

Brussels, January 2002

In preparation of the European Council in Barcelona which will evaluate the progress made since Lisbon in view of making Europe the world's most competitive region
The presidents of EU business federations jointly sign the following open letter to Spanish Prime Minister Mr José María Aznar and President of the European Union

OPEN LETTER

THE POLITICAL CHALLENGE:

The European Council is asked to take decisive action to make real and credible progress against the Lisbon targets.

This message is supported by all UNICE full and associate member federations.

COUNT-DOWN TO BARCELONA: KEY MESSAGES

- **Innovation and entrepreneurship:** Member States must deliver a supportive legislative framework that will reduce the administrative burden, particularly on SMEs, and will allow entrepreneurs to focus on creating wealth rather than doing paperwork. European business was very disappointed by the failure of Member States to reach agreement on a competitive Community patent, and we look to the Spanish Presidency to find a solution to this problem.
- **Flexible labour markets and skills availability:** Europe needs more dynamic and flexible labour markets, with increased geographical and professional mobility of workers, with employment friendly social security safety nets and sustainable pension systems. To equip Europe with the skills that will allow it to reach its growth potential and provide jobs for all its citizens, also requires improving basic education systems to be responsive to market demand; encouraging companies to develop the competencies of their work force; and supporting individuals' efforts to develop their competencies throughout their whole life.
- **Essential infrastructure:** Europe needs integrated and interoperable networks that are open and competitive. The complete opening up to competition of transport, energy, postal and telecommunications networks should be implemented within fixed and short-term deadlines.
- **Financial services:** Europe needs a strong financial services market, providing competitive access to capital for companies of all sizes, and also the framework for a healthy pensions system. Without further integration of financial markets, the single market as a whole will fail to deliver its benefits. The Lamfalussy proposals and Financial Services Action Plan are an essential part of the Lisbon agenda, and should remain a priority. Member States should ensure that the targets for implementation of the FSAP are not missed due to insufficient political determination. Raising finance can still be a major challenge for many European enterprises. In this context, it is important that the revision of the new Basel Capital Accord and proposals for the subsequent directive, as well as the proposed directive on a single prospectus, avoid creating more difficult conditions for European business, in particular small businesses entrepreneurs.
- **Internal Market:** The Lisbon summit called for economic reforms for a complete and fully operational internal market, and in Stockholm a year later, Member States prioritised the creation of an effectively functioning internal market in services. The single market is the backbone of the European economy, and underpins its performance. Completion of the single market remains the key goal in order for European companies to operate and compete effectively cross-border. Yet 10% of Directives have not been made law in all Member States, and a third of the Internal Market strategy target actions missed their 2001 deadline for completion.
- **Sustainable development:** Member States should urge the Commission to come forward with its action plan for better regulation, promised for July 2002, to implement a fundamental regulatory reform which will ensure that due attention is paid to economic sustainability, which forms the basis of long-term social and environmental well-being.

THE PRESIDENT

Your Excellency, the President of the Spanish government,
President of the European Council,

As members of the Council of Presidents of UNICE, the voice of business in Europe, we would like to congratulate you on your selection of priorities for the next six months, and to wish you a fruitful Presidency. Your Presidency comes at a key moment in the development of the EU, after a challenging and difficult year for the global economy in 2001, and with the EU economy showing clear signs of weakness. As business leaders we can confirm that companies are facing severe difficulties in many Member States.

The Barcelona Spring summit in March this year will review progress made since the Lisbon summit two years ago, when the European Council defined the bold ambition for the EU to become the most competitive and dynamic economy in the world. In the current difficult climate, the EU, the world's 2nd largest economy, should be able to act as a driver of economic growth, but thus far, it has not been able to fulfil its potential. As you recently and rightly said, today's economic deceleration should not serve as an excuse to postpone essential structural reforms, but reinforces the need to implement them.

The European integration achieved with the Internal Market and the introduction of the single currency represents an enormous asset for the business community, but there are still important areas where Europe needs more liberalisation, flexibility and harmonisation, where necessary for the smooth functioning of the Internal Market. UNICE has a clear message to the Council and to Member States: to succeed in achieving the Lisbon objectives it is imperative that the agreed measures and structural reforms be decided and implemented, at European and national level, as a matter of urgency. The credibility of the whole process is now at stake, the Barcelona summit must therefore be a real step forward. European business will continue to contribute to the development of a dynamic and competitive EU, creating jobs and prosperity – today in an EU of 15 Member States, tomorrow of more.

In the context of enlargement, we welcome the decision to draw the candidate countries into the Lisbon process. We believe that the earlier the candidate countries adopt the Lisbon strategy, the better it will be for the competitiveness of Europe as a whole. For European business, the good functioning of the Internal Market is of paramount importance, and the accession decisions to be taken in December 2002 should be based on each candidate country's own merits and fulfilment of the accession criteria.

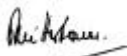
As from March 2002, the Spring European summits will also review the direction of the EU sustainable development strategy. UNICE cautions that this agenda should not be allowed to dilute the spirit of Lisbon, bearing in mind the crucial importance of a competitive and innovative economy for sustainable development.

UNICE looks forward to playing an active role in implementing the Lisbon agenda. We hope to have the opportunity to discuss our priorities with you prior to the Barcelona summit. We have highlighted our key messages opposite, which will be the basis for our extended contribution to the Barcelona summit.

Yours faithfully,



George Jacobs – UNICE president



Peter MITTERBAUER – VÖI
Austria



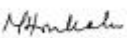
Gui de VAUCLEROY – FEB-VBO
Belgium



Johan SCHRODER – DI
Denmark



Niels FOG – DA
Denmark



Matti HONKALA – PT
Finland



Christoffer Taxell - TT
Finland



Ernest Antoine SEILLIERE – MEDEF
France



Dieter HUNDT – BDA
Germany



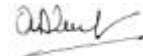
Michael ROGOWSKI – BDI
Germany



Ulysses KYRIACOPOULOS – FIG
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William BURGESS – IBEC
Ireland



Antonio D'AMATO – CONFINDUSTRIA
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Charles KROMBACH – FEDIL
Luxembourg



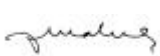
Jacques SCHRAVEN – VNO – NCW
Netherlands



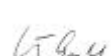
Rui Manuel NOGUEIRA SIMÕES – CIP
Portugal



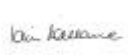
Jorge ROCHA de MATOS – AIP
Portugal



José María CUEVAS-SALVADOR – CEOE
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Sören GYLL – SVENSKT NÄRINGSLIV
Sweden



Iain VALLANCE – CBI
United Kingdom

UNICE is the official voice, vis-à-vis the institutions of the European Union, of the more than 16 million small, medium and large companies active in Europe today. These companies employ a total of more than 106 million people. They generate the resources which are the basis for the well-being and living standards of society. Employment in Europe depends largely on their success. Created in 1958, UNICE's membership now consists of 34 central industrial and employers' federations from 27 European countries. Its priority mission is to ensure that common interests of the companies it represents are heard, understood and taken into account. UNICE is a social partner and its role is enshrined in the Treaty establishing the European Community.

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