

Europe remains decades behind the US and BRICs are catching up fast

The 2009 growth forecasts presented today by the European Commission confirm the scale of the global recession. The picture is even gloomier for the European Union, which continues to lose ground on its global competitors, as the latest edition of EUROCHAMBRES' annual "Time-distance study" reveals.

The study – which compares the distance between the main global economies in terms of years – confirms that the EU27 still lags well behind the United States, while the gap with so-called BRIC countries (Brazil, Russia, India and China) remains significant, but is narrowing dramatically.

EU-US: a three-decade gap and no progress in sight

The EU27 is lagging behind the United States for all key economic indicators (GDP per capita, productivity, investment in R&D) by an average of 24 years. This means that the current performance of the EU for these indicators was already reached by the US in the 1980s. Investment in R&D is the worst indicator, with the current level of European investment in research and development having been attained by the United States 30 years ago.

If the growth rates presented today are confirmed in the long term, the EU will only catch up with the current level of US GDP per capita in 2047.

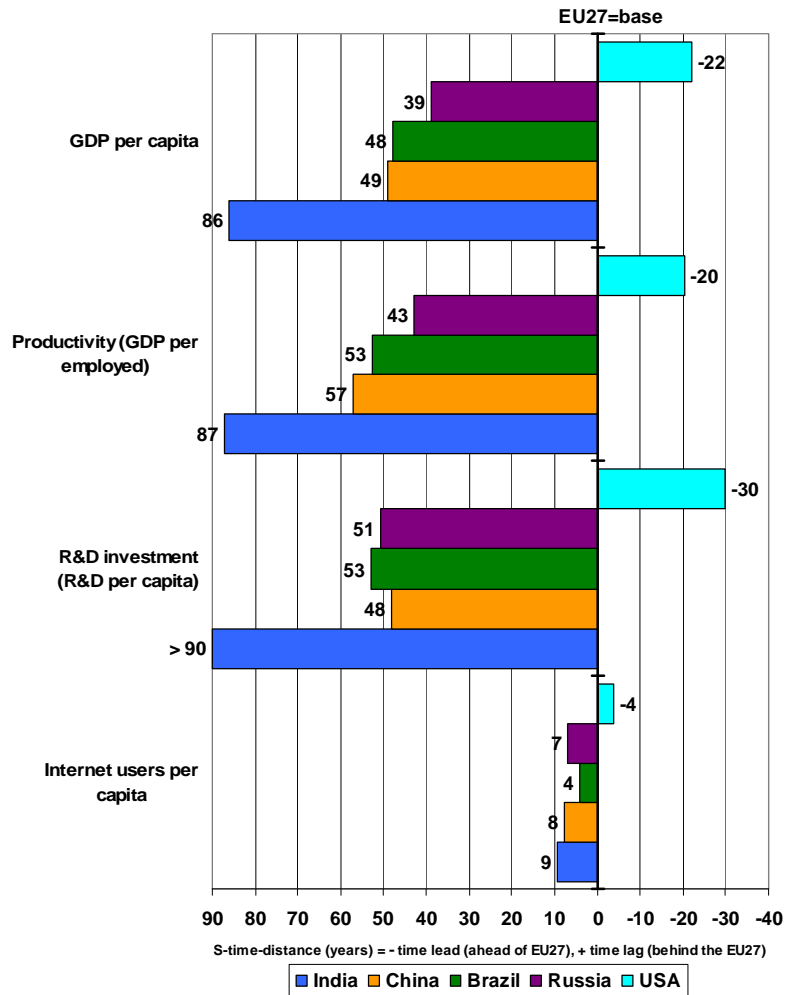
EU-BRICs: gap is wide, but narrowing steadily

The EU remains well ahead of all BRIC countries for every economic indicator, although to varying degrees. Russia stands on average 35 years behind the EU, Brazil nearly 40, China just over 40 years and India 68 years. Yet, the high growth rates of these countries – which remain well above the EU's growth even in times of crisis – are progressively closing the gap.

Russia is the closest to catching up with the EU27 GDP per capita value, followed by Brazil and China. If the current differential between EU and Chinese growth remains around 10%, China could reach the current level of EU GDP in 2020!

Arnaldo Abruzzini, Secretary General of EUROCHAMBRES, said: *"These figures tell us that if the EU is to maintain and enhance its global competitiveness, it must put in place not only a short term strategy to exit the recession, but also long-term structural reforms. Time is not on our side...we cannot afford to delay any longer much needed investment in R&D and skills. Policy makers must provide businesses with the right framework conditions to drive Europe's recovery and future growth."*

Time-distance in years between EU27, USA and BRIC countries



Today's European Commission economic forecasts confirm this scenario

The 2009 edition of EUROCHAMBRES Time-distance study can be downloaded from www.eurochambres.eu/content/default.asp?PageID=1&DocID=1792

Further information: Mrs Birgit Arens, Tel. +32 2 282 08 57, arens@eurochambres.eu
 Press contact: Ms Guendalina Cominotti, Tel. +32 2 282 08 66, cominotti@eurochambres.eu
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