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PRESS RELEASE

EUROCHAMBRES study:

EU economic growth insufficient to compete globally and reach Lisbon targets. Spring Summit must invert trend.

Despite the current economic upswing, the EU is still losing ground vis-à-vis its global competitors – in particular with its current level of investment in R&D already reached by the US almost 30 years ago. Also, the EU is on the wrong path to reach the Lisbon goals, being 3.4 years too late with regard to the target 70% employment rate by 2010.

These are some of the findings of a EUROCHAMBRES study comparing EU and US economies in terms of time distance, and forecasting how many years the EU will take to reach the Lisbon goals, and under what conditions of growth.

Commenting on these figures, Pierre Simon, President of EUROCHAMBRES, said: *"We do acknowledge that the EU is experiencing a period of sustained economic growth, and that Member States have improved their performance with regard to several economic indicators. However, the results of our study are alarming, and we should beware complacency."*

"The EU would need monstrous yearly performances to reach the current US levels by 2010. We call on political leaders, gathering in Brussels this week, to reinforce the focus on growth and jobs, and to take advantage of the favourable economic upturn to suggest radical structural reforms."

The study is a follow up to EUROCHAMBRES' first study on "Time Distances", published in 2005. In two years' time, the gap EU-US has widened for all economic indicators:

- **Income** (GDP per capita). The current EU level for income was achieved by the US in 1985. Since the first edition of the study, the time gap has increased by 3 years;
- **Employment and R&D**. Both the current EU levels for employment and R&D investment per capita were reached by the US in 1978. (+3 years and +5 years respectively);
- **Productivity** (GDP per employed). The current EU productivity level was achieved by the US in 1989 (+3 years).
- The current EU level of **Internet users per capita** was reached by the US in 2002. The gap for this indicator was assessed for the first time in this edition of the study.

The study also suggests that the EU GDP per capita should grow by more than 8% annually to reach the 2005 USA level by 2010. And with regard to the Lisbon targets, Europe is well below the ideal path needed to achieve them.

EUROCHAMBRES – The Association of European Chambers of Commerce and Industry represents 46 members, a European network of 2000 regional and local Chambers with over 19 million member enterprises in Europe.

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Based on these findings, EUROCHAMBRES puts forward the following recommendations to the Spring Summit on 8-9 March:

Internal Market. Mr Simon said: *"More effective infringement procedures are necessary to ensure that the rules are applied consistently and fairly across the EU. Also, it is necessary to improve the use of business impact assessments throughout the whole process and to look at the creation of an independent controlling body."*

Innovation. *"The Council should support the setting up of a largely autonomous European Institute of Technology (EIT). The EIT will generate enthusiasm in the business, research and academic communities where it shows there will be a clear added value for all. SMEs must be included in all steps of this European symbol of excellence in innovation."*

Europe's Social Model. *"We strongly urge the Spring Council to modernise European thinking on what constitutes the 'European Social Model'. In this respect, we fundamentally object to the closed nature of the existing Tripartite Social Summits. It is not correct that general economic issues – as included within the Lisbon process – should be discussed by a very limited group of European 'social partners'. Economic and social should go together, and as Chancellor Angela Merkel says: 'There is no solidarity without growth'."*

Better Regulation. *"The Commission has announced ambitious targets for better regulation over the next three years. EUROCHAMBRES welcomes this effort. Yet, to date, only a handful of Member States have set clear targets and designated structures for improving regulation. We need a genuine commitment from all Member States."*

Energy. *"European Chambers support the unbundling and urge the Council for an ambitious programme on energy efficiency with a long-term commitment to reduce greenhouse gases. Also, the Council should include practical measures in the Action Plan it is about to endorse, which remove obstacles to the deployment of climate-friendly technologies and aim at optimizing promotion schemes in a cost-effective way. This will contribute to innovation and help to harness the export potential of these technologies."*

International Trade. *"The WTO recently acknowledged the crucial role of the EU in the multilateral trading system. European leaders have to live up to these expectations, and must give their contribution to revive the Doha Round and conclude it successfully as soon as possible."*

EUROCHAMBRES' second "Time Distance" study can be downloaded from

http://eurochambres.eu/PDF/pdf_Lisbon/070305-TimeDistanceStudy2.pdf

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