

PRESS RELEASE

**EUROCHAMBRES CONGRESS 2004 opens in Vienna:
Chambers urge political leaders to speed up reforms
and present “5 (3/1) = 10” Lisbon formula**

At the opening of EUROCHAMBRES' Congress in Vienna today, EUROCHAMBRES' President Christoph Leitl launched a direct appeal to political leaders at European and national level to implement and speed up economic and social reforms in order to increase economic growth and stimulate employment in the EU.

Mr. Leitl said: *“The fact that the EU is still losing competitiveness compared to the leading economies of the world, has been one more time confirmed by the recent Global Competitiveness Report of the World Economic Forum. With a growth in EU 25 of only 2.3% in Q2 this year which is half as much as in the US or Japan and 19,3 million unemployed Europe’s political leaders need to correct this untenable situation and make a fresh start. We demand that our politicians pay more than lip service to reform and act with the formula “5 (3/1) = 10” in mind. This formula seeks to explain the Lisbon targets in an easily remembered and recognizable way. It stands for an economic growth rate target of 3% leading to 1% additional employment per year for each of the next five years leading to 10 million new jobs by 2010.”*

As key actions with a big leverage effect to spur sluggish growth Mr Leitl stressed:

- Member States must implement the previous Kok Group recommendations in ‘Jobs, Jobs, Jobs’ as well as taking on board the new Kok Group report.
- European business must regard enlargement as the opportunity it is, and profit from the increased market, increased workforce and increased impetus.
- The need for modern and efficient public governance, leading to appropriate and balanced legislation and a minimization of regulation.

Siim Kallas, Vice President – designate of the European Commission, highlighted the need to modernise Europe. Mr. Kallas said: *“The enlarged Europe will have to be a new Europe. A modern Europe. This call for modernisation relates to Union-wide economic policies. We need to modernise our governance structures to reach the targets set in Lisbon in 2000 and proposed in the draft Constitutional Treaty. Modernisation is just as important for public administrations as it is for business and the economy.”*

Inflexibility of labour markets make Europe uncompetitive

Mr Leitl said that he looked forward to the Lisbon mid-term review by the Wim Kok Group which will be published at the beginning of November and that he expected “*some very practical and sensible suggestions*”. However, the decisive point would be the implementation of the recommendations.

He referred to the previous report “Jobs Jobs Jobs” produced by Wim Kok and criticised the lack of action by Member States. Mr Leitl said: “*What happened to that report? How fast has the response been to implement the recommendations made? Maybe some improvements have been made – but given an unemployment rate of 9 % in the EU - it is too little too slowly. We need to act on the recommendations of that report, such as end unemployment, inactivity and low-pay traps by adjusting the balance between tax and benefits, to set up and develop temporary work agencies and effective intermediaries in the labour markets, to remove obstacles to part-time work for employers and workers and much more*”.

“Europe cannot compete or succeed unless these - and other - labour market issues are addressed properly and comprehensively. Whatever recommendations Mr Kok makes in November, we should insist that his earlier recommendations are also acted upon by the Member States!”

Enlargement needs follow up in Communications

For Chambers the enlargement of the EU is an unparalleled opportunity in terms of Europe’s competitiveness with its significantly increased internal market, huge overall workforce and fresh ideas. However, it brings also challenges.

Mr Leitl said: “*The next step forward for the future of Europe is the ratification of the Constitution by the parliaments of the Member States. In this regard, enlargement and the proposed constitution must be supported and ‘sold’ to the public at large. Citizens must be shown the benefits. They must understand the opportunities, and also understand the threats of decision-making stagnation should the constitution fail. Politicians – both national and European - must lead this fight. With regard to communications, the Commission must also play its part – by ensuring that sufficient budgets and resources are made available to bring ‘Europe’ closer to the people.*”

Mr Leitl also highlighted the role Chambers are willing to play in this respect. “*Chambers will ensure that the economic message is made clear to the business communities and we will continue to develop the extensive services we already offer to help companies export and grow*”, he said.

FURTHER INFORMATION: Mr. Arnaldo Abruzzini, tel.: +32 2-282 08 52, abruzzo@eurochambres.be
PRESS CONTACT: Ms. Tosca Purr, tel.: +32 2-282 08 53, purr@eurochambres.be

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