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NEWS RELEASE

Brussels, Belgium, 23rd March 2004

EUROPE LACKS COMPETITIVENESS AND COHESION *Inaugural European Competitiveness Index Published*

The *European Competitiveness Index (ECI) 2004* is released today at a press conference in Brussels, ahead of this week's European Union Summit. The *ECI* is Europe's first national and regional index of competitiveness and has been produced by Robert Huggins Associates, the UK-based economics consultancy and think-tank, and the founders of the *World Knowledge Competitiveness Index* and the *UK Competitiveness Index*.

The *ECI* consists of a composite measure of a large basket of indicators relating to economic performance, creativity and the knowledge economy, and infrastructure and accessibility. The index covers all current European member states and regions, as well as Norway and Switzerland.

Switzerland heads the **national** *European Competitiveness Index*, followed by (2nd) Luxembourg, (3rd) Norway, (4th) Denmark, (5th) Finland and (6th) Sweden, with the Netherlands (7th) and Germany (8th) also well above the European average – SEE TABLE 1 FOR FULL RANKINGS. Switzerland's position at the top of the national rankings is confirmed by high scores for overall economic performance and investment in the knowledge economy.

The European Competitiveness Index's sub-composite measure of national creativity is also dominated by the Scandinavian nations – Finland (1st), Norway (2nd), Sweden (3rd), and Denmark (4th) This clearly indicates that they are reaping the rewards from long term investment in R&D, education, high growth innovative companies and infrastructure.

At the top of the **regional** *European Competitiveness Index* are (1st) Uusimaa (Finland), (2nd) Stockholm (Sweden), (3rd) Brussels (Belgium), and (4th) Ile de France (France). The bottom ranked regions are (91st) Kentriki Ellada (Greece), (90th) Sur (Spain), (89th) Voreia Ellada (Greece), and (88th) Centro (Spain) – SEE TABLE 2 FOR FULL RANKINGS.

The *ECI* report states ‘that a major competitiveness gap exists between the best and poorest performing regions, and that this gap will continue to grow unless a more cohesive approach to regional development is undertaken at an EU level.’

The benchmarking undertaken by the *ECI* finds evidence that the aims of achieving both a competitive and cohesive Europe, even before enlargement, are working in contradictory directions.

According to Dr Robert Huggins, Chief Executive of Robert Huggins Associates, ‘Europe’s competitiveness is becoming increasingly underpinned by a number of super-regions - Uusimaa (Helsinki), Stockholm, Brussels, Ile de France and Hamburg. These star performers are pulling away from the pack, and it is no coincidence that they are also the drivers of Europe’s knowledge creation and utilisation. However, it is the gap in knowledge and creativity that is the most pronounced across Europe’s regions and nations’.

Regarding the future of Europe’s least competitive regions, the *ECI* report states ‘a lack of capacity in the main drivers of economic development, such as the availability of both knowledge and investment, plus an inability to retain their human capital, suggests that these regions will continue to lag if current trends continue’, and according to Huggins ‘many will undoubtedly become rapidly surpassed by the some of the more competitively ambitious regions from the new member states.’

The Lisbon objective of establishing the EU as the world’s most competitive knowledge-based economy is clearly faltering, with the European Commission stating in its recently released 3rd Cohesion Report that ‘the implementation of the Lisbon agenda has been disappointing’.

Dr Huggins argues that this ‘strongly suggests that there are problems – particularly within those regions in receipt of EU Structural Funds – in establishing policies and initiatives that effectively help build a knowledge and innovation-based environment. The European Commission has clearly stated that it is seeking revisions to the Lisbon strategy at the EU Summit this week, with two if its three priority areas for action being improving investments in knowledge and networks, along with strengthening competitiveness in industry and services.’

‘This is crucial, since we have to better recognise how knowledge is created and commercialised in order to improve the competitive advantage of the EU. In particular policymakers throughout the EU must be wary not to simply imitate North American-style economic development, which has developed an unhealthy over-fixation with ICT and biotechnology sector building, more and more of which is being stripped to offshore locations’ concluded Huggins.

Notes to Editors

Copies of the full Report are available in PDF and Hard Copy – as well as a European Competitiveness Index 2004 Benchmarking CD-ROM - from Robert Huggins Associates at a retail price of GBP £70.00. Orders can be placed at www.hugginsassociates.com

Robert Huggins Associates is Europe's foremost research house in the field of international and regional competitiveness.

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