



MGYOSZ – CENTENNIAL GENERAL ASSEMBLY

BUDAPEST, 30 SEPTEMBER 2002

Philippe de Buck, Secretary General of UNICE

Dear Prime Minister, dear President, Ladies and Gentlemen,

I would like to thank you very much for your invitation; it is a great pleasure for me to be here today. And I also feel very honoured, to have this opportunity to speak to such an audience of high-ranking representatives of the Hungarian political scene and the Hungarian business community. Today, we are coming together at a momentous occasion: the Centennial General Assembly of MGYOSZ. Warmest congratulations on this anniversary.

It is symbolic, not only for European colleagues but also at world level, to see that your organisation can celebrate this Centennial General Assembly. This means – a fact that everybody knows but is sometimes forgotten – that in Hungary, the business community was important and well organised at the beginning of the 20th century. It also means that ideas of freedom and a competitive economy already enjoyed widespread support in Hungary at the beginning of the last century and are still part of Hungarian culture.

The successful developments especially of the last ten years, beginning with the rebirth of MGYOSZ (as National Federation of Hungarian Industrialists) in 1991 and the establishment of MMSZ

(Association of Hungarian Employers) in 1995 as legal successor of the Hungarian Economic Chamber, underline the importance of a strong voice of business in Hungary. The major step was, beyond doubt, the merger of these two organisations in July 1998 and the resulting strengthening of your position. Indeed, a very clever strategy to combine industrial and social policy in one organisation, as these different policy fields strongly belong together. Let me reiterate my congratulations for all the efforts you have made over the last years.

But I would like to touch on another aspect. The success of your confederation, based on such a traditional background, shows also basic requirements of utmost importance for business and business people:

- Companies have to be organised
- Companies have to make collective actions to show their common views and to make the contribution of their positions more effective
- Companies are facing more and more global challenges, where they have to take responsibilities and become pro-active

Being organised means also being representative. And taking over responsibilities means also being ready to do so. We have to be more pro-active, strongly expressing our views. This is necessary on a national level, as MGYOSZ demonstrates in Hungary for the interests of employers and industrialists. The voice of business must be strongly raised, as one fact is evident – the success of your companies will also be the success of your country. But to strengthen business interests successfully, this work cannot only be limited to the national level. And this wider level is fairly important, especially in view of enlargement.

So I would like to pass on to UNICE, the Union of Industrial and Employers' Confederations in Europe, which brings together 34 national confederations from 27 European countries.

Looking at some figures makes clear why UNICE has an important role at European level. 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. So it is evident that UNICE has to act.

UNICE is a business organisation at European level, promoting the common professional interests of companies represented by UNICE's members vis-à-vis the EU. We are also the voice of more than 16 million companies of all sizes (small, medium and large) and in all sectors of activity (manufacturing industries, trade and services), which employ more than 106 million people and have a turnover of about €12,500 billion (equal to 3167.5 trillion Forint). The representativeness of UNICE is the combination of the national representativeness of our member confederations. Our mission is "to promote the common professional interests of business, represented by our members" with the objective of influencing EU policy to create a business-friendly environment.

It is interesting to note that, since its inception, this organisation has been organised on a wider basis than the European Community as it was and the European Union now. In UNICE, we cooperate very well with MGYOSZ, represented by your umbrella organisation CEHIC for international relations, within our different political committees and working groups. As we are a member-driven organisation, these

working groups, with a total of 1,500 experts, are our major resources. This also means that CEHIC has participated since 4th December 1998 as an associated member in the decision-making process (e.g. European social partnership) and in the follow-up of political and technical issues in UNICE. And I want to say that we appreciate very much the positive development in our relations during the last four years. On the other hand, this cooperation could be improved. The creation of CEHIC was a very good starting point, but I would like to encourage you to strengthen the links with UNICE, because through UNICE you will not only be in close contact with European affairs, but you will also create direct links to all your European colleagues.

It is important for UNICE to play a dual role – one 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 one 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”*.

Therefore, we need a close relationship between UNICE and the national confederations: when you are dealing with European affairs you always have to take into account the national situations. But also vice versa, when you are working on national subjects, you always have to consider the European situation. So we need broad cooperation and exchanges of information between the European and national levels.

We have a strong position vis-à-vis the European Commission, since a great deal is said, asked and written about companies: but to make

them more efficient, better equipped and more competitive within the Lisbon strategy – which aims at creating a competitive European market – action is required. And that is also the place where UNICE acts: in direct contact with the decision-makers of the European institutions.

The membership of the Hungarian business community in UNICE is a strong message: it is a guarantee that you not only fully share the values of free enterprise, competition, wealth creation, but also integration in a large internal market.

Prime Minister, President, Ladies and Gentlemen,

EU enlargement is one if not the key priority of Europe. And let me assure you, UNICE has of course made a great deal of effort in this area. For us, EU enlargement is also one of our key priorities this year, let me tell you why we believe in it:

- The European Union has to enlarge, for political as well as historical reasons
- The European Union has to enlarge because enlargement is good for whole Europe as it will spread stability and sustained economic growth in Europe
- The European Union has to enlarge as each enlargement and deepening of the European Union in the past was positive for all member states, in elements of growth and strengthening the economic situation of the European business

In May this year, UNICE published an assessment of the expected significant impact of enlargement on the business community. The result of our analysis and our discussions is that we have fantastic potential with the enlargement. Therefore, Europe and European entrepreneurs have to push for it.

Just to give you some examples:

- It is evident that the removal of non-tariff barriers and a larger internal market will increase trade between the current and the future EU member states. This means, an increase in trade on top of an increase in a situation without enlargement.
- Foreign Direct Investment (FDI) flows to candidate countries are expected to increase as a result of an improved business climate. From 1996 onwards, the candidate countries became increasingly involved in FDI transactions, in particular with the European Union Member States. Hungary, together with Poland and the Czech Republic, remains the destination for the majority of the total FDI. Expressed as a percentage of the GDP, the evolution of FDI inflows from EU Member States in Hungary ranged between 3 and 4 percent in the nineties.
- And, a third important aspect, cost reductions and productivity gains will be triggered through restructuring and the reorganisation of supply chains.

But although we fully support enlargement, we have also always underlined that it will only be successful – and as a result benefits can only be reaped – if specific conditions are met and certain measures are taken or strengthened. This includes strict application of the

differentiation principle and of a merit-based approach for all candidate countries. But I will also mention three other conditions for a successful enlargement:

- The candidate countries must further strengthen their administration and judiciary
- The Member States of the EU will have to agree on essential reforms of their institutions and their key policies, i.e. Common Agricultural Policy and Regional Policy instruments
- All actors involved have to increase their communication efforts in favour of enlargement

Hungary is a long way down the road towards joining the European Union. Your country has a functioning market economy that has all the pre-conditions to cope with the competitive pressures and market forces within the European Union. The Hungarian economy is already, to a large extent, integrated in the EU economy. A large number of companies have established cost-effective manufacturing facilities, which allow for cost-competitive production. Hungary has a stable macro-economic framework and a predictable economic environment. You, Hungarian business circles, have contributed to this positive evolution by your active cooperation with the Government in the development of EU-compatible regulations.

Of course, further actions have to be approached in the different fields, such as:

- Improvement of the infrastructure – from road construction to international schools – requires additional funds and extension to the less developed Eastern regions

- Successful alignment of Hungarian SMEs with the Acquis communautaire needs a continuation and an extension of the national development plan (called “Scéchenyi Plan”)
- The administrative capacity to apply the Acquis communautaire also requires further attention, especially the transparency and efficiency of the public administration system must be improved

UNICE, representing the European business community, is convinced that your country will be able to meet the Copenhagen criteria by 2004 if your efforts are continued. The political support you have from your government, but also public support makes us sure that the Hungarian accession will be decided positively at the end of this year.

However, it will remain a major issue to communicate the importance and advantages of the European Union. Everybody certainly can understand questions or even fears some might have in view of the enlargement. In this field, business can and is playing an important role to explain the citizens the major opportunities generated by accession.

Therefore I would like to congratulate and thank the Hungarian Prime Minister, the Government and all the other involved players for their huge efforts made to fulfil all conditions and chapters.

Prime Minister, President, Ladies and Gentlemen,

let me thank you again for the invitation. I am very pleased that you have given me the opportunity to speak to you and to bring you a message on behalf of all your colleagues from Europe. Good

cooperation between your confederation and UNICE is the basis and continues to be the basis for our common success. Thank you very much for your attention.