



## **EUROCONFERENCE**

### **The Challenge of Change in EU Business Associations**

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Chairman,

Ladies and Gentlemen,

I am very pleased to have the opportunity to take part in this conference whose main aim is to define “the challenges of change in EU business associations”.

This title contains many obvious questions which need to be answered. What challenges? What change? Which associations? You know that my experience at European level is limited because I have only been at the head of UNICE since the start of this year. I would like to point out straightaway that the European Voice was right to say in its first comments about me saying that I had no experience of running a business. My entire career has been dedicated to APMIA or what became AGORIA, a Belgian federation bringing together many sectors of the technology industry. A very broad, international organisation that I had the honour to head for almost fifteen years. The philosophy of AGORIA can be described as follows:

- managed like a business, i.e. as a function of objectives, with the available resources and with a good management team. The one-man show is not the most effective system;

- progressively adapting to sectoral changes and, above all, since we are in Belgium, to institutional changes;
- at the service of its members, by listening to their concerns and, in the areas covered by the federation, by anticipating new trends and sources of change and informing members accordingly;
- based on centres of competence with specialists who excel in their own areas.

Clearly, this is only an outline but, in practice, this resulted in definition of a charter, creation of a mission statement, and in description of a medium-term vision with specific action programmes and budgetary objectives.

In many respects, the European organisation is very different because it has to operate in different contexts.

Even if European integration continues – as happily it does – in terms of both depth (single market) and breadth (new member states) the European Union is not all-powerful and cannot be run like a state. Major decisions tend to be taken by national governments in the Council. European institutions such as the Commission or the Parliament do not legally have a clearly defined government programme defined with the support of a majority against an opposition.

I draw two conclusions. The first is that, in order to put in place pro-active action in favour of companies with any chance of success, it is essential constantly to combine European action with action deployed at the national level. The second conclusion is that European action is complicated and therefore difficult since, rather than just trying to gain the ear of a minister, it is

necessary to try to convince the Commission as a whole; rather than dealing with a parliamentary majority, it is necessary to attempt to work out how and in which direction the European Parliament will vote on any given legislative text.

After these few preliminary remarks, let us turn to UNICE, which brings together 34 national confederations from 27 European countries. It is interesting to note that, since its inception, this organisation has been organised on a wider basis than the Community as it was then and the Union now. With progressive enlargements, there have been differences in territorial reach, but this has clearly also had effects on decision-making.

UNICE is the “Voice of business in Europe”. That is true, that is perceived as such, that is even recognised in some Treaty texts.

But in Brussels there are many voices which speak on behalf of companies – that is my experience as I have moved up to the European level.

First of all, most of UNICE’s members, either through a delegation in Brussels or through their central organisation. Numerous sectoral organisations, some very specialised and most well organised. There are organisations representing small business and public undertakings. There are round tables of business people, think-tanks which are close to business and, lastly, the public European affairs staff of dozens of European and other multinationals.

The question that the strategist must ask against this background is as follows: what are the results for companies of the actions carried out by all these lobbyists – whose number I estimate to be more than one thousand professionals?

Yet, there is an urgent need for this to be broadly positive, since the European Union increasingly influences the development of companies.

It is said that 70% of the rules that affect business are European in origin, that 80% of Community provisions affect the economy and the social situation in the wide sense, and that 90% of all European decision-makers have had no experience of work in the private sector.

This means that the role of business representatives at European level is crucial in terms of representativeness, in terms of priorities and in terms of effectiveness.

What will be UNICE's mission in the future? A programme of reforms has been put in place which sets priorities and which sets out to redefine the organisation's mission. We have discussed this work together, since the mission must determine the organisation's overall vision and action. The mission statement of an organisation must comprise the elements which justify its existence and determine its objectives.

Without wishing to anticipate the results, I would like to see UNICE have a dual role, that which "contributes to the establishment of a policy that favours economic growth and the development of business in Europe: UNICE as the voice of business in Europe". But also that which "coordinates and, together with member confederations, follows up national implementation of European legislation: UNICE as the voice of European business in the Member States".

The structural reforms decided enthusiastically in Lisbon and Barcelona will have positive effects for the single market only if they are put in place in each Member States. Hence, we need to act simultaneously in Brussels and in

each national capital. Joint action with our members will be the factor for success. The mission will have to take account of the following elements:

- ***UNICE is a member driven organisation***
  - To be representative for our affiliated national confederations
  - To be a centre of contact by establishing and implementing networks at the European level, in cooperation with our national confederations
  - To find out and to provide our member federations with professional information on the European policy issues which affect business
  
- ***The Voice of Business in Europe so that the value of enterprise supports widespread support***
  - The voice of business in Europe, not only for our national members, companies, the European institutions and various EU bodies but also for media and public
  - Actual information by the regular dissemination of position papers, economic forecasts and surveys of business trends
  - Active participation at conferences and other networking opportunities enabling members to debate European policy with those who make it
  
- ***A competence centre for European affairs***
  - To monitor pro-actively the European legislative process and to guarantee business knowledge in European legislation by providing expertise to the European institutions so that policies and legislative proposals which affect business in Europe take account of companies needs

- To be more than a secretariat
- To work out agreements as a social partner within the social dialogue, enshrined in the Treaty on the European Union

UNICE's reform project has rightly defined the main priorities in "broad definitions but precise enough to focus the political action of our organisation:

- **Entrepreneurship: "economic and social progress through enterprise"**

The values of enterprise and risk-taking are less prized in European societies than in other western economies. Yet no economic or social progress is possible without wealth-creation through enterprise.

- **Flexibility on the labour market: "more jobs for more people"**

The strategic objective of the EU to raise employment rates in Europe to levels comparable with the US will not be achieved unless labour markets are made more flexible, labour costs lowered and education and training systems adapt to requirements of employability in the market place, especially in sectors characterized by technological and IT skills.

A change of mentality is needed, starting with the individual as an employee, with regard to the balance between security and employability, individual responsibility for training and skills updating, remuneration risks and rewards, and mobility both professional and geographic of the labour force.

- **Rolling back the role of state: "creating space to do business"**

Despite considerable progress over the last ten years or so in public sector reforms, privatisation and deregulation – including through creation of the European single market – the role of the state in European economies remains significant. Public expenditure and taxation are higher, averaging

40% of GDP, than in the US, incentives and rewards for risk-taking and private initiatives are less and economic efficiency is reduced.

### - **Communication**

Not only external but also internal communication

UNICE is expressing the needs of business in Europe. We have to communicate our views and activities both at Brussels and national level.

This means also structural requirements: who is the face of the organisation; in particular these are the President, the Secretary General and the Press Officer; for specialised matters the director in charge.

A mission statement must also refer to some believes what is – to see it as a old fashioned terminology – the ideology and the culture we defend:

- European integration
- Market economy
- Free entrepreneurship
- Sustainable development
- Good governance
- Ethical business
- Solidarity

### **SO HOW DO WE SEE OURSELVES IN UNICE AS AN ORGANISATION?**

- We are more than a secretariat. As being an European competence centre we must be a force generating proposals for the members in order to prepare common views.

- We are more than one lobbyist, even if we accomplish regularly lobby actions, because we have to take responsibilities and be able to negotiate as a representative organisation
- We are an European organisation focused mainly on the EU policy but also broader than that due to our membership.
- We are combined European and national representative organisation. We are namely representative on the European scene because each of our member is representative of its own country.

To be able to be a fully agreed player on European level, in other words to be an element of the European governance, some criteria have to be fulfilled which are described in a recent position paper on the Commission white paper on this subject. Between others, following elements are important: represent collective interest, be capable to justifying to the actions to the members, be – demonstrably – independent of the public authorities also financially.

Finally, to be able to be the real voice of business in Europe we need to be part of a strong network amongst most of the European business representatives and of course in the first place with the branch organisation. In the XXI<sup>o</sup> Century networking has to be open, confident, multilateral, recognizing each others strengths.

As member of a network we have to work along informed links and exchange. It is not the “single voice” which is important, it is more the “Common Voice”. The network economy which is evolving a lot is based on the principle of COOPETITION, a combination of cooperation and competition. This can also be a model between the business organisations.

The means available all together are rather important and they will increase as there is an awareness in business circles that Europe becomes more influent and that the single market becomes a reality. I see even more and more larger European companies consider the European market fully as their home market. If that is the case for sure they will adapt their structures to become more European than an addition of 15 national subsidiaries.

If national organisations should still resist to act more European, they will be pushed in that direction by the larger companies.

When I look how UNICE and all its members react on the Lisbon process, how we were able to issue a common view – with one limited exception – on Crossborder Corporate taxation, I see it going into a good direction.

#### **WHAT ARE THE CHALLENGES FOR THE NEAR FUTURE?**

It is impossible to go into all details but the technological changes, the demographic evolution, the globalisation of investments, research and production are strategic evolution for all the companies. To be able to face that challenges a company friendly policy has to be put into place.

The European Union wants to become “the most competitive area in the world”. Therefore structural reforms are needed, a flexible labour market and a further evolution of the economic and monetary union.

The principle of the sustainable development becomes the centre of that policy where a balance between economical growth, social affairs and environmental issues have to be combined. In all these important dossiers only a clear and combined voice can achieve a successful action.

As you know, UNICE is the main voice of business in the Convention for the Future of Europe. That is important when it comes to the definition of the missions, values and tasks of the E.U.

Also for the description of the competences both at national and union level and certainly for the elaboration of the new institution and the role of each of the parts.

Speed and expertise in the decision making process is a final challenge. In the first intervention at the Convention, our President has set the lines for the concept of horizontal subsidiarity beside the “more classic” concept of the vertical repartition of competences.

Horizontal subsidiarity means that in a lot of areas that fall under the competences of the EU there is the need for access if the objectives of the proposed action could be achieved by other actors than the EU institutions.

This is certainly the case in Social Affairs with the social dialogue which is mainly a task of the social partners.

But this can also be recognised for other important issues such as consumer or environmental affairs and financial services. The co-regulation or the self-regulation principles make it possible to have better rules which can be faster implemented and in a way where all the stakeholders take responsibilities.

This way will increase the role of European business associations by giving them a pro-active role in finding solutions which are more positive for the industrial activities.

The European Union is an ongoing process which is complicated by nature because of the evolution. The tasks of European business associations are going along the same lines: “modify or mummify” is the way we have to look at it. It is certainly the way I am looking at it.