

1 December 2005

EUROPEAN BUSINESSES RELY ON THE ECB TO ACT CAUTIOUSLY SO AS TO AVOID HARMING THE FRAGILE RECOVERY

Today the ECB raised its main refinancing rate by a ¼ of a point to 2.25%, considering that the identified upward risks to price stability justify immediate action. We trust that the ECB has weighed all pertinent factors leading to today's decision.

UNICE's assessment, expressed in its recent Autumn 2005 Economic Outlook and shared by the European Commission and most political leaders in the euro area, is that domestic inflationary pressures are likely to remain contained, whereas important downside risks to growth are still identified.

Ernest-Antoine Seillière, President of UNICE: *"A moderate interest rate hike will hopefully not affect significantly the economic outlook, but it is not a positive signal for growth. In particular, European businesses would be concerned if this decision triggers renewed appreciation of the Euro. Considering the fragility of the ongoing recovery, UNICE notes the fact that the ECB remains cautious and does not yet pre-announce further interest rate increases"*

NOTE TO THE EDITOR

UNICE is the voice of more than 20 million small, medium and large companies. Active in European affairs since 1958, UNICE's members are 39 central industrial and employers' federations from 33 countries, working together to achieve growth and competitiveness in Europe.

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