

Stockholm summit (23-24 March 2001): Concrete steps towards a more competitive Europe

The aim of the Stockholm summit must be to maintain and strengthen the momentum created by EU governments in Lisbon last Spring, where the summit concluded with a list of targets, to *“make the EU the world’s most dynamic and competitive area, based on innovation and knowledge, able to boost economic growth levels with more and better jobs and greater social cohesion”*.

Member States enthusiastically embraced the goals and commitments of the Lisbon summit, yet despite progress in certain areas, there is a lack of evidence of achievement in others. In particular, whilst many of the Lisbon objectives require action in Member States, neither the latter, nor the European Commission, have tracked implementation at national level. The focus seems to be more on analysis than action. UNICE now calls upon EU governments to give a clear assessment of progress made, to identify and correct poor performance in certain areas, and to refocus, prioritise and recommit to the Lisbon targets where necessary.

The favourable economic climate in the EU provides an ideal moment for governments to restructure public expenditure, reducing public debt and excessive tax burdens. A sound macroeconomic environment will help to accelerate the pace of economic and structural reforms, which are necessary to meet the challenges of globalisation, enhanced competition and ageing European populations. In turn, improved competitiveness will contribute to sustainable development.

Development of the new economy requires dynamic and flexible markets. UNICE’s benchmarking report for the Stockholm summit (*“The ReNewed Economy: business for a dynamic Europe”*) looks at the critical factors for the development of the new economy and greater competitiveness in Europe. Many of these issues will be on the table at Stockholm, and Member States are urged to make good their promises: no less than the future of Europe’s competitiveness is at stake.

UNICE’s priorities for the Stockholm summit

1. Launching the euro and completing the single market

- ?? Business is concerned about the lack of awareness and public confidence in the euro. It is clear that the main messages about the benefits and implications of the euro are not getting through. Member States are urged, now, to step-up public awareness and information campaigns in order to ensure the successful introduction of the new currency.
- ?? Completion of the single market remains the key goal in order for European companies to operate and compete effectively cross-border. One of the most pressing needs is the completion of a single market for services, particularly

financial services; the key elements of the Financial Services Action Plan should be implemented by 2003. Member States should signal their willingness to move faster than the stipulated deadlines by endorsing the Lamfalussy report's suggestions for greater use of framework legislation. With regard to postal services, UNICE calls on Member States to fully liberalise all cross-border and direct mail services by 2003.

- ?? The introduction of the euro highlights the remaining legal and tax obstacles to the smooth operation of pan-European companies. Rapid adoption of a suitable European Company Statute, including an appropriate optional tax system, is of great importance, as is the creation of a single company prospectus, applicable in all EU capital markets, and liberalisation of investment rules for occupational pension funds, which will facilitate cross border investments.
- ?? Development of the new economy must be supported by an appropriate competition policy environment and a level playing-field within the single market. In this context, progress in reduction of state aid should be monitored, as agreed in Lisbon.
- ?? Regarding the competitiveness of Europe's energy supply, UNICE welcomes the fact that the Commission is preparing a new series of liberalisation measures for energy markets. Effective opening-up of electricity and gas markets should be achieved by 2004 at the latest. However, companies are concerned that the benefits of these measures could be negated by new tax penalties as a consequence of some of the guidelines set out in the Commission's green paper on security of energy.
- ?? The adoption of the so called "railway infrastructure package" by the Council and European Parliament is welcome, as it clears the way for liberalisation of international freight transport. Member States should implement the new directives as quickly as possible, and should make progress in the area of interoperability. The Swedish Presidency is encouraged to prepare the ground for a new railway package, completing the internal market in railway transport by liberalising national freight transport as well as passenger transport.

2. Creating a European information society

- ?? The "e-Europe" plan is critical for the development of Europe's Information Society. This theme is developed in UNICE's 2001 benchmarking report on the new economy. New information and communications technology offers great potential for business activity and job creating economic growth, yet barriers remain. The EU institutions can be congratulated on progress made in establishing a legal framework for electronic commerce and in unbundling the local telecoms loop.
- ?? For the telecommunications package, rapid adoption of the Framework and Access and Interconnection Directives should be given the highest priority. UNICE calls on the Council to endorse the proposals for transparency and consultation in the Framework Directive as essential to the development of pan-European services and a genuine single market. In order to maintain Europe's lead in key technology areas such as mobile communications, the Directive on Access and Interconnection should aim to apply the minimum level of regulation appropriate to such sectors.
- ?? The EU should also encourage Member States, using best practice principles, to provide an environment conducive to the effective roll-out of broadband

infrastructure as well as to ensure the rapid adoption of the generalised electronic access to public services. We would also urge the Commission to evaluate the auctioned UMTS licenses, and their impact on the future development and competitiveness of Europe's telecommunications sector.

- ?? Consumer confidence in electronic commerce must be developed, and business acknowledges its role in this. However, we feel that the Brussels Regulation offers no real benefit to consumers and yet will deter the take-up of e-commerce by business, especially SMEs. The forthcoming Rome II proposals must not undermine established single market and mutual recognition principles. The EU should continue to seek alternative dispute resolution (ADR) solutions to the benefit of consumers and business alike. We therefore welcome the EEJ-Net and e-Confidence initiatives. Establishment of an "EU" top level domain name and balanced rules on cyber-crime will also help develop consumer confidence at EU-level. Rapid clarification of rules for the taxation of e-commerce is also essential.
- ?? One of the biggest obstacles to an e-Europe reality is the insufficient availability of IT skills, a problem that will become even greater as the information society takes off in Europe. This underlines the fundamental importance of an introduction to IT in primary level education, and the continual development of such skills throughout life, in order to enable the creation of a world-class knowledge infrastructure in the EU. In the short-term, Member States should consider measures to alleviate the skills gap through more open immigration policies.

3. Developing research and innovation

- ?? Europe's competitiveness and job creation depend to a large extent on its capacity for innovation and for turning ideas into economic opportunities. The financial and fiscal frameworks to support company R&D, including better access for SMEs, are critical factors for meeting these challenges. It is also essential that the cooperation between industry and academia on research and innovation be stepped up. This should be a specific objective of the 6th Research and Technological Development Framework Programme (6th RTDFP) (2002-2006).
- ?? Furthermore, companies should be more closely involved in the series of activities provided for in the 6th RTDFP. Involvement of companies should be one of the major criteria for the design of activities supported by the EU in certain scientific and technological disciplines. UNICE urges the Commission to ensure that the implementation of any new instruments introduced by the 6th RTDFP, will not run counter to the earlier move to simplify procedures.
- ?? An appropriate EU framework for the protection of intellectual property rights is a priority, reflecting the requirements of new technologies, in particular the patentability of software related inventions. Innovators and entrepreneurs should be able to patent their ideas quickly, easily and cost-effectively, and the rapid introduction of a Community patent would allow this. A single dedicated EU patent court would be a significant advance with considerable benefits, in particular to SMEs, which are vital for the progress of innovation.

4. Strengthening the conditions for entrepreneurship

- ?? Entrepreneurship, or the successful generation of commercial success from innovative ideas, is strongly influenced by the business environment: helped or

hindered by the regulatory framework. For a more business-friendly climate in Europe, Member States should focus on simplifying rules, streamlining procedures – especially for starting up a company, reducing red tape and lowering the tax burden on business, including taxes on labour. Benchmarking progress in these areas should be improved.

- ?? This should be complemented by an independent unit in the Commission, to evaluate the business impact of legislative and regulatory proposals, and by the promotion of self-regulation and co-regulation where possible. Transparent cost-benefit analysis is needed for new legislation and regulations. The EU's fiscal and financial framework should be modified to enable business, in particular SMEs, to take advantage of the cross-border opportunities created by the single market. A European private company statute should be created to meet the needs of SMEs. Member States are urged to continue the implementation of the Risk Capital Action Plan, to make sure that companies have the competitive access to venture capital they need.

5. Promoting flexible and efficient labour markets

- ?? The emphasis should now be on increasing skills levels and mobility of labour. Unemployment has fallen steadily on average in the EU, yet the employment rate remains low. Member States should endorse targets for increasing employment rates, in particular of women and of older workers. All European countries face the significant challenge of an ageing population and will need to reform their social security systems in order to ensure their future sustainability. The Stockholm summit should agree to press for more progress in the development of funded pension systems.
- ?? The ability and willingness of labour to move across borders is a key factor for meeting localised skills shortages and gaps, and is highly dependent on a number of factors, such as the transferability of pension rights, the ability of companies to establish pan-European pension schemes, and related social security issues. The current debate on occupational pensions provision goes to the heart of the matter – Europe needs to move quickly towards sustainable systems which can support a mobile and evolving workforce.
- ?? Member States bear much of the responsibility for action in these fields, and UNICE supports the open-method of coordination as a means to address labour market issues. However, there is no need for an additional coordination process in employment policy, although the high-level working group on social protection should consult national social partners.
- ?? Europe's economy and society face many challenges today, and governments must do all they can to ensure that all citizens can benefit from the technical revolutions of the information society. Against the background of creating the conditions for a competitive EU, the promotion of social inclusion and of life-long learning remain key tasks for Europe's policy makers, at all appropriate levels.

The Stockholm summit provides the first opportunity for heads of state and government to take stock of the progress made in implementing the Lisbon recommendations. If these are to remain credible, the Stockholm summit should maintain momentum and direction in the process by reviewing, critically, progress in both national and EU implementation of agreed measures.

List of attachments to Stockholm message

1. 2001 Benchmarking report "The *Renewed* Economy: Business for a Dynamic Europe", March 2001
2. UNICE comments on proposal for a regulation creating a Community patent (general message and detailed comments), 9 January 2001
3. UNICE statement on creation of a European domain name, 23 February 2001
4. UNICE comments on the Commission proposal for a directive on access to, and interconnection of, electronic communications networks and associated facilities, 23 February 2001
5. UNICE comments on moderation of EU competition law, 2 March 2001
6. UNICE statement on 6th RTDFP, 22 February 2001
7. UNICE view on development of the EU agenda on energy policy, 9 March 2001
8. UNICE statement "Reform of the business impact assessment system", 6 March 2001
9. UNICE preliminary comments on "An Information Society for all", February 2001