

PRESS RELEASE

EUROCHAMBRES Study: **US economy ahead of EU by at least 20 years!** **4 point plan to European leaders to reflate economy**

According to EUROCHAMBRES, the Association of European Chambers of Commerce and Industry, the economic performance of the EU is about 20 years behind that of the US. A study* presented by the business organisation at its pre-spring summit Business Forum in Brussels today compares the EU to the US in terms of GDP, R&D, productivity and employment by “time distances” between the two regions and forecasts how many years the EU will take to catch up with the US, and under what conditions of growth.

Commenting on the results, Arnaldo Abruzzini, Secretary General of EUROCHAMBRES, said: *“The US has a clear economic time lead, even increasing it after 2000. The current EU levels in GDP, R&D investment, productivity and employment were already reached by the US in the late 70s/early 80s. Even the most optimistic assumptions show it will take the EU decades to catch up and this only if there is considerable EU improvement. European leaders must set a clear signal in favour of the economy at the Spring Summit!”*

The time-lags for the various key indicators are as follows:

- **Employment:** Europe’s employment level for 2003 was achieved by the US in 1978. It will take the EU until 2023 to reach US levels of employment, and then only if EU employment growth will exceed that of the US by 0.5% p.a.
- **R&D:** Europe’s R&D investment for 2002 was achieved by the US in 1979. It will take the EU until 2123 to reach US levels of R&D investment, and then only if EU investment will exceed that of the US by 0.5% p. a.
- **Income:** Europe’s income for 2003 was achieved by the US in 1985. It will take the EU until 2072 to reach US levels of income per capita, and then only if EU income growth will exceed that of the US by 0.5% p. a.
- **Productivity:** Europe’s level of productivity for 2003 was achieved by the US in 1989. It will take the EU until 2056 to reach US productivity rates per employed, and then only if EU productivity growth will exceed that of the US by 0.5%.

page 1 of 2

*All findings/graph p.2 from EUROCHAMBRES’ publication “Time for a fresh start – But time is not on our side. A Comparison of European and US Economies Based on Time Distances” March 2005. All research by Pavle Sicherl, Professor of Economics at the Ljubljana University and Founder of SICENTER (Socio-economic Indicators Center, www.sicenter.si), on behalf of EUROCHAMBRES. The publication can be downloaded from www.eurochambres.be

EUROCHAMBRES has member organisations in 43 countries representing a network of 2,000 regional and local Chambers with over 18 million member companies.

EUROCHAMBRES' requests to the Spring Summit

Mr Abruzzini said: "We expect the Summit to support strongly the priorities of growth and jobs. The Summit must show real political dedication to achieving 3% growth per annum in order to create an additional 10,000,000 jobs over the coming 5 years. Prime Ministers should take personal responsibility for delivering on Lisbon and must introduce National Action Plans to be reviewed annually. Further, a sufficiently financed European communication strategy *in tandem with* national activities has to be implemented."

EUROCHAMBRES proposed 4 points of focus for the Summit leaders:

1. FOCUS ON THE CORE PROBLEM – THE ECONOMY

Reviving European economies must be the Summit's overarching priority. Real sustainable development, preserving our social models and environmental development, requires the Lisbon Strategy to rebalance towards the economy.

2. SUPPORT THE PRIORITIES OF GROWTH AND JOBS

- Do not pass new legislation that puts our businesses at a competitive disadvantage.
- Create an entrepreneurial environment – flexible and rewarding for risk-takers.
- Implement, enforce and finalise the internal market.
- Ring-fence money for R&D, education, competitiveness in the financial perspectives.
- Increase the flexibility of the Stability Pact - but do not damage its foundations.
- Make real progress towards concluding the WTO Doha Round.

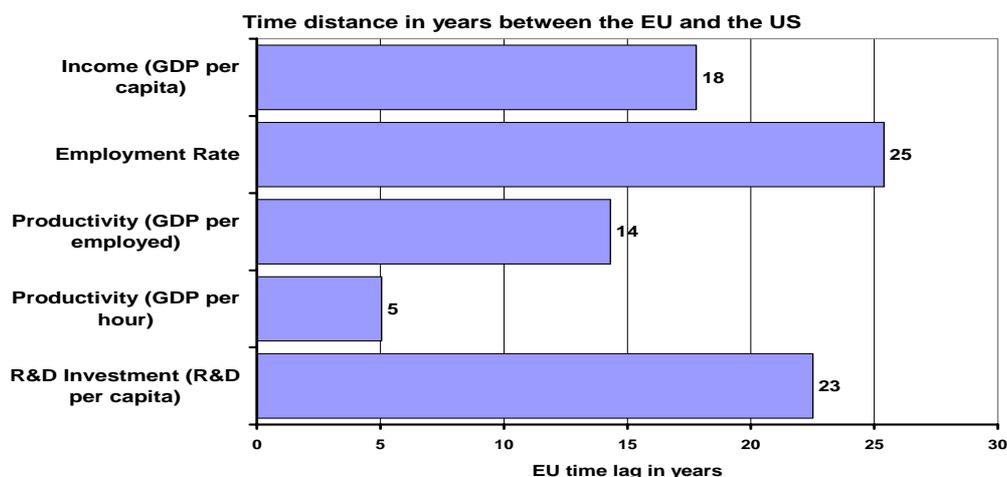
3. PRIME MINISTERS SHOULD TAKE RESPONSIBILITY

Introduce national action plans, take personal responsibility for delivering real economic growth and strengthen the Competitiveness Council.

4. COMMUNICATE THE URGENT NEED FOR CHANGE

Finance a communication strategy to clarify the economic and demographic challenges facing us, and to instil a real sense of urgency and willingness for change among citizens, administrations and businesses.

Time distances in years between the EU and the US



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