UNICE ECONOMIC OUTLOOK
SPRING 2005

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THE VOICE OF BUSINESS IN EUROPE

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UNICE
WHO ARE WE?

UNICE is the voice of more than 20 million small, medium, and large companies. Active in European affairs since 1958, UNICE's members are 38 central industrial and employers' federations from 32 countries, working together to achieve growth and competitiveness in Europe.

The UNICE Economic Outlook provides a business insight into recent economic developments, based on a survey of UNICE member federations in the 25 member states of the EU, with the exception of Slovakia in this Outlook. Qualitative data and forecasts were established in February 2005. Aggregate values are GDP (at PPS) weighted, unless otherwise indicated.

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UNICE FORECASTS

	2004		2005		2006	
	EU12	EU25	EU12	EU25	EU12	EU25
GDP (annual % change)	2.0	2.5	1.8	2.2	2.1	2.4
Inflation (%)	2.1	2.1	2.0	2.1	1.9	2.0
Unemployment (%)	9.1	9.1	9.0	8.9	8.6	8.6
Employee compensation (annual % change)	1.7	2.5	1.6	2.4	1.7	2.6

EU12 : 12 EU members that have introduced the euro since 1999

EXECUTIVE SUMMARY

- → LEVELLING OFF CONFIRMED ...
- → GROWTH TOO SLUGGISH TO CREATE NEW JOBS ...
- → HETEROGENEITY OF PERFORMANCES AND DYNAMISMS ...
- → REFORMS WILL PAY OFF

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LEVELLING OFF CONFIRMED ...

The growth slowdown of the European economy is confirmed. The European economic performance remains disappointing, particularly as compared with our main competitors. Once again, the EU is lagging behind and is vulnerable to an expected cooling of external demand.

A slight upturn is only forecast in 2006, as a result of a gradual improvement in internal demand. However, it remains uncertain whether some timid signals of improvements in Germany will materialise and be strong enough to overcome the reversing trends in other countries. Growth remains export-driven.

GROWTH TOO SLUGGISH TO CREATE NEW JOBS ...

Unemployment is expected to improve slightly in 2006. Growth recovery in 2004 was not enough to generate new jobs significantly. Consumers still prefer saving due to uncertainties regarding labour-market prospects and the sustainability of health care and pension systems as well as public finances with an ageing population. Globally, investment expectations are deteriorating, particularly in industry.

HETEROGENEITY OF PERFORMANCES AND DYNAMISMS ...

The overall disappointing assessment of the general economic outlook in the EU should not hide the differentiated growth patterns prevailing in major European economies. Particular concerns are expressed regarding the state of the Italian economy and its prospects. The high sensitivity of Italian exports to exchange rate developments is revelatory of the losses of competitiveness accumulated in previous years. In France, private consumption growth is also expected to slow down and makes more apparent competitive shortcomings in international markets.

A ray of hope has nevertheless emerged from Germany where business investment could gradually pick up at the end of 2005 and in 2006, while exporters have been able so far to defend, better than expected, their competitiveness and their market shares despite the euro appreciation. The strongest economic performances are still to be found in Central Europe, Scandinavian countries as well as in Ireland, Spain and the UK.

REFORMS WILL PAY OFF

The morose landscape that emerges from the UNICE Economic Outlook Spring 2005 confirms the need to re-focus the Lisbon Strategy on growth and jobs. The Lisbon Agenda requires a consistent reform process at national and European levels driven by better economic governance but also opens opportunities. Some countries have already progressed in their programme, specially in the areas of pension, health and labour markets, without reaping the dividend yet. Therefore, a legitimate impatience could emerge but one should take account of the economy's reaction time. Reforms will pay off: this is a time for determination and perseverance.

MAIN FORECASTS

EU growth is expected to decelerate from an estimated 2.5% in 2004 to 2.2% in 2005. The euro area is expected to grow at an even slower annual rate of 1.8% in 2005. These economic forecasts remain disappointing given the performance of our main competitors such as the USA (3.6%) and China (8-9%).

The outlook should slightly improve in 2006, provided recent expectations of business investment improvements in Germany materialise. So far, the shift towards a more broad-based growth pattern in Europe remains uncertain, as employment prospects are not very good. Employment is only expected to improve slightly in 2006.

The disappointing general picture should not overlook the differentiated economic performances and dynamisms in the EU. Italy appears to be in a difficult situation as the euro appreciation makes more apparent than ever the losses of competitiveness accumulated in previous years. The strongest performances are to be found in Central European and Scandinavian countries, Ireland, Spain and the UK.

→ GROWTH

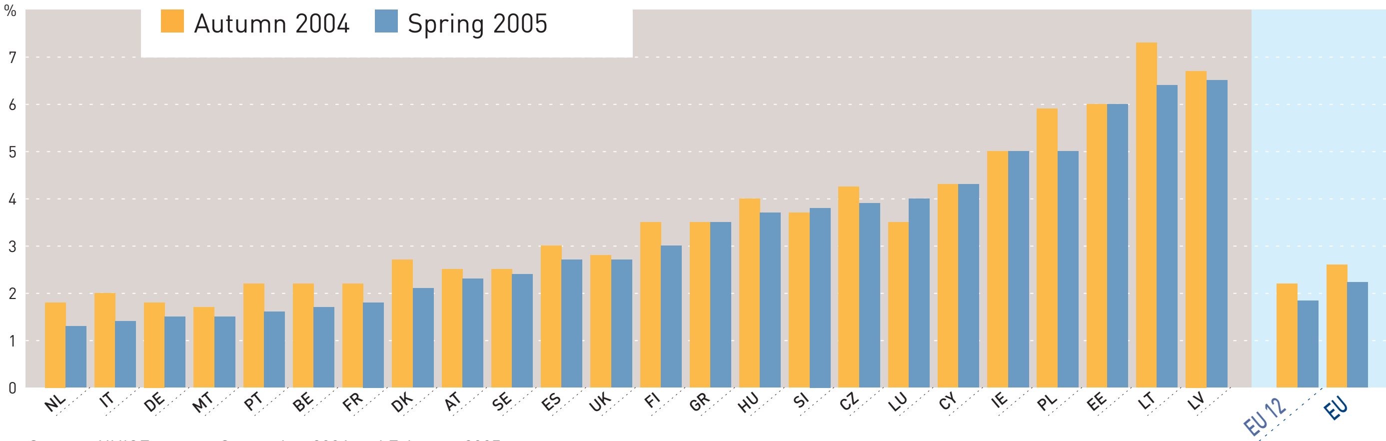
→ INFLATION

→ UNEMPLOYMENT

GROWTH

Compared with the UNICE Economic Outlook Autumn 2004, we have made a downward correction of our growth figures for 2005. For 2004, growth rate is assessed to have reached 2.5% in the EU. Partly due to increasing downside risks, recovery could level off as early as 2005. European businesses expect a slowdown in 2005, resulting in a growth rate of 2.2%. A slightly more optimistic expectation has been formulated for the year 2006, with a growth rate of 2.4% provided some timid signals of improvement in internal demand materialise throughout the current year. In the euro area, the overall picture is even less bright. Growth is foreseen to fall from an assessed 2% to 1.8% in 2005. Slight improvement is also foreseen in 2006, with an expected growth rate of 2.1%.

Chart 1 **Growth forecasts revision for 2005**

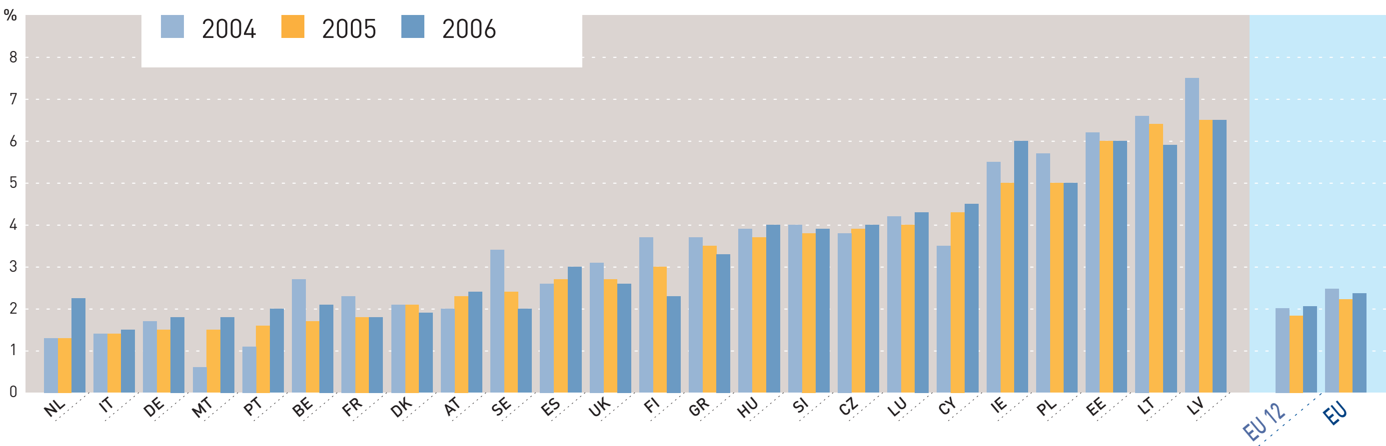


Source: *UNICE surveys September 2004 and February 2005*

Compared with its main competitors, the European Union is lagging behind in the context of an expected world slowdown. Following the booming year in 2004, world economic growth is expected by the International Monetary Fund to slow down from about 5% to 4.3% in 2005. Put in a historical perspective, it remains a respectable figure but this development will weigh on the European economy that has not been able in recent years to generate a stronger internal dynamism. Looking at consensus forecasts, the engines of growth remain non-EU countries such as the USA (3.6%), Canada (2.8%) or China (8-9%). Japan has showed some signs of slowdown and is expected to grow at an annual rate of 1.1% in 2005.

What is particularly striking in the European economy is the great heterogeneity of both economic performances and growth dynamics among European economies. Not surprisingly in six months' time, the ranking in relative economic performance has not changed that much compared with the year 2004. Major economies such as Italy (1.4%), Germany (1.5%) and France (1.8%) appear in the laggard queue along with the Netherlands (1.3%), Malta (1.5%), Portugal (1.6%) and Belgium (1.7%). The best performing countries are still to be found in Central European and Scandinavian countries as well as Ireland, Spain and the UK.

Chart 2 **Growth estimates for 2004 and forecasts for 2005 and 2006**



Source: *UNICE survey February 2005*

Beyond the heterogeneity in relative performances, a differentiated dynamic can also be identified in terms of components underlying these different economic performances. Even among the slow-growing countries, the perspectives differ. Particular worries could be foreseen regarding economic dynamism in Italy, where the accumulated losses of competitiveness have been illustrated by the high sensitivity of exports to exchange rate developments. As a result, Italian business forecasts very slow growth rates both in 2005 (1.4%) and in 2006 (1.5%).

On the contrary, the German outlook could gradually improve at the end of 2005 and more likely in 2006. Germany has improved its competitiveness and therefore, enterprises have been able to sustain their market shares in international markets despite the euro appreciation. However, net exports will contribute less strongly to GDP in 2005 compared with previous years as a result of weakened external demand, a stronger euro and higher raw material prices. Preliminary signals of internal demand bouncebacks are foreseen at the end of 2005 and in 2006. Growth prospects could gradually improve as a result of an expected rise of annual 3% in investment after three years of depressing standstill. German private consumption could also become slightly more supportive.

Broadly speaking, the French outlook is somewhere in between the Italian and German ones. Private consumption was rather supportive in 2004 with an increase of 2.1% over the year. For that reason, France performed relatively well last year, with an estimated growth rate of 2.3%. However, growth prospects in 2005 have been corrected downwards. As growth has not been able to generate strong job increases, private consumption growth could decrease to 1.7% annual variation in 2005 and 1.9% in 2006. Private consumption is not likely to compensate strongly enough for the underlying loss of market shares in international markets, illustrated by the first negative current balance recorded in many years in 2004 and the negative outcomes expected in the two following years.

At the good end of the spectrum, small countries such as Ireland (5%), Luxembourg (4.2%), Greece (3.5%) and most Central European members (between 4 and 6.5%) show growth figures close to our main competitors. Other countries such as Finland (3%), Spain (2.7%), the UK (2.7%), Sweden (2.4%) and Austria (2.3%) are also doing relatively well.

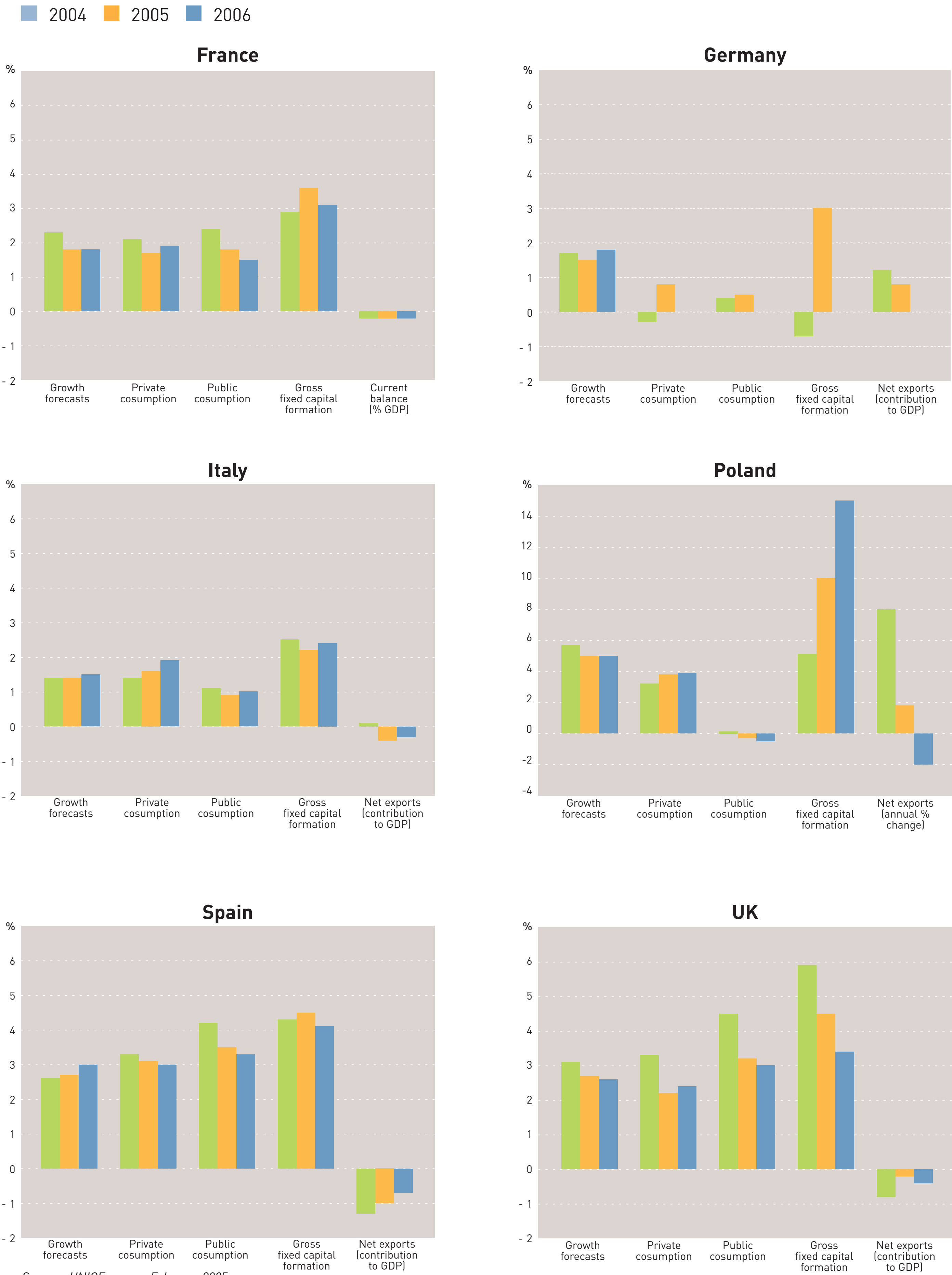
Among the good performers, growth should remain robust in the UK. Nevertheless, optimism has reduced and growth forecasts have been corrected downwards compared with the Autumn survey. Despite remaining relatively supportive, investment growth will decrease from an assessed increase of 5.9% last year to 4% in 2005 and 3.4% in 2006. Private consumption is assessed to have increased by 3.3% in 2004 but could slow down to 2.2% in 2005 and 2.4% in 2006.

In Spain, private consumption was particularly supportive in 2004 with an increase of 3.3%. This internal component should continue to follow an increasing trend of about 3% in 2005 and 2006. Investment should also continue to increase by more than 4% in 2005 and 2006. However, the negative variation of net exports' contribution to GDP underlines the current difficulty of the Spanish economy to face international competition from low-wage countries. But this should not excessively jeopardise growth prospects in 2006, which should reach a 3% annual growth rate.

The good economic performances of the Central European Member States should also be underlined, with an average growth rate of 4.6% in 2005 and 4.7% in 2006. The Baltic countries (Estonia, Latvia and Lithuania) will experience a particularly fast growth rate of above 6% in 2005 and 2006. In Poland, growth is expected to stabilise at 5% in 2005 and 2006. The expected increase in investment of about 10% in 2005 and 15% in 2006 is a strong stimulus to this major economy and reflects the great attractiveness of such a fast-growing economy for Foreign Direct Investment.

In summary, despite some timid signs of business investment improvements in Germany, growth prospects remain sluggish and the European economy lacks internal dynamism. The expected softer export stimulus should be supplemented by a decisive progress in structural changes that will improve business and consumer confidence and hence, improve the self-sustaining nature of the European recovery.

Chart 3 **Components of global demand in the six major European economies**

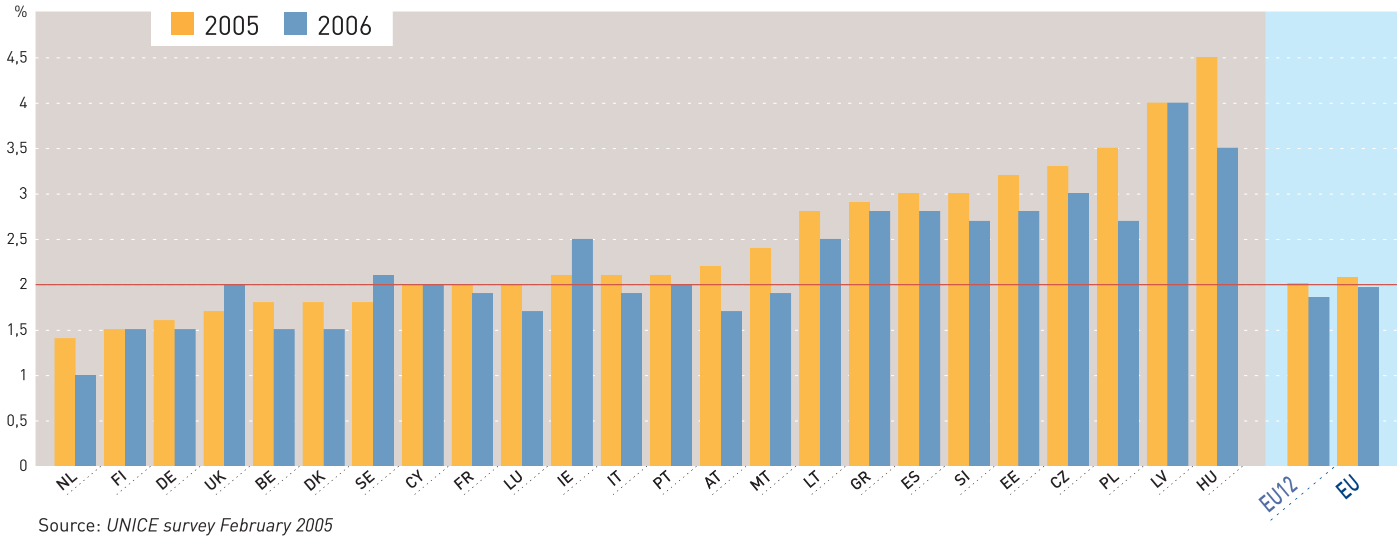


Source: *UNICE survey February 2005*

INFLATION

Inflationary pressures were a source of concern in 2004 following the sharp increase in commodity (especially oil) prices. Despite this concern, it appears that inflation remained under control, about 2.1% last year. In 2005, inflation should remain moderate, particularly if the euro remains strong vis-à-vis the dollar. Inflation in the euro area could come down from 2.1% in 2004 to the level of 2% in line with the primary objective of the European Central Bank.

Chart 4 **Forecast inflation rates in 2005 and 2006**

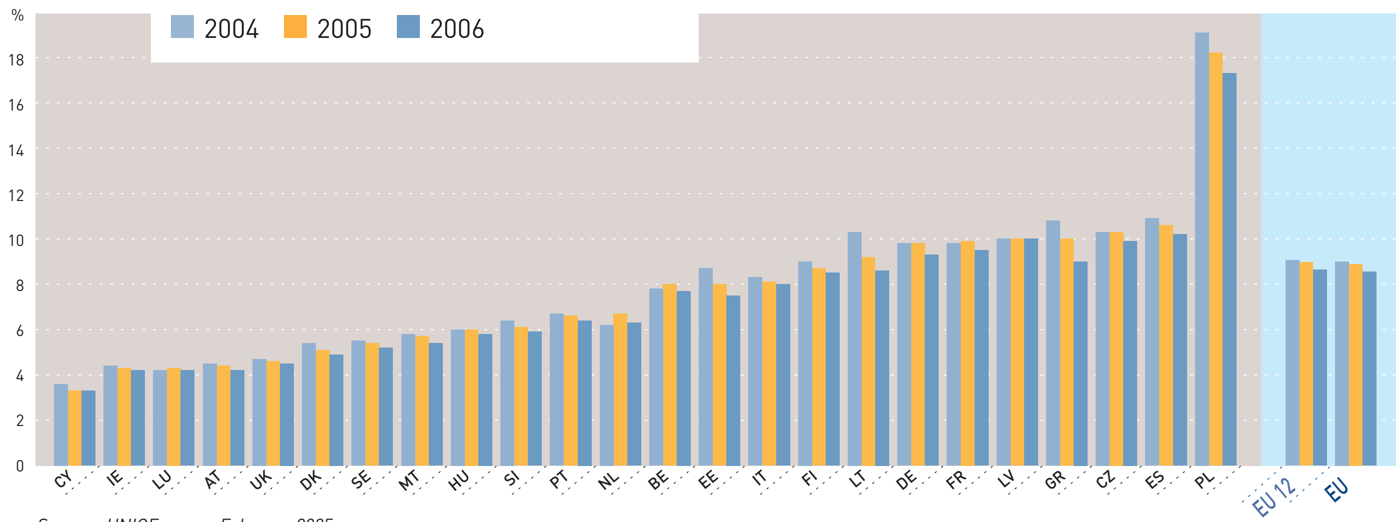


Source: *UNICE survey February 2005*

UNEMPLOYMENT

Unemployment is expected to stand at 8.9% in 2005 and should slightly decrease in 2006 to a rate of about 8.6%. Despite the relative cyclical upturn observed in 2004, growth has not been strong enough to generate jobs significantly. The inability to translate growth gains in 2004 into greater employment prospects has detrimental effects on consumer confidence and hence, the self-sustaining nature of European growth.

Chart 5 **Estimated and forecast unemployment rates 2004, 2005 and 2006**



Source: *UNICE survey February 2005*

THE LISBON STRATEGY, AT A TURNING POINT

The UNICE Economic Outlook Spring 2005 underlines the lack of dynamism that would be needed to push up growth potential in the EU. The Lisbon Strategy, focused on growth and jobs, should have the ability to improve this poor economic outlook by raising confidence of both investors and consumers in Europe. Boosting growth and creating more jobs is a prerequisite to meet European aspirations in the social and environmental fields. Ahead of the Spring Summit, UNICE and 17 other business federations together address the European Council to support the Commission initiative for growth and jobs. European businesses urge policy-makers to implement the right reform policies in order to boost company investment, as well as internal and external demand.

→ Conditions for private investment and investor confidence could be improved, notably through improved regulation, facilitating innovation and preserving a strong industrial base.

→ A more broad-based growth pattern requires a strong stimulus to internal demand by deepening the Internal Market, particularly in services as well as improving the functioning of the labour markets.

→ Europe should be up to the global competition and promote open global markets. The WTO Doha Development Agenda negotiations are key to progress on the fields of industrial market access, services liberalisation and trade facilitation.

The mid-term review of the Lisbon Strategy should be a turning point, provided heads of state and government follow the European Commission's initiative and join in a European-wide partnership for growth and jobs. Fostering national ownership of the Lisbon Strategy through national action programmes, the involvement of national parliaments, social partners and the wider public as well as the use of benchmarks and best practices should help to transform the declared new focus on growth and jobs into reality.

ECONOMIC SENTIMENT

- BUSINESS CLIMATE
- PROFITABILITY
- INVESTMENT
- CONSUMER CONFIDENCE
- SME FINANCING

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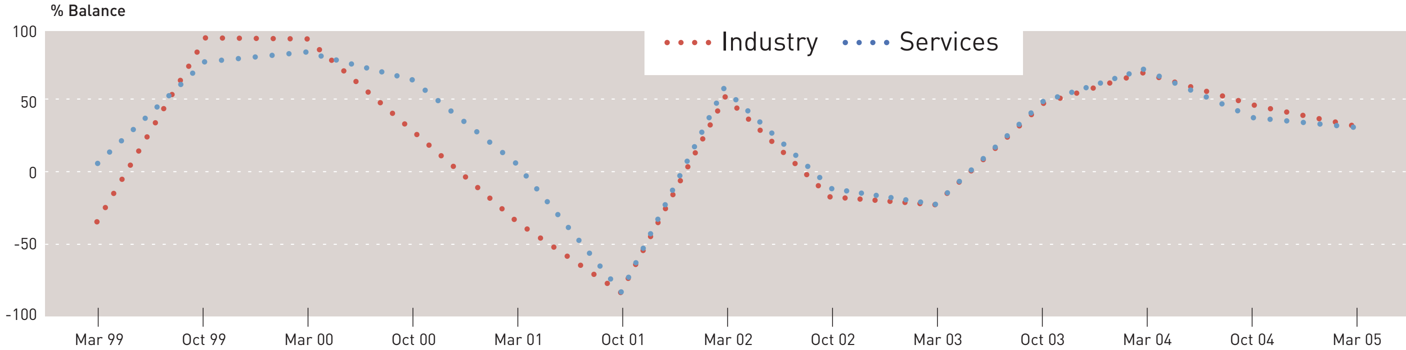
BUSINESS CLIMATE

Business climate has not improved in the EU and has even deteriorated in a year's time. Our survey does not make apparent a major difference of expectations over the next six months between industry and services. European entrepreneurs appear less optimistic regarding the environment in which they have to conduct their daily businesses than six months ago, notably in Italy, the Netherlands or the UK. Deterioration has been reported in France regarding services and particularly personal ones that could be the first sectors to be affected by a private consumption slowdown. For the first time in our survey since October 2001, Belgian entrepreneurs have negative expectations in industry. In general, European firms will remain cautious about expanding activities and hiring new people in the months to come.

In Germany, the business climate fell recently, interrupting the positive development of the previous months. While medium-term business expectations were again revised downwards, companies continue to assess the general trend of the current situation positively. The latter is mainly driven by the first signals of improved internal demand and the relative resilience of German exports against external shocks. Positive expectations also appear in Denmark, Ireland, Spain and many Central European Member States.

Chart 6 **Trend in business climate**



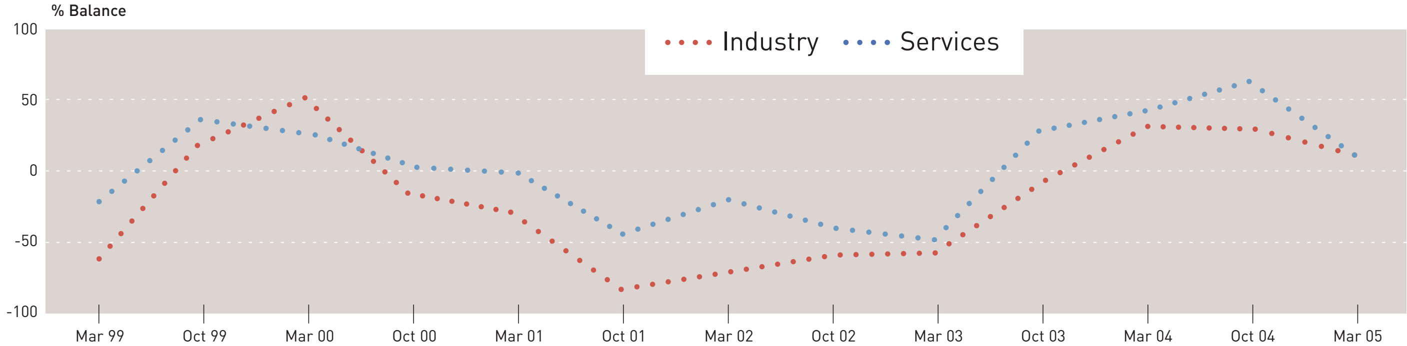
Source: *UNICE surveys 1999-2005*

PROFITABILITY

Profit margins are expected to decrease over the next six months. In the UK, this is even true for services. In France, the increase in costs and the subsequent squeeze on profits also result from internal measures (minimum wage, wage and labour taxation, etc.) that affect the wage costs both in industrial production and in services delivery.

A significant improvement is expected in Germany, where the reduction of non-wage labour costs, restructuring efforts and productivity gains have more than compensated for the increased costs of raw materials. Nevertheless, higher numbers of bankruptcies are expected in the near future. Increased profits are also expected in Italy and Spain. In the former, the improvement rather reflects a consolidation period after a period of low profitability. In the latter, this is mainly due to a continuous trend towards decreased unit labour costs. In services, profit expectations are decreasing even more strongly compared with our last survey. Transport has been particularly affected by the increasingly expensive energy bill.

Chart 7 **Trend in profitability expectations**

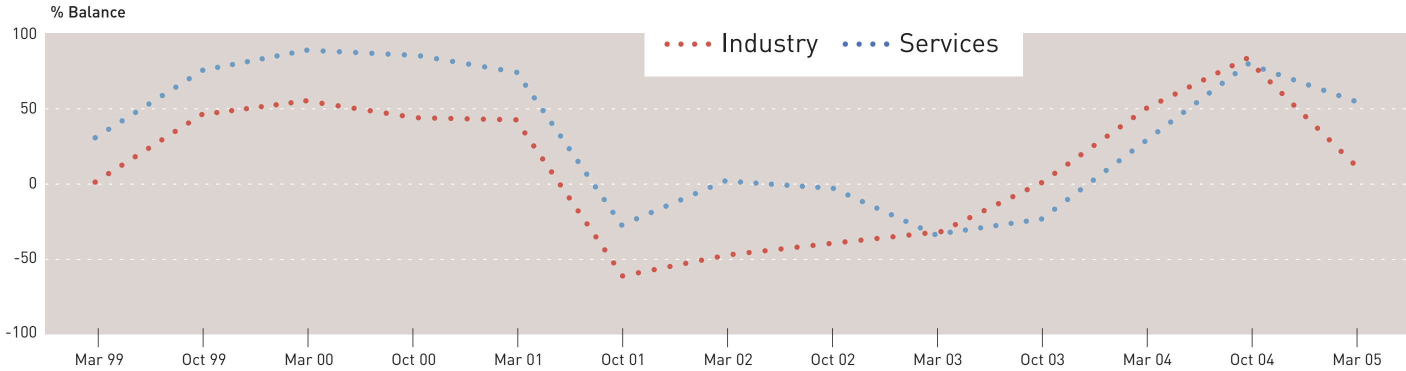


Source: *UNICE surveys 1999-2005*

INVESTMENT

Despite relatively high profit margins, favourable financial conditions and wage moderation, investment expectations did not materialise in 2004 as the point of the cycle would have predicted. Globally, investment activities are not set to become more dynamic and are even expected to deteriorate over the next six months. The trend observed in both industry and services underlines the uncertainties surrounding the future opportunities to do profitable business in Europe. One exception is Germany where after three years of decline, investment could gradually recover in 2005, albeit at lower pace than in previous cycles. Investment in machinery and equipment is expected to grow by 5%, in strong contrast with the negative trend of about 2% in construction.

Chart 8 **Trend in investment expectations**



Source: *UNICE surveys 1999-2005*

In the UK, many industries are working at full capacity and, as growth expectations and business confidence are flat, investment is expected to decrease. Elsewhere, uncertainties regarding future business opportunities remain a major obstacle for investment pick-up. In Cyprus, France and Hungary, investment expectations are even worsening in industry over the next six months. In France, INSEE (October 2004) forecasts a 3% decrease in 2005 for industry.

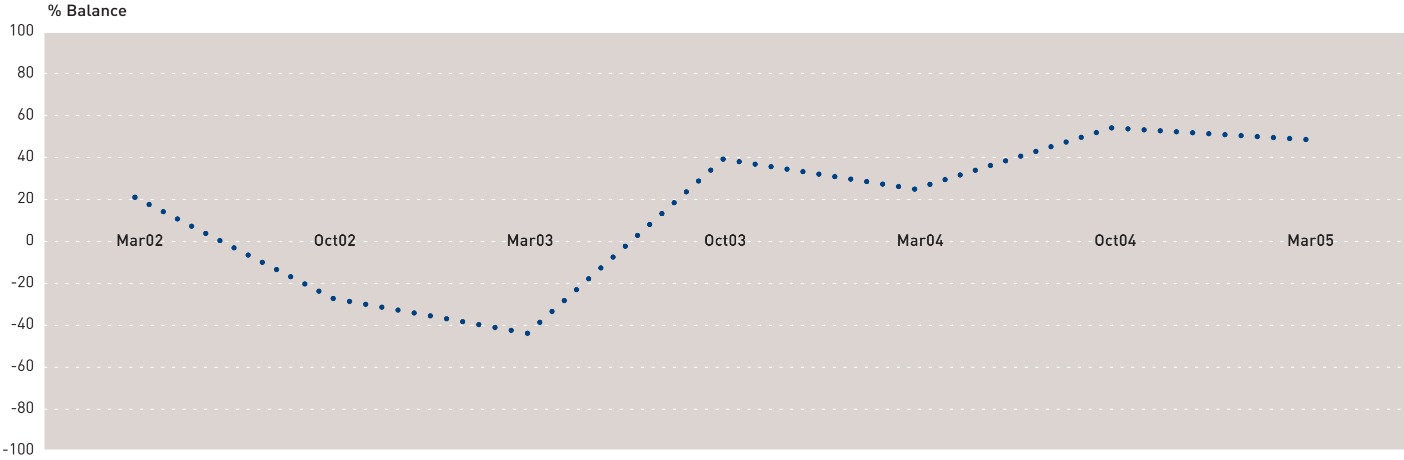
For services, no other federation than the Cypriot is expecting a negative trend in investment over the next six months. Expectations remain nevertheless cautious, except in the UK where services in a highly competitive environment will increase speed and efficiency in order to provide new services to new customers.

On the basis of a first attempt whose robustness would deserve to be improved in the next UNICE Economic Outlooks, some trends could be underlined regarding the nature and the geographical distribution of investment. At this stage of the cycle and according to our survey, most of additional expected investment generated by European firms over the next six months should be of a replacement nature rather than for expansion. ICT and R&D investment appear to slightly increase over the next six months. This preliminary investigation into investment behaviour also suggests that most of expected additional investment takes place within the respective domestic markets. Regarding the investment undertaken within the EU, the lack of attractiveness of the European Single Market is rather worrying as it could reflect the difficulty of making cross-border investment within the EU and, for example absence of a truly single market for European services. Finally, the relative importance of investment expected to be undertaken abroad, notably in emerging markets, could be significant. We would remain rather cautious about these trends as the qualitative data collected only reflect about one weighted half of the European economy.

CONSUMER CONFIDENCE

According to our survey, the heralded gradual improvement in consumer confidence in the EU appears rather uncertain and our panellists indicate slightly less positive prospects compared with the end of last year. Reluctance of European consumers to spend will not be overcome until a determined improvement in employment prospects is foreseen. European consumers would also be comforted if and when health care and pension systems as well as public finances are sustainable enough to ensure that their standards of living will be at least preserved in the future, and this despite an ageing population. Noticeable exceptions to the trend observed are positive expectations in Austria, Germany, Ireland, Italy, the UK as well as the three Baltic countries.

Chart 9 **Trend in consumer confidence**

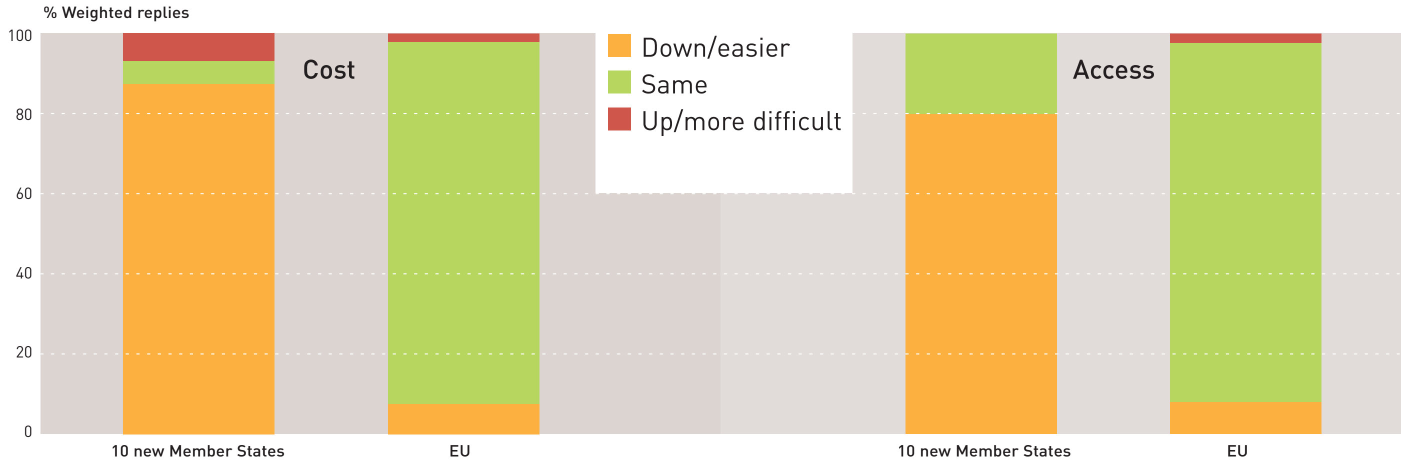


Source: *UNICE surveys 1999-2005*

SME FINANCING

The cost of and access to finance for SMEs will not alter significantly in most European countries over the next six months, as monetary conditions should remain unchanged. Only in Denmark, Latvia and Lithuania is the cost of finance expected to increase. Improvements in the cost of and access to finance for SMEs are expected in Central European Member States. In most of these countries, structural funds, new financial programmes, and increasing competition should still have a positive effect on the access to finance and, to a lesser extent, on its cost.

Chart 10 **Trends in SME cost and access to finance**



Source: *UNICE surveys September 1999-2005*

MAIN RISKS
TO THE ECONOMIC OUTLOOK

Our panellists have identified euro appreciation and energy prices as the two most pressing downward risks on the economic outlook.

→ EXCHANGE RATE

→ ENERGY PRICES

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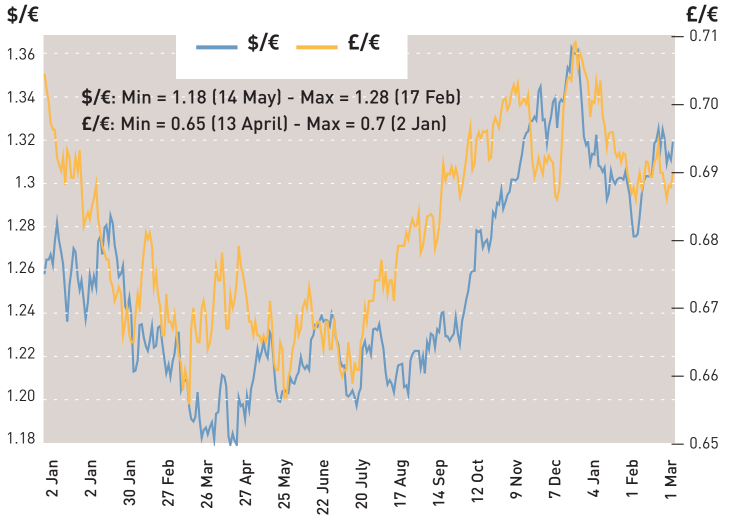
EXCHANGE RATE

The euro appreciation against the dollar and other currencies pegged to the US currency is the most immediate risk to European growth. In October 2004 and at a time when the euro exchange rate was about 1.22$/€, the euro's appreciation and its volatility significantly reduced profitability for European enterprises doing business in international markets. Since then, after topping 1.36$/€ at the end of December 2004, the euro fell back to around 1.30$/€ at the beginning of 2005, remaining, however, at historically very high levels. It is likely that firms will have to live with a high euro level throughout 2005. With a baseline at 1.30$/€, the estimated cost of an increase of 0.10$/€ could be of about 0.37% GDP growth(*).

Since our Economic Outlook Autumn 2004, the saga of finger-pointing, blaming others for this undesirable development for the European economy has been deceptive. The huge US "twin deficits" could be pointed out as a major cause of the dollar depreciation. Others have rightly stressed the peg of Asian currencies such as the Chinese renminbi which transfers a disproportionate burden of adjustment costs to the euro area. Finally, the lack of economic dynamism on this side of the Atlantic could also be rightly emphasised as not playing its role to solve economic imbalances in the world.

European business has so far been able to limit the competitiveness damage of the euro appreciation by restructuring costs, acting on the margins and by hedging techniques. However, some countries such as Italy and Spain are already badly hurt by a significant loss of competitiveness and further appreciation in 2005 could end up by depressing growth prospects in these and other countries. An exchange rate remaining about 1.30-1.35$/€ or higher will significantly hurt the European economy. Such a scenario appears rather plausible, as the euro is expected to stand at about 1.32$/€ by September 2005. The detrimental effect of the euro level is particularly fierce for small and medium-sized enterprises as they can hardly hedge their currency exposure.

Chart 11 **Exchange rate of the euro** (2 Jan 04-7 Mar 05)



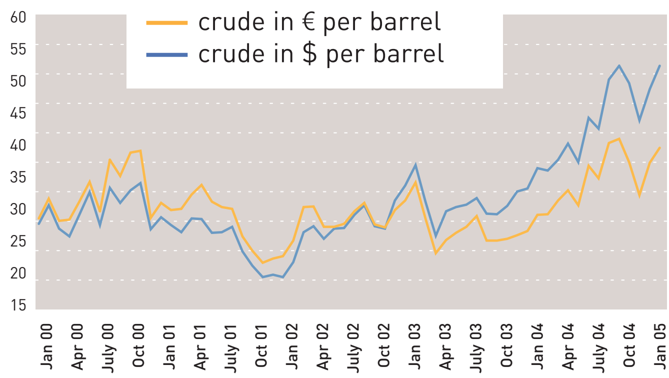
Source: *European Central Bank*

ENERGY PRICES

The high level of energy and raw materials prices remains an important risk for the world economy and, consequently, for European companies. Since our last Economic Outlook, oil prices have decreased end of 2004 and increased again beginning of 2005 to reach the level of $53 (2 March 2005). Oil prices remain at a very high level and could be detrimental to growth expectations in 2005. According to our survey, an increase of $10 per barrel could hurt the European economy by an estimated 0.3% in GDP growth by affecting production costs, profit margins, investment decisions in business and hence reduce EU growth potential(*). Higher oil prices could also damage purchasing power of households and therefore dampen private consumption's contribution to growth.

The situation is clearly different from the 1970s, notably as far as the more market-driven nature of the current tensions on oil markets (mainly generated by China), the weight of services in our economy, the energy-efficiency of industry, inflation spillovers or the buffering effect of exchange rates are concerned. However, oil prices remain a real source of concern for many European firms. Most of our federations expect the oil price to decrease to about $41 by September 2005 but uncertainty remains strong as replies from our federations broadly vary between $30 and $48. Furthermore, there is also a significant impact resulting from raw material price shocks that could be even more harmful in some sectors than the high oil price.

Chart 12 **Oil price fluctuations** (Jan 00 – Feb 05)



Source: *Bloomberg (monthly data, last day of the month, WTI crude oil)*

(*) Only 8 member federations gave a numerical answer to the related question.

POLICY MIX AND BUSINESS REGULATION

→ FISCAL POLICY

→ MONETARY POLICY

→ BUSINESS REGULATION

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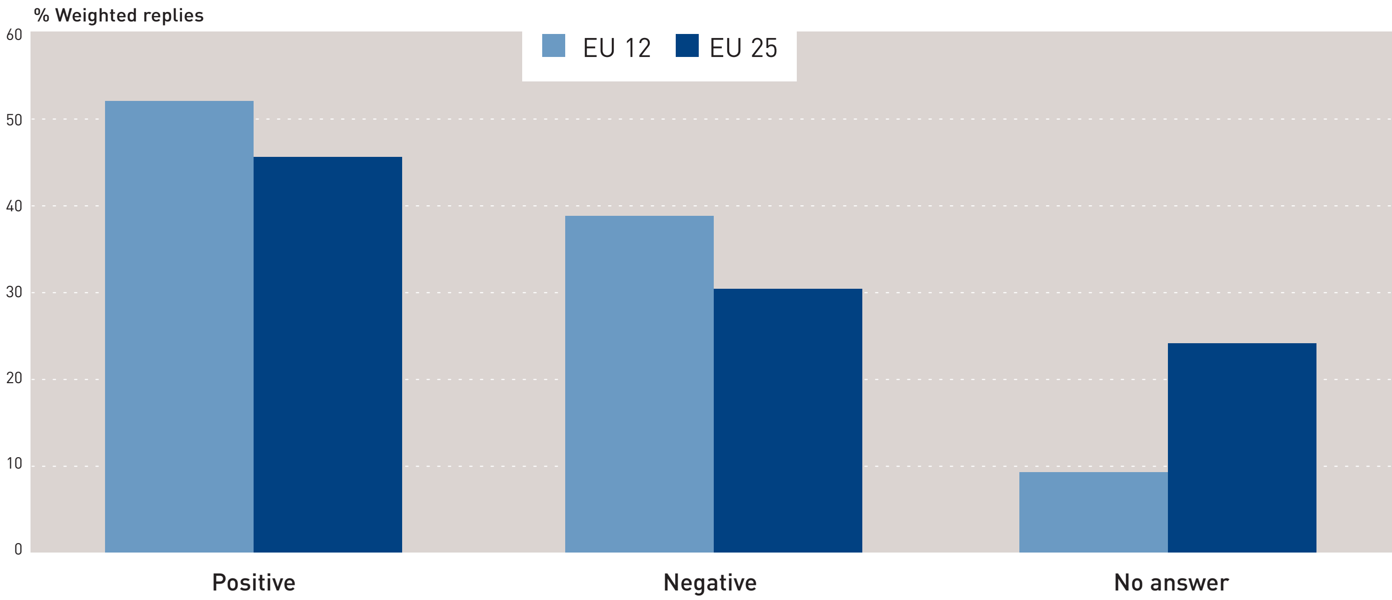
FISCAL POLICY

According to our survey, German employers have negative views regarding their government's multiannual stability programme. Fiscal consolidation is regarded as insufficient to reduce the budget deficit below the 3% GDP limit in 2005. This lack of fiscal consolidation should have the effect of postponing the needed tax reduction. In France, the budget deficit should stand below 3% GDP (mainly thanks to one major one-off measure regarding EDF) but the medium-term prospects are not positive. Despite some fiscal improvement, no determined control of public spending has been enforced. Budgetary position in Italy is also worrying where both budget deficit and slow debt reduction pose major problems in terms of sustainability. In Portugal, enterprises have assessed negatively the state budget for 2005. However, parliamentary elections make uncertain the budget orientation that will be taken in the 2005-2006 programme.
It should be noted that contrary to what is sometimes claimed, it is possible to consolidate and, at the same time, restructure budgets in order to finance competitiveness-enhancing investment. The Netherlands is illustrative of a country where deficit exceeding 3% GDP in 2003 was corrected by appropriate measures while the company tax rate was progressively reduced from 34.5 to 31.5% in January 2005 and is expected to be cut to 30% by 2007. Past experience in countries such as Finland, Ireland, Spain or the UK has also shown that expenditure-driven consolidations and economic growth are positively correlated. We should not repeat the mistakes of fiscal profligacy in the period 1998-2001 for which we are currently suffering the detrimental consequences.

Chart 13 **Assessment of multiannual stability / convergence programme implementation**



Source: *UNICE survey February 2005*

Sound fiscal policy is more needed than ever regarding the ageing population in Europe. According to the ING Global Economic Outlook (first quarter 2005), the impact of the ageing population on pension and health care costs by 2020 has been estimated and could increase the real debt level into a multiple of the traditionally used figure. Taking also into account other determinants of sustainability (e.g. pension reserves, current tax burden and public debt), ING has also calculated the level the primary balance should be at in several countries to achieve sustainable indebtedness. The study indicates that the situation is not only worrying in highly indebted countries such as Greece and Italy but also in France, Germany, Portugal, Sweden and the UK. On the contrary, estimated results achieved by Denmark, Finland, Ireland, the Netherlands and Spain and even the highly indebted Belgium shows that it is not inevitable and that fiscal rules should be respected for their own sake.

A NEW INTERPRETATION OF THE STABILITY AND GROWTH PACT

The Stability and Growth Pact (SGP) has been increasingly under pressure following the non-compliance of some member States. A few months after the European Court of Justice's ruling on the subject, the Commission proposed a revision of the SGP on 3 September 2004. On 8 March 2005, the Economic and Financial Affairs Council did not reach an agreement on the revision of the SGP.

→ **The EU fiscal framework needs stable and transparent rules, applicable to all Member States and not vulnerable to political discretion. No reform should water down the system, notably by reviewing the reference values of 3% and 60%. Nevertheless, the interpretation of the rules could certainly be improved.**

→ **Taking greater account of debt sustainability makes strong sense given the demographic challenge. Peer pressure and early warnings should also be strengthened in economic good times to avoid excessive deficit in bad times and to limit the current asymmetrical bias of the fiscal rules. Regarding the medium-term objective and the corrective path, specific conditions could pave the way for different prescriptions but criteria should still apply equally.**

→ **On the contrary, the revision of the "exceptional circumstances" for slow-growing countries that entitle them to run deficit in excess of 3% GDP does not go in the right direction. Such a change would both send signals to bad performers to slow down the necessary Lisbon reform process, and will penalise the good performers. Second, the exclusion of certain expenditure categories from the budget calculation would withdraw from the Pact most of its substance.**

Beyond the technicalities of the rules, a promising widening of the debate has been introduced by the Commission on the issue of economic governance. Any reform should also seek to increase national ownership of the fiscal rules, notably by increasing consistency between national and European procedures, changing the economic calendar, with greater involvement of national parliaments and independent forms of external scrutiny, etc.

MONETARY POLICY

The introduction of the euro has been a success and the fact that some major central banks have converted parts of their reserves into euro is a positive sign of the increased credibility of the ECB monetary policy.

Most panellists whose countries belong to the euro area have a positive opinion regarding the policy conducted by the European Central Bank (ECB). The monetary policy is regarded as appropriate because it has managed to release sufficient liquidity and minimise inflationary risks despite the oil price context. Low inflation and the fragile state of the economy do not seem to require any change of overall stance of monetary policy at least in the first half of 2005. The action conducted by the ECB is widely assessed as positive as a result of prudent behaviour in a difficult context and improved communication policy. Spain constitutes an exception as the current ECB monetary policy sets the conditions for negative real interest rates.

In countries that have not adopted the euro, most panellists see the action of their monetary authorities as appropriate. In the UK, higher interest rates have cooled retail sales and housing inflation since Autumn 2004, which may be temporary. Inflation pressure should continue to be kept under close scrutiny as the UK economy is currently close to full employment and has little excess production capacity. Following a justified restrictive monetary policy, Polish businesses expect a more neutral position of the Monetary Policy Council in Poland, as a result of decreasing inflation. A slightly looser monetary policy is also expected in the Czech Republic.

BUSINESS REGULATION

Many European countries have made some important changes in national regulation or are expected to do so in the near future. Some efforts to streamline national regulation that harms competitiveness have been made, particularly regarding labour markets. In France, relaxation of the 35-hour law has been initiated. An important step has also been undertaken in Germany with the introduction of the Hartz IV reforms (labour and social laws). Despite the unfortunate statistical effect on employment figures, these reforms should introduce more labour incentives, improve employment prospects and re-balance public finances. Greater labour flexibility will also be introduced in Belgium regarding overtime working hours while new laws will reduce red tape in the field of licensing manufacturing establishments in Greece.

However, regulation is not always modified for the better. For example, in Ireland, new regulation in the fields of corporate governance but also in areas such as waste, water and licensing will significantly increase the regulatory burden for business. In Italy, regulation harming competitiveness is expected to increase over the next six months. There is an urgent need to liberalise further major sectors such as electricity, gas and telecoms professional services. According to both the Italian Authority for Electricity and Gas and the Antitrust Authority, the gas market, in particular, presents structural rigidities in the upstream segment. Competition is also seriously limited by the procurement system and by the incumbent utility which controls production, a large part of the distribution chain and the crucial import system.

At the European level, many panellists report increasing nervousness about draft European regulations that could seriously affect the way business is conducted in Europe. This expected harmful regulation mainly concerns two areas, i.e. chemicals policy (REACH regulation) and climate change policy (the EU Greenhouse Gas Emission Trading Scheme). The application of the "precautionary principle" is also reported by some federations as disastrously dampening innovation in the EU, especially in biotechnology and other science-related activities.

According to our survey, the tax burden might also vary significantly in several countries. Over the past six months, the tax burden has decreased in Austria (corporate earnings tax from 34% to 25%), Finland (new corporate tax law) and in Central European countries such as the Czech Republic (reduction in corporate tax), Estonia (income tax rate from 26% to 24%), Hungary (changes in tax rules), Lithuania (abolition of the road tax to companies), Poland (corporate income tax from 27% to 19% in 2004) and Slovenia (new tax policy). Germany (stage 3 of tax reform), Greece (new tax law) and the Netherlands (company tax rate from 34.5 to 31.5%) should also follow this trend over the next six months.

On the contrary, the tax burden in France and Malta is increasing. In France, the tax burden on enterprises has increased in 2004 as a result of increased local taxes (despite decreasing national taxes) as well as a rise in several wage and labour taxes as well as compulsory contributions. The tax pressure on business is even expected to increase in 2005. In Malta, the budget 2005 has introduced a number of fiscal measures including a surcharge rate on water and electricity consumption, and on mobile telephony, and a wider eco-tax base. In Sweden, the possibility of an increased tax burden has been recently aired in government circles.

LABOUR MARKET
AND WAGE INDICATORS

- EMPLOYMENT
- PRODUCTIVITY AND LABOUR COSTS

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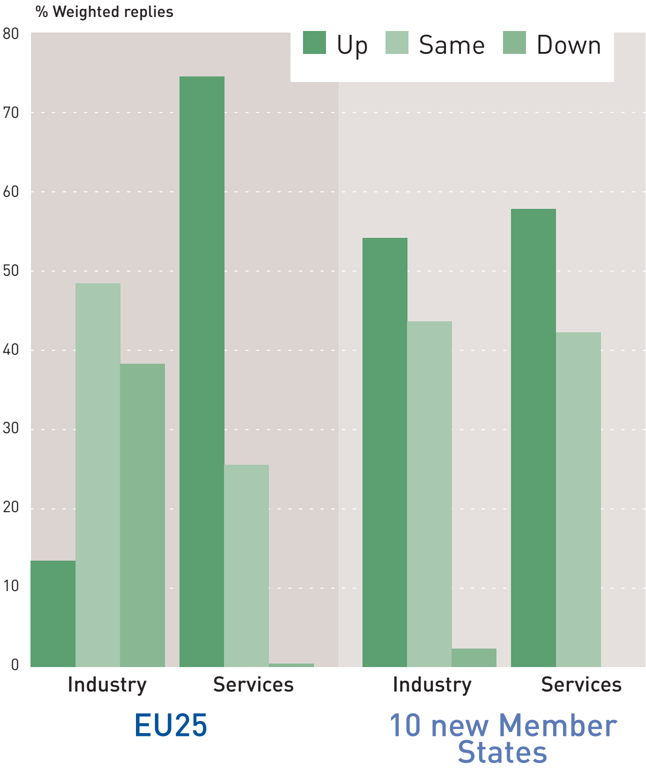
EMPLOYMENT

Unemployment is assessed to stand at 9% in 2004 and to remain broadly stable this year (8.9%). Improvement should gather pace only in 2006 by decreasing to an expected rate of 8.6%. In the coming months and in the past six months, one can observe a clear distinction between employment prospects in industry and services. On the whole, it appears that positive developments in services should increasingly compensate for job losses in industry.

Jobs in services should increase in the overwhelming majority of the European economies over the next six months. Main exceptions are Hungary, Italy and the Netherlands where employment in services should stabilise after experiencing a depressing trend in the past six months. In industries, employment prospects worsened over the past months and should progressively stabilise in the near future. The outlook for industrial employment is more encouraging in Central European countries. In fact, no clear distinction between industry and services is observable in these economies.

Concerning labour market mismatching, no major change is expected. Small changes could reflect different expectations in the labour markets for industry and services. Labour markets for industry might become less tight in countries such as Belgium, Italy, the Netherlands, Lithuania or the UK. On the contrary, the expected improvement in employment for services might result in some countries (BE, DK, EE, IE, LV, UK) in a tighter labour market. For example, tightening demand for skilled and managerial people in services is reported in the UK.

Chart 14 **Expected trend in employment over the next six months**



Source: *: UNICE survey February 2005*

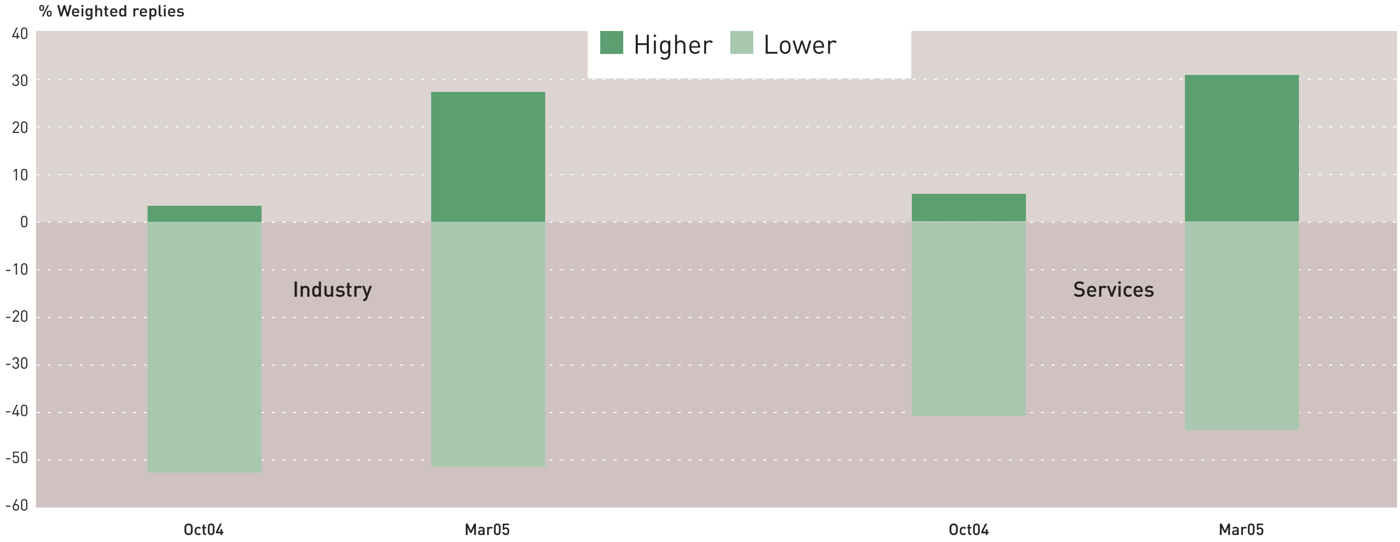
PRODUCTIVITY AND LABOUR COSTS

Real labour costs are expected to remain moderate in 2005 and to increase at an annual rate of 0.8%, closed to the assessed figure of 0.7% real annual growth in 2004. The expected increase in 2006 is slightly higher, annual growth in real labour costs being expected to reach 1% in 2006. In the Commission Forecasts Autumn 2004, the Commission expects labour productivity to increase by 2.1% in 2004 and then slow down to 1.6% in the two following years. The fact that real labour costs appear not to be increasing faster than labour productivity should not disregard the fact that these figures remain well below the US and even Japanese performances, which respectively account for 3.3% in 2004 for the US (2.1% foreseen in 2005 and 2006) and 3.2% in 2004 for Japan (1.8% in 2005 and 2.1% in 2006).

The increase of real labour cost compared with growth in labour productivity confirms the differentiated dynamic identified in our forecasts. Compared with the UNICE Economic Outlook Autumn 2004, a polarisation of situations might be expected, particularly regarding developments in services. Belgium, Germany, Hungary, Poland and the UK expect real labour costs increasing at a slower pace than labour productivity and hence, a strengthening of their labour competitiveness. On the contrary, in countries such as Greece, France and Spain, the fact that real labour costs could increase faster than productivity gains could exacerbate the fierce competition coming from low-wage countries.

Wage moderation is naturally reported as an essential component of the competitiveness equation. Nominal employee compensation is expected to increase by 2.4% in 2005, after recording 2.5% in 2004. A slight acceleration to 2.6% annual growth is foreseen in 2006. The other side of the issue is increasing productivity regarding which German industries constitute an example of improvement through restructuring efforts and cost reduction. In Poland, real labour cost increase has been rather low compared with growth in labour productivity. Nevertheless, there is an increasing need in such a transition economy to change the productive assets and make the means of production more innovative to enhance changes in labour productivity growth. Such a factor productivity transformation is expected to take place in Polish enterprises at the end of 2005.

Chart 15 **: Real labour cost increase compared with productivity increase**



Source: *UNICE survey February 2005*

FINANCIAL PERSPECTIVES 2007-2013

The financial perspectives 2007-2013 constitute a key tool to realise Community priorities. One year after the Commission proposal, UNICE calls upon European policy-makers to preserve the resources proposed (about €130 billion) to be allocated to competitiveness, even at the expense of other categories. A shift of priorities in the EU budget is key to translate the new impetus given by the European Commission to the Lisbon Strategy into reality.

UNICE would not support any compromise at the end of the negotiations being achieved at the expense of the competitiveness heading. Within the competitiveness heading, the proposed increase of resources to research and technological innovation should be at least maintained. The Trans-European networks, innovation policies, and the lifelong learning programme are clear priorities.

UNICE also supports the enhanced synergy of cohesion policy towards competitiveness. The cohesion policy should concentrate means on the regions that are most in need and focus actions supporting structural changes to increase competitiveness. Expenditure under the Common Agricultural Policy was capped at its present level by the European Council in 2002 but in the likely context of a very tight budget constraint, the question of the Common Agricultural spending will have to be addressed.

ANNEX
COUNTRY RESULTS

COUNTRIES

AT	Austria
BE	Belgium
CY	Cyprus
CZ	Czech Republic
DK	Denmark
EE	Estonia
FI	Finland
FR	France
DE	Germany
GR	Greece
HU	Hungary
IE	Ireland
IT	Italy
LV	Latvia
LT	Lithuania
LU	Luxembourg
MT	Malta
NL	Netherlands
PL	Poland
PT	Portugal
SK	Slovakia
SI	Slovenia
ES	Spain
SE	Sweden
UK	United Kingdom

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UNICE ECONOMIC OUTLOOK SPRING 2005

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
ESTIMATES 2004												
Real GDP (annual % growth)	2.7	1.7	3.7	2.6	2.3	5.5	1.4	4.2	1.3	2.0	1.1	3.7
Inflation (%)	2.1	1.6	3.0	3.0	2.3	2.3	2.3	2.2	1.4	1.9	2.5	0.2
Unemployment (%)	7.8	9.8	10.8	10.9	9.8	4.4	8.3	4.2	6.2	4.5	6.7	9.0
Nom. compensation of employees (annual % growth)								na				
GDP 2004 COMPONENTS												
Private consumption (%)	2.2	-0.3	na	3.3	2.1	3.0	1.4	na	0.5	na	2.2	3.3
Public consumption (%)	2.7	0.4	na	4.2	2.4	2.5	1.1	na	0.5	na	0.6	2.0
Gross fixed capital formation (%)	4.4	-0.7	na	4.3	2.9	10.0	2.5	na	2.4	na	1.8	4.0
Net exports (%);*(contribution to growth in GDP); **current balance (%GDP)	-1.2	1.2*	na	-1.3*	-0.2**	na	0.1*	na	na	na	na	0.6*
FORECASTS 2005												
Real GDP (annual % growth)	1.7	1.5	3.5	2.7	1.8	5.0	1.4	4.0	1.3	2.3	1.6	3.0
Inflation (%)	1.8	1.6	2.9	3.0	2.0	2.1	2.1	2.0	1.4	2.2	2.1	1.5
Unemployment (%)	8.0	9.8	10.0	10.6	9.9	4.3	8.1	4.3	6.7	4.4	6.6	8.7
Nom. compensation of employees (annual % growth)								na				
GDP 2005 COMPONENTS												
Private consumption (%)	2.2	0.8	na	3.1	1.7	4.0	1.6	na	0.5	na	1.5	2.6
Public consumption (%)	3.2	0.5	na	3.5	1.8	3.0	0.9	na	0.8	na	0.0	1.9
Gross fixed capital formation (%)	4.5	3.0	na	4.5	3.6	3.0	2.2	na	3.3	na	1.7	3.7
Net exports (%);*(contribution to growth in GDP); **current balance (%GDP)	-0.7	0.8*	na	-1.0*	-0.2**	na	-0.4*	na	na	na	na	0.6*
FORECASTS 2006												
Real GDP (annual % growth)	2.1	1.8	3.3	3.0	1.8	6.0	1.5	4.3	2.3	2.4	2.0	2.3
Inflation (%)	1.5	1.5	2.8	2.8	1.9	2.5	1.9	1.7	1.0	1.7	2.0	1.5
Unemployment (%)	7.7	9.3	9.0	10.2	9.5	4.2	8.0	4.2	6.3	4.2	6.4	8.5
Nom. compensation of employees (annual % growth)								na				
GDP 2006 COMPONENTS												
Private consumption (%)	2.5	na	na	3.0	1.9	5.8	1.9	na	na	na	2.2	2.4
Public consumption (%)	3.4	na	na	3.3	1.5	3.0	1.0	na	na	na	-0.1	1.9
Gross fixed capital formation (%)	6.0	na	na	4.1	3.1	4.0	2.4	na	na	na	3.3	3.5
Net exports (%);*(contribution to growth in GDP); **current balance (%GDP)	-0.7	na	na	-0.7*	-0.2**	na	-0.3*	na	na	na	na	0.3*

EU-12	DK	SE	UK	EU-15	CZ	EE	CY	LV	LT	HU	MT	PL	SI	SK	EU
2.0	2.1	3.4	3.1	2.2	3.8	6.2	3.5	7.5	6.6	3.9	0.6	5.7	4.0	na	2.5
2.1	0.9	0.7	1.3	1.9	2.9	2.9	2.3	6.2	2.9	6.5	2.9	4.4	3.6	na	2.1
9.1	5.4	5.5	4.7	8.2	10.3	8.7	3.6	10.0	10.3	6.0	5.8	19.1	6.4	na	9.1
1.7				2.3			na	na	na		na			na	2.5
	4.1	2.1	3.3		2.5	5.3	na	na	na	3.3	na	3.2	-0.5	na	
	0.1	0.6	4.5		2.1	5.0	na	na	na	1.3	na	0.1	-1.5	na	
	4.1	4.5	5.9		9.5	13.0	na	na	na	9.0	na	5.1	2.9	na	
	-1.4*	na	-0.8*		0.6	na	na	na	na	-1.5	na	8.0	8.5	na	
1.8	2.1	2.4	2.7	2.0	3.9	6.0	4.3	6.5	6.4	3.7	1.5	5.0	3.8	na	2.2
2.0	1.8	1.8	1.7	1.9	3.3	3.2	2.0	4.0	2.8	4.5	2.4	3.5	3.0	na	2.1
9.0	5.1	5.4	4.6	8.1	10.3	8.0	3.3	10.0	9.2	6.0	5.7	18.2	6.1	na	8.9
1.6				2.2			na		na		na			na	2.4
	3.4	2.6	2.2		2.8	5.4	na	na	na	1.9	na	3.8	-0.5	na	
	0.6	1.1	3.2		3.1	4.7	na	na	na	-0.5	na	-0.3	-1.0	na	
	7.4	4.5	4.5		7.7	11.5	na	na	na	4.5	na	10.0	2.4	na	
	-1.1*	na	-0.2*		-0.5	na	na	na	na	0.5	na	1.8	5.8	na	
2.1	1.9	2.0	2.6	2.1	4.0	6.0	4.5	6.5	5.9	4.0	1.8	5.0	3.9	na	2.4
1.9	1.5	2.1	2.0	1.9	3.0	2.8	2.0	4.0	2.5	3.5	1.9	2.7	2.7	na	2.0
8.6	4.9	5.2	4.5	7.8	9.9	7.5	3.3	10.0	8.6	5.8	5.4	17.3	5.9	na	8.6
1.7				2.3			na		na		na			na	2.6
	2.1	2.6	2.4		3.4	5.5	na	na	na	1.9	na	3.9	-0.5	na	
	0.5	0.9	3.0		-2.8	4.5	na	na	na	1.5	na	-0.5	-0.5	na	
	3.4	3.0	3.4		7.2	7.0	na	na	na	4.0	na	15.0	1.6	na	
	-0.1*	na	-0.4*		0.9	na	na	na	na	1.0	na	-2.0	6.6	na	

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
Question 1	**Trend in business climate over the next six months**											
Positive		Ind Ser		Ind Ser		Ind Ser		Ser			Ser	
Negative	Ind				Ser							
Neither pos nor neg	Ser		Ind Ser		Ind		Ind Ser	Ind	Ind Ser	Ind Ser	Ind	Ind Ser
Question 2	**Trend in profitability over the next six months**											
Positive	Ser	Ind Ser		Ind Ser		Ser	Ind Ser					
Negative					Ind Ser					Ind		
Unchanged	Ind		Ind Ser			Ind		Ind Ser	Ind Ser	Ser	Ind Ser	Ind Ser
Question 3	**Trend in investment over the next six months**											
Positive	Ser	Ind Ser	Ser	Ind		Ser		Ind Ser	Ind Ser	Ind Ser	Ind Ser	Ind
Negative					Ind							
Unchanged	Ind		Ind	Ser	Ser	Ind	Ind Ser			Ser		Ser
Question 4	**Level of exchange rate against**											
USD	High	High	Appr	High	High	High	High	High	High	Appr	High	High
GBP	High	Appr	na	High	High	Appr	Appr	Appr	Appr	Appr	Appr	Appr
JPY	Appr	High	na	Appr	High	Appr	High	Appr	Appr	High	Appr	Appr
Euro	na	na	na	na	na	na	na	na	na	na	na	na
Others: RNB/CHF	High	na	na	na	High	na	na	na	na	High	na	na
Question 5	**Stance of monetary policy**											
Tight										yes		
Appropriate	yes	yes	yes		yes	yes	yes	yes	yes		yes	yes
Loose				yes								
Question 6	**What is your opinion of the ECB (conduct of monetary policy favourable to business. transparency)**											
Positive	yes	yes	yes	yes		yes	yes		yes	yes	yes	
Negative												
No answer					yes			yes				yes
Question 7	**Compared with six months ago. SMEs cost/access to capital for business development is**											
Higher / more difficult												
Same	C A	C A	C A	C A	C A	C	C A	C A	CA	C	C A	C A
Lower / less difficult						A				A		
Question 8	**Trend in government bond yields and stock market prices over the next six months**											
Stock mkt prices	same	same	same	up	same	up	up	same	na	same	up	up
Govt bond yields	up	up	same	same	same	up	same	same	same	down	same	same
Question 9	**Trend of total tax burden on business in the past six months**											
Increase					yes							
Decrease										yes		yes
No change	yes	yes	yes	yes		yes	yes	yes	yes		yes	
Question 10	**Trend in total tax burden on business in the next six months**											
Increase					yes							
Decrease		yes	yes						yes			
No change	yes			yes		yes	yes	yes		yes	yes	yes
Question 11	**What is your assessment of the budgetary policy ?**											
Positive	yes			yes			yes	yes	yes	yes		yes
Negative		yes			yes							
No answer			yes			yes					yes	
Question 12	**What is your assessment of your country's multiannual stability programme/pace of convergence?**											
Positive				yes	na	yes	yes		yes	yes		yes
Negative		yes										
No answer	yes		yes					yes			yes	
Question 13	**National regulations that harm competitiveness will increase. decrease or not change?**											
Increase		both				yes	yes					
No change				yes				yes		yes	yes	yes
Decrease	yes	both	yes		yes				yes			
Question 14	**Overall trend in employment**											
Ind: past 6 months	Down	Down	Same	Down	Down	Down	Down	Same	Down	Same	Down	Down
Ind: next 6 months	Down	Same	Same	Up	Same	Down	Down	Same	Down	Same	Same	Same
Ser: past 6 months	Up	Up	Up	Up	Up	Up	Down	Up	Down	Same	Same	Up
Ser: next 6 months	Up	Up	Up	Up	Up	Up	Same	Up	Same	Up	Up	Same
Question 15	**Expectations of labour markets over the next six months**											
More tight	Ser					Ser						
Unchanged		Ind	Ind Ser	Ind Ser	Ind Ser	Ind	Ser	Ind Ser		Ind Ser	Ind Ser	Ind Ser
Less tight	Ind	Ser					Ind		Ind Ser			
Question 16	**Evaluation of labour productivity**											
High		Ind										
Average	Ind Ser		Ind Ser			Ind Ser		Ind Ser	Ind Ser	Ind	Ind Ser	Ind Ser
Low		Ser		Ind Ser	Ind Ser		Ind Ser			Ser		
Question 17	**Real labour cost increase compared with growth in labour productivity**											
Higher			Ind Ser	Ind Ser	Ind Ser							
Same						Ind Ser	Ind Ser	Ind Ser	Ser	Ind Ser	Ind Ser	Ser
Lower	Ind Ser	Ind Ser							Ind			Ind

ONE-OFF QUESTIONS

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
A	**Above which level of dollar/euro exchange rate will European economy be significantly hurt ?**											
Dollar per euro	1.30	1.30	1.20	1.45	1.10-1.15	1.35	1.30	na	1.30-1.35	1.30	na	1.40
B	**According to you where will the dollar/euro rate stand in September 2005?**											
Dollar per euro	1.35	1.40	1.30	1.40	1.30	1.35	1.40	1.30	1.30	1.40	1.20	1.33
C	**Impact of an increase of 0.10 USD for one euro (1.30$/€ as baseline) on your country's growth?**											
GDP	-0.30	na	na	na	na	na	-0.40	na	-0.50	-0.42	na	-0.20
D	**Above which level of US crude oil will European economy be significantly hurt?**											
US dollar a barrel	40	45	na	65	hurting	60	55	40	40	40	na	50
E	**According to you where will the US crude oil price stand in September 2005?**											
US dollar a barrel	30	50	na	48	35-40	45	38	45	na	35	40	35
F	**How many GDP basis points could be lost as a result of a increase by $10 a barrel in US crude oil?**											
GDP	-0,30	na	na	na	na	na	-0.40	na	-0.50	-0.42	na	-0.20
G	**How will consumer confidence develop over the next six months?**											
Positively		pos				pos	pos			pos		
Negatively			neg									
Unchanged	no ans			unch.	unch.			unch.	unch.		unch.	unch.

EU-12	DK	SE	UK	EU-15	CZ	EE	CY	LV	LT	HU	MT	PL	SI	SK	EU
Ind/Ser				**nd/Se**											**Ind/Ser**
42 44	Ind		Ser	34 52	Ind Ser	Ind Ser	Ser	Ind Ser	Ind Ser	Ind		Ind Ser	Ind Ser	na na	40 55
4 22	Ser			3 19											3 17
55 34		Ind Ser	Ind	63 29			Ind			Ser	Ind Ser				57 28
Ind/Ser				**Ind/Ser**											**Ind/Ser**
59 65	Ind			48 51	Ind Ser			Ser		Ind Ser	Ser	Ind Ser		na na	51 54
22 22			Ind Ser	35 34		Ser			Ind		Ind				32 32
19 13	Ser	Ind Ser		17 15		Ind	Ind Ser	Ind	Ser				Ind Ser		17 14
Ind/Ser				**Ind/Ser**											**Ind/Ser**
51 45	Ind Ser	Ind Ser	Ser	44 57	Ind	Ind Ser		Ind Ser	Ind Ser	Ser	Ser	Ind Ser	Ind Ser	na na	47 60
22 0			Ind	34 0			Ind Ser			Ind					33 0
27 55				22 43							Ind				20 40
H/A/L				**H/A/L**											**H/A/L**
97/3/0	Appr	High	High	96/4/0	High	High	Appr	High	Appr	Low	High	High	Appr	na	94/4/1
39/61/0	Appr	Low	na	37/60/3	Appr	na	Appr	Appr	High	Appr	Appr	High	Appr	na	38/59/3
71/29/0	Appr	Appr	Appr	55/45/0	Appr	na	Appr	Appr	Appr	Appr	High	High	Appr	na	55/45/0
	Appr	Appr	Appr		Appr	Appr	Appr	Appr	High	Low	Appr	High	Appr	na	
	High	na	na		na	na	na	na	na	na	na	na	na	na	
0				0			yes							na	0
88	yes	yes	yes	90		yes		yes	yes	yes	yes		yes		85
12				10	yes							yes			15
76	yes	yes	yes	81	yes	yes				yes	yes		na	na	78
0				0											0
24				19			yes	yes	yes			yes			22
C A				**C A**											**C A**
0 0	C	A		2 3				C	C		na na			na na	2 2
100 98	A	C	C A	98 96		C				A			C A		90 90
0 2				0 1	C A	A	C A	A	A	C		C A			8 8
U/S/D				**U/S/D**											**U/S/D**
40/60/0	same	up	up	52/48/0	up	up	same	up	up	same	up	up	same	na	54/46/0
33/67/0	up	same	same	28/72/0	same	na	same	down	same	down	down	same	same	na	25/73/2
22				17	yes						yes	Yes		na	20
2				1		yes			yes	yes		Yes			5
76	yes	yes	yes	81			yes	yes					yes		75
22				17							yes			na	16
37				29	yes					yes			yes		30
41	yes	yes	yes	54		yes	yes	yes	yes			yes			54
54	yes			44	yes	yes		yes			yes	yes	yes	na	47
39		yes		33					yes	yes					32
7			yes	23			yes								21
52	yes	yes		45	yes	yes	yes					yes	yes	na	46
39				30						yes		yes			30
9			yes	25				yes	yes		yes				24
35			yes	45										na	41
17	yes	yes		17		yes	yes	yes	yes						16
48				38	yes					yes	yes	yes	yes		43
U/S/D				**U/S/D**											**U/S/D**
0/3/97	Down	Down	Down	0/2/98	Same	Up	Down	Up	Up	Same	Down	Up	Up	na	5/06/89
12/57/31	Same	Same	Down	10/49/42	Same	Up	Down	Up	Same	Same	Down	Up	Up	na	13/48/38
72/2/26	Up	Down	Up	76/2/22	Same	Up	Up	Same	Up	Down	Same	Up	Up	na	74/4/22
73/27/0	Up	Same	Up	76/24/0	Same	Up	Up	Same	Up	Same	Up	Up	na	na	75/25/0
0 5	Ser		Ser	0 23		Ind Ser		Ind Ser						na na	0 21
71 61	Ind	Ind Ser		60 50	Ind Ser		Ind Ser			Ind Ser	Ind Ser	Ind Ser	Ind Ser		62 53
29 34			Ind	40 27					Ind Ser						37 25
Ind/Ser				**nd/Se**											**Ind/Ser**
28 0		Ind		24 0	Ind	Ser				Ind				na na	26 0
19 19	Ind Ser	Ser	Ind Ser	34 36	Ser	Ind	Ind Ser		Ser	Ser	Ind Ser	Ind Ser	Ind Ser		35 41
53 81				42 64				Ind Ser	Ind						39 58
Ind/Ser				**Ind/Ser**											**Ind/Ser**
37 37	Ser			29 30	Ser	Ind Ser	Ind Ser	Ind Ser	Ind Ser					na na	27 31
24 32	Ind	Ind Ser		23 27							Ind Ser		Ind Ser		21 25
40 32			Ind Ser	48 42	Ind					Ind Ser		Ind Ser			52 44
not relevant	na	1.30	1.35	not relevant	1.50	1.40	1.50	1.40	1.40	1.50	na	na	na	na	1.31
not relevant	1.30	1.37	1.35	not relevant	1.35	1.30	1.35	1.30	1.25	1.25	na	na	na	na	1.32
not relevant	-0.20	-0.40	na	not relevant	na	-0.01	na	na	na	na	na	na	na	na	-0.37
not relevant	na	50	50	not relevant	50	60	na	50	50	50	48	na	46	na	50.5
not relevant	44	40	40	not relevant	42	48	na	45	40	40	na	na	42	na	40.9
not relevant	-0.20	-0.40	na	not relevant	na	-0.01	na	na	na	na	na	na	na	na	-0.3
49			pos	56		pos	na	pos	pos		neg			na	52
3				2						neg					3
48	unch.	unch.		42	no ans							unch.	unch.		45

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