

■ EUROPEAN BUSINESS ACTIVITY SLOWING DOWN

Following the sharp downturn in the USA, signs of weakening activity are also becoming more frequent in Europe. In the euro area, industrial confidence and consumer sentiment are on a downward trend, and money supply growth is decelerating. For the time being, the ECB has not relaxed monetary conditions, despite inflation subsiding and the gap between short and long-term interest rates virtually closed. Latest data for the euro area reaching into the winter months do not, however, suggest a downright slump in economic activity.

The downturn in the international business cycle is expected to dampen demand and output also in Austria before long. Already in the second half of 2000, GDP growth slackened markedly, though mainly related to domestic demand factors: private consumption was restrained by the oil-price induced real income loss, higher indirect taxes (on motor cars, tobacco, energy) and other public charges, as well as the announcement of further budgetary restrictions. Those cuts in government spending that have already become effective are bearing down on public consumption, while the weakening of business confidence, as emerging from the regular WIFO survey, is beginning to affect private investment demand.

Exports have been the only demand component to grow strongly until the turn of the year. On a cash basis, goods exports rose by 16.6 percent in the whole year 2000, and by a virtually unabated 15.4 percent (year-on-year) in the fourth quarter. Lively foreign demand stimulated in particular industrial production, with sales growing by 10.6 percent from January to November. Output growth was accommodated by gains in productivity rather than employment, though on the whole no industrial jobs were lost. In the latest WIFO business survey, domestic manufacturers were less optimistic as to the short-term outlook. They again lowered their overall rating for order levels (also for foreign orders), while their judgement on the present situation was more positive than in the previous survey. The important backlog of orders will keep output near full capacity for still some time.

Growing entrepreneurial scepticism may derive from concerns about slackening activity in Germany, Austria's main export market, in the wake of the sharp fall in U.S. growth: over 10 percent of German exports go to the U.S., and many of these export goods (notably of the motor car industry) include inputs from Aus-

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tria. In the Ifo institute's monthly survey, German firms in January turned once again more pessimistic on the business outlook. Italy, Austria's second most important trading partner, may also be substantially affected by an international cyclical downturn.

Apart from the real economic linkages with North America, there is a potential danger of financial market tur-

bulence which would have repercussions on the European economy. As yet, there are no signs for an overshooting rise in the euro/dollar exchange rate that could inhibit European exports, in spite of clearly narrowing differentials of both interest rates and GDP growth between the two economic areas.

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LICENSING, PERMITS AND AUTHORISATIONS FOR INDUSTRY EMPHASISING SMES

This benchmarking project investigated 57 processes of industrial authorisation in 11 countries and regions. The aim was to identify good practice and to develop recommendations on how to implement these so that they can become normal practice in EU member states. It turned out that major changes of the legal framework are not necessary to improve the licensing systems. Substantial gains of efficiency can be realised by organisational improvements. The key factors for both enterprises and authorities are the following process benchmarks: the attitude of the various stakeholders in communicating with each other, qualifications of the people involved, organisational skills and the project management.

- *Scope and objectives*
- *Overview on the legal frameworks in the participating countries*
Austria – Belgium – Finland – Greece – Luxembourg – Portugal – Sweden – USA – Georgia – Canada – Quebec – Australia – Victoria
- *Definition and evaluation of benchmarks*
Input benchmarks – Output benchmarks – Process benchmarks
- *Best practices for enablers*
Finland: improving licensing procedures – Victoria: regulatory reform – Austria: efficiency award for public managers – Luxembourg: follow-up to the benchmarking project – USA
- *Recommendations to administration*
Information and communication – Organisation of the licensing administration
- *Recommendations to policy makers*
Ongoing monitoring of legislation – Decentralisation of decisions or contracting out – Appeal provision – Establishing industrial zones
- *Recommendations to enterprises and entrepreneurs' associations*
Information and communication – Project management

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