

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