

PRESS RELEASE

EUROCHAMBRES' assessment of the National Reform Programmes: **Limited, inadequate and lacking in ambition**

European businesses have very limited expectations regarding the National Reform Programmes (NRPs) planned by their respective country, and do not believe these will have a sufficiently positive impact on the Lisbon targets.

This is the outcome of a EUROCHAMBRES survey among Chambers of Commerce in the 25 Member States, asking them to assess their respective National Reform Programme from a business point of view. The report was presented in Brussels today, ahead of the official report on the NRPs to be released by the European Commission on Wednesday.

Pierre Simon, President of EUROCHAMBRES, said: *"The Reform Programmes proposed are disappointing. Against an EU economy improving slightly, limited results of the Lisbon Strategy over the first five years and continued progress of our international competitors, the Member States should have given a serious and ambitious response. Instead, what we see is mostly a 'cutting and pasting' of existing programmes. We urge governments to be bold in their economic ambitions, if we want to improve the economic situation rapidly and effectively."*

Mr Simon continued: *"The onus is on all to improve these plans. The Member States must reflect on whether they seriously expect the delivery of such limited plans to make a real dent in the 18½ million Europeans that are unemployed, and the Commission and European Parliament must highlight the deficit between our significant needs, and insufficient response."*

According to the assessment, governments have made a good analysis of the challenges facing the economy and business situation overall. However, Chambers believe that the NRPs will lead to a moderate improvement only and will not result in radical reforms.

The limited expectations are true for the macro-economic situation and factors related to business competitiveness. Some examples:

- **Growth:** 80% of Chambers believe the NRPs will bring a slight improvement in economic growth rates. 12% of respondents expect the situation to improve considerably. 8% think nothing will change;
- **Employment:** 17 out of 25 Chambers expect only a moderate increase in employment. 6 Chambers fear that no improvement will occur, or even expect a decline;

page 1 of 2

EUROCHAMBRES has member organisations in 44 countries representing a network of 2,000 regional and local Chambers with over 18 million member companies.

- **Labour market:** 40% of the respondents do not expect any developments in the matching of labour market needs and increased flexibility of the labour market as a result of the NRPs. 15 Chambers believe the situation will improve slightly. Only one Chamber anticipates considerable improvement.

EU – US competitiveness gaps: Europe still living in the ‘70s

One year after EUROCHAMBRES’ study “A comparison of European and US economies based on Time Distances”*, updated figures show Europe slipping further behind.

The time lags for employment and R&D investment per capita both deteriorated by one year, bringing Europe respectively 26 and 24 years behind the US. The time lag for income and productivity per employed remained unchanged: the current EU performances for these two factors were already achieved by the US in the 1970s. Only the time distance for productivity per hour improved by one year, bringing the EU 4 years behind the US.

Mr Simon commented: *“These alarming figures should wake up Member States from their torpor! Europe needs more ambitious plans: it needs Member States to agree a budget that supports research, competitiveness and innovation programmes rather than a budget that cuts them. We need agreement on the Services Directive and Patent Directive. We need genuine flexibility across the labour markets. Above all, Europe needs real political leadership, brave enough to tackle serious challenges with serious reform programmes. Chambers commit to give their full support in this respect.”*

* The study, published in March 2005, was carried out by Pavle Sicherl, Professor of Economics at the Ljubljana University and Founder of SICENTER, on behalf of EUROCHAMBRES.

EUROCHAMBRES’ assessment of the National Reform Programmes can be downloaded from www.eurochambres.be

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