

14 June 2000

UNICE MESSAGE TO THE EUROPEAN COUNCIL IN FEIRA , 19-20 JUNE 2000

In view of the next EU summit, to be held in Feira, on 19-20 June, UNICE's Council of Presidents calls on heads of state and government to:

- press ahead with implementation of the Lisbon agenda for economic and structural reforms, which are the key to raising our growth potential, strengthening competitiveness and increasing market confidence in the value and stability of the euro; and
- give a clear strategic direction to the Intergovernmental Conference, without which negotiations risk running into deadlock and delay the enlargement process significantly.

EU must speed up economic and structural reforms

In Lisbon, European leaders have set themselves an ambitious agenda to make the EU the world's most dynamic and competitive area over the next decade. UNICE welcomes this commitment at the highest political level which must now be followed swiftly by concrete actions to complete the single market and especially to increase efficiency and flexibility of Europe's labour and capital markets. With economic conditions improving in many Member States now is the time to implement the necessary changes to restructure public spending policies, reduce public debt, deficits and excessive tax burdens and adapt social protection systems to the challenge of Europe's ageing population. Consistent pursuit of these strategic objectives will enhance credibility of the Lisbon commitments and help to make the EU business environment more attractive in the global marketplace.

The Intergovernmental Conference

Institutional reform is a prerequisite of EU enlargement. The IGC should focus clearly on reforms needed for the EU to function in an effective, transparent and consistent manner with a greatly expanded membership. Negotiations should be concluded by the end of this year and the agreed reforms should be in place by 2002. Though candidate countries must also meet other conditions before accession, if this timetable is allowed to slip enlargement will certainly be delayed.

Post-enlargement, the key institutional issue will be the ability of the EU to take decisions at all and deliver results, particularly in areas currently reserved for unanimous agreement of Member States. UNICE supports extension of qualified majority voting (QMV) to certain important areas for business, notably in relation to the functioning of the single market and international trade.

QMV should become the rule for:

- implementation and simplification of adopted tax measures, on a case-by-case basis, particularly in the area of value added taxation, and measures to eliminate double taxation, discrimination and cross-border tax obstacles to the four fundamental freedoms. However, any new policy initiatives, including decisions concerning harmonisation of systems and rates of taxation, as well as environmental fiscal measures, should continue to be taken by unanimity. This approach would help to preserve sound tax competition conditions in the EU, which UNICE regards as essential;
- in the context of the common commercial policy, the QMV rule currently applicable to international negotiations and agreements on goods should be extended to services, intellectual property^(*) and foreign direct investment;
- adoption of specific measures in support of business competitiveness, entrepreneurship, innovation, research and technological development;
- implementation of measures to remove obstacles and to adapt national social security systems to the free movement of workers and self-employed persons in the single market. The unanimity rule should continue to apply to all other aspects of social policy which are currently included in article 137 § 3 of the Treaty.

Failure to break the current impasse on extension of QMV to some or all of these issues will inevitably lead to alternative and more flexible arrangements among groups of Member States, possibly outside the Treaty framework. This scenario could undermine the functioning of the single market and create new barriers to trade or distortions of competition; it is not, therefore, a solution which business can support.

Charter of Fundamental Rights

In parallel with the IGC process the European Council will also consider progress on the draft Charter of Fundamental Rights. UNICE supports the objective of making fundamental rights more visible and relevant to EU citizens. However, fundamental rights and political, social or economic aspirations must be clearly distinguished in order to avoid raising expectations that cannot be fulfilled by the EU. Rights must be balanced by obligations and the Charter must not transfer new powers or competences to the EU. Furthermore, whatever status is given to the Charter, it is essential that it should not lead to increased legal uncertainty. The application of the Charter should be strictly limited to the institutions and bodies of the EU.

(*) The Confederation of British Industry does not believe that qualified majority voting should be extended to agreements on intellectual property rights within the context of the common commercial policy.