



AUSTRALIAN CHAMBER OF
COMMERCE AND INDUSTRY

MEDIA RELEASE

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Release of the ICC-Ifo Institute for Economic Research World Economic Survey

Global Economic Index Rises, but Problems Remain

The Australian Chamber of Commerce and Industry (ACCI), Australia's largest and most representative business organisation, and the International Chamber of Commerce Australia welcome the release of the ICC-Ifo World Economic Survey (WES) for the fourth quarter of 2009.

Reflecting more favourable economic conditions for the coming six months but also a more positive assessment of the current global economic situation, the WES Economic Climate Indicator rose significantly in the fourth quarter for the third consecutive time following sharp drops last year.

The indicator rose to 90.4, from 78.7 in July, with the economic climate improving in all major economic regions, most significantly in Asia. 1995 is the base year at a level of 100.

"This is useful evidence of global economic recovery. It also suggests that the Asian region is likely to be a key driver of global growth with the survey ranking highly China, India, Brazil and other Asia countries" ACCI Chief Executive Peter Anderson said. "There are also the first signs of optimism in the United States. However challenges still remain and this is a period in which cautious optimism should prevail."

The economic expectations for Australia pointed to a further strengthening of capital expenditures, private consumption and the export sector over the next six months.

Global unemployment was the foremost difficulty cited by the experts polled. This was followed by insufficient demand and public debt. While the extensive governmental stimulus programmes have so far played a crucial role in combating the global recession, mounting public debts leave a narrow scope for additional fiscal stimuli, according to the experts.

The report concluded that to achieve sustainable growth rates, "the global economy has to start gathering momentum under its own steam and major hopes are placed on emerging economies, particularly in Asia."

The report echoes many of the findings of this week's *ACCI Small Business Survey*.

The WES assesses worldwide economic trends by polling transnational as well as national organisations on current economic developments in their respective countries. In October 2009, 1,026 economic experts in 88 countries were polled. The survey can be found at: www.cesifo-group.de/portal/page/portal/ifoHome/a-winfo/d1index from 9pm tonight AEDST.

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