

PRESS RELEASE

New study shows that Europeans reap substantial and tangible benefits from globalization.

Further exploitation of globalization's gains could result in over €5,000 in additional income annually for every EU household¹

Feb 28th 2008: "Globalization & Europe: Prospering In the New Whirled Order", a study to be released in Brussels, is an objective and factual look at how globalization is affecting Europe's consumers, workers, businesses and governments.

Commissioned by the Executive Council of AmCham EU from Daniel Hamilton and Joseph Quinlan of the Johns Hopkins University, the study shows that the net gain of globalization to Europeans is large and unambiguous. It asks, and answers the questions on what Europe's governments, businesses, consumers and workers can do to ensure that globalization brings even more positive benefits to us all.

European Commission President José Manuel Barroso said: *"I very much welcome this study under the auspices of the American Chamber of Commerce, whose work has over many years contributed much to economic and commercial relations between the European Union and the United States. I am especially pleased that this study confirms with objective and quantified data that the right approach to shape and respond to globalisation is to build an integrated and open Europe, socially and economically dynamic - and highly competitive"*.

Over the past 10 years, the EU economy has created 18 million more jobs than it has lost. The EU remains the largest exporter in the world: its share increased from 40.8% in 2000 to 41.7% in 2006. And consumers are the biggest winners from globalization enjoying lower prices, greater availability and variety of products, and lower interest rates. The effects of globalization on Europe's work force have been more uneven - though European incomes, wages and employment rate are all higher today than fifteen years ago

Mark Spelman, Chair of AmCham EU's Executive Council and Accenture's Global Head of Strategy says: *"Europeans have reaped substantial and tangible benefits from globalization but there is scope to gain even more."* Europe can use its unique comparative advantages to further gain in the global marketplace. Europe is the world's largest exporter, so begins in a position of strength. Mark Spelman adds: *"the dynamic emerging economies in Eastern Europe have been an important catalyst of growth for the whole of the EU"*. Many jobs that could have been located in Asia are being located in Central Europe, providing substantial logistical and cost benefits for European companies. This is particularly evident with semi-finished goods. Growing prosperity is surrounding Europe, offering a fast growing market for European goods. According to the authors, Daniel Hamilton and Joseph Quinlan, *"Globalization has allowed Corporate Europe to tap a growing variety of accessible emerging markets through investments, trade and access to skills and technology"*.

¹ The EU Economy 2005 review – ECFIN (2005) REP 55229-EN

The report highlights that there have been both gains and pains from globalization. Europe will need to continually increase its competitiveness which requires an innovating environment with skilled workers. Improvements in European living standards are likely to come less from manufacturing than from knowledge-intensive services, requiring skilled workers. Mark Spelman adds “*there is a global war for talent and Europe must enhance the size and skills of its employable population to remain competitive*”. Skill sets required by employers are changing and Europe’s own workforce is getting smaller and older. Europe is failing to attract skilled migrant workers - 5% of skilled labor from developing countries comes to the EU whereas 55% goes to the United States. The impending skills shortage could cost the German economy \$27 billion a year (1% of GDP).

Mark Spelman concludes “*The speed and pace of globalization requires Europe to focus more attention on creativity, and high value innovation in a low carbon economy. Increased levels of investment in R+D from both the private and public sectors combined with a more dynamic venture capital sector will be critical to building more world class businesses in Europe*”.

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- A pre-publication draft of the study is available at <http://www.amchameu.be/Pubs/globalizationeuropeFINAL.pdf>

Notes:

AmCham EU is the voice of companies of American parentage committed to Europe towards the institutions and governments of the European Union. It aims to ensure a growth-oriented business and investment climate in Europe.

AmCham EU’s Executive Council is a group of senior executives responsible for the European operations of companies of American parentage, who drive for the continuous improvement of Europe’s global competitiveness through targeted dialogue at the highest levels with senior policy-makers.

Daniel Hamilton is the Richard von Weizsäcker Professor and Director of the Center for Transatlantic Relations at the Paul H. Nitze School of Advanced International Studies (SAIS), Johns Hopkins University.. He is a prolific author, media commentator, and principal adviser to the Congressional Caucus on the EU. **Joseph Quinlan** is a leading expert on the transatlantic economy and well-known global economist/strategist on Wall Street. He also is a Fellow at the Center for Transatlantic Relations, the Paul H. Nitze School of Advanced International Studies (SAIS), John Hopkins University and a non-resident Transatlantic Fellow with the German Marshall Fund.