



International Chamber of Commerce

The world business organization

MEDIA RELEASE

World economic recovery slows as business expectations fall

Paris, 17 November 2010 - Business expectations are falling worldwide despite improvements in the state of the global economy for the sixth consecutive quarter, according to the World Economic Survey (WES) published today by the International Chamber of Commerce (ICC) and the Munich-based Ifo Institute for Economic Research.

The poll asked more than 1,000 economic experts from business and academic institutions to assess current and expected economic developments in their 113 respective countries last month. Their answers were analyzed to reach a quarterly figure representing today's world economic climate.

This quarter, the world economic climate indicator fell to 98.6 points from 104.1 in early 2010, largely due to economists' waning optimism for the six months ahead. But assessments of the current economic situation scored 95.3, up from a low of 46.7 in the first quarter of 2009.

"On the whole, the results indicate that the recovery of the world economy will progress in the coming half year, but at a slower pace," said Gernot Nerb, Ifo Director of Business Surveys. "Overall, WES experts expect only a temporary slowdown of the worldwide economic recovery process, not the end of the recovery."

However, currency turbulence may put continued recovery of the global economy at risk, the report warned. Certain emerging economies were particularly vulnerable to the huge variations in the health of economies and monetary policies across the world.

"Currency disputes could easily degenerate into trade wars," said ICC Chairman Rajat Gupta. "Thus we must recognize the important role of international trade and the multilateral trading system in supporting economic development and pledge not to use trade as a tool for other ends. Keeping all forms of protectionism at bay must stay high on the G20 agenda."

North America's economic situation continued to deteriorate, but the current slowdown in the US recovery was seen as temporary. Experts noted a slight decline in Asia's business expectations and said inflation was the main economic problem for most Asian countries including China. The six-month economic outlook for Western Europe had darkened, despite an improving economic situation. Australia saw a brightening of both the current economic situation and expectations.

As for world prices, economists expected moderate increases on average in the months ahead. While consumer price inflation remained high in Latin America and CIS countries, particularly low rates were forecast for the euro area and North America (1.6% for 2010). The survey showed the US dollar to be slightly undervalued. It was expected to continue losing value against other currencies over the next six months, especially in Western Europe, Asia and Australia.

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Economists want Incoterms® 2010 in national law

More than three quarters of the economists polled believed that their government should adopt the Incoterms® 2010 international trading rules into national legislation. Nearly all agreed that broad global use of common rules and standards facilitated international trade.

Support was above 90% in Latin America, Oceania, Asia, Africa and the CIS countries. In North America, 77% of experts agreed with incorporating Incoterms® rules into national legislation, while in Europe 85% of experts agreed.

“ICC has a long history of developing rules of practice for business,” said Mr Gupta. “Because our rules are developed by experts and practitioners brought together by ICC in a thorough consultative process, they are globally accepted and have become the standard for international business.”

The Incoterms® rules are used worldwide in international and domestic contracts for the sale of goods. They are recognized by the United Nations Commission on International Trade Law (UNCITRAL) as the global standard for the interpretation of the most common terms in foreign trade. The Incoterms® rules were first published in 1936 and last revised in September this year. The new Incoterms® 2010 will come into effect on 1 January 2011.

To view the full ICC/Ifo World Economic Survey please visit: <http://iccwbo.org/WESifo.html>

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About ICC

The International Chamber of Commerce is the largest, most representative business organization in the world. Its hundreds of thousands of member companies in over 120 countries have interests spanning every sector of private enterprise.

A world network of national committees keeps the ICC International Secretariat in Paris informed about national and regional business priorities. More than 2,000 experts drawn from ICC’s member companies feed their knowledge and experience into crafting the ICC stance on specific business issues.

The United Nations, the World Trade Organization, the G20 and many other intergovernmental bodies, both international and regional, are kept in touch with the views of international business through ICC.

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