



Conference of the Federation of Greek Industries:

**“A STEP FORWARD:
A UNITED, COMPETITIVE AND SOCIALLY RESPONSIBLE EUROPE”
(BUSINESS VIEWS)**

Speech by Philippe de Buck, Secretary General of UNICE
13 November 2002

**PRESIDENT,
MEMBERS OF THE BOARD,
LADIES AND GENTLEMEN,**

First of all, let me start by thanking you very much having organised this conference and for your invitation; it is a great pleasure for me to be here today. The Federation of Greek Industries has asked me to speak about Entrepreneurship and the Future of Europe. I am pleased to present you the view of European business on this point.

But before I start with these issues, just let me give you a short overview of our organisation. UNICE is a business organisation at European level, bringing together 34 national industrial and employers' organisations from 27 European countries.

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.

We are a member-driven organisation; the Brussels-based secretariat has a staff of about 45 persons. Our major resources are our working groups: overall 1,200 collaborators work within these groups.

Our objective is to promote the common professional interest of companies represented by UNICE's members vis-à-vis the European Union. Therefore we have to be an official and representative partner. The purpose is to influence EU policies to create a business-friendly environment. UNICE is also recognised by the Treaty establishing the European Union as a social partner, which allows us to participate actively in the European social dialogue.

We cooperate very well and closely with the Federation of Greek Industries. And I would also like to say that I appreciate very much our contacts with President Kyriacopoulos and Director General Drapaniotis

in Athens, as well as in Brussels with your Permanent Delegate Irini Pari.

Next year will be very important for Greece when you have the Presidency of the European Union. It is clear that the agenda is already very heavy, so that during the Greek Presidency not all important issues can be dealt with. But I would like to mention two areas to which, in our opinion, the Greek Presidency has to give its highest attention.

The first is enlargement, where the main decision will be taken at the end of this year in Copenhagen. The Greek Presidency will have to work on the follow-up to this decision and monitor developments. The second will be the WTO-meeting in Cancun in September 2003, for which a lot of preparatory work will have to be done under the Greek Presidency.

1. ENLARGEMENT MUST BE SUCCESSFUL

UNICE welcomes and supports the conclusions of the European Commission regular reports issued on 9 October, which are in line with our own assessment of progress made in the candidate countries (UNICE progress reports).

Particular efforts by many candidate countries are still needed in the following areas:

- Improve administrative and judicial capacity
- Privatised and restructure state-owned companies
- Improve the business climate
- Step up the fight against corruption

UNICE has repeatedly warned in the past that enlargement should not lead to distortions of competition and disruptions to the functioning of the Internal Market. The envisaged timeframe must be kept without compromising the membership criteria, which must be met in full by the date of accession. The acceding countries must comply fully with the Acquis and with their commitments made in accession negotiations if the Internal Market is to be the motor of sustained economic growth in Europe.

Generally speaking, UNICE agrees with the conclusions of the European Summit in Brussels. We welcome the confirmation to conclude the accession negotiations with the ten front-runner countries at the Copenhagen Council on 12/13 December and sign the Accession Treaty in Athens in April 2003. UNICE also is a clear supporter of Bulgaria and Romania achieving the objective of EU membership in 2007.

Furthermore, we welcome Turkey's promising reform process, which it should sustain, and urge Member States to open up negotiations with this country as soon as it has completed the remaining tasks with regard to the Copenhagen political criteria stated in the Commission's report. This would offer the EU and Turkish companies a more coherent and sustainable framework to conduct their economic activities.

Nevertheless, it is disappointing that the decision taken recently by the European Council has weakened the perspective of a fundamental reform of agricultural policy in the medium-run. The last leverage to push for CAP reform soon now seems to be the WTO negotiations.

2. ON THE WAY TO CANCUN

As mentioned, a second top priority must be the WTO Ministerial Conference in Cancun in September 2003. It is very soon, we are confronted with a very short timeframe.

UNICE considers the WTO, which establishes the framework in which companies operate at international level, to be the international organisation which most affect their activities. We are also very active in that area: fourteen specific issue groups are working on WTO affairs, formulating our positions. This represents a network of about 300 experts.

Three main objectives can be identified for UNICE in regard to the Doha Development Agenda:

1. Greater market opening in non-EU countries by elimination of barriers to trade and investment
2. Fair competitive conditions by establishing a framework of rules respected by all
3. Anticipation of major changes in international trade and globalisation by deepening and broadening of the framework

We support the comprehensive Doha agenda where the multilateral system as a whole will obtain benefits. The launch of negotiations in Cancun on investment, services, trade facilitation and public procurement would also be very much in our interest. Furthermore, we support a single undertaking.

I will give you five reasons for our approach:

1. The wider the agenda, the greater the chance of success
2. The main trade barriers are no longer tariffs

3. More than 60% of European activity is in services
4. Investment can no longer be dissociated from commercial activities
5. Trade facilitation is a win-win situation for all stakeholders

At UNICE, we are committed to exchange and discuss our positions with other business organisations. It is highly important to improve mutual understanding on the still sensitive issues currently being discussed in Geneva. We will also continue our dialogue with civil society and cooperation to contribute to making Cancun a success. Maintaining dogmatic positions is not helpful and does not help achieve the development aim of the Doha Development Agenda.

3. MORE ENTREPRENEURS FOR EUROPE!

In the presented two areas we would like to have substantial evolutions during the Greek Presidency. Much needs to be done. Certainly, there are also lots of other issues at stake, where progress has to be made and UNICE is also very active. Globally, UNICE has identified three main areas, three main objectives which have to be achieved. These are:

- Labour market adaptability – “better jobs for more people”
- Deregulation – “creating space to do business”
- Entrepreneurship – “economic and social progress through enterprises”

Let me go more into detail on entrepreneurship. The basic message is evident: Europe needs more entrepreneurs!

Currently, some developments are going at the European level in that area. The Commission intends to submit a Green Paper on Entrepreneurship before the 2003 Spring European Council. The Green Paper intends to launch a debate on the importance of entrepreneurship and is to focus on relevant factors influencing entrepreneurship, setting the right framework conditions, and providing encouragement for competitive firms which can grow.

The Green Paper is still being developed and for UNICE it is important that the Paper is pragmatic and result-oriented, listing concrete action points linked to UNICE positions on providing firms and individuals with the right conditions to start a business and grow and compete successfully on world markets to create wealth and jobs. It should also be clearly reflected that creating favourable framework conditions for

entrepreneurship is of relevance not only to individuals launching a new business enterprise, and small firms to survive, grow and develop, but also large firms to continue being entrepreneurial to adjust, grow further and create more employment.

The Green Paper must make a clear link between entrepreneurship and the Lisbon strategy. The following list gives only an overview about the issues that are key for business and where the European Union must give the appropriate answers:

- Fostering an entrepreneurial culture
- Internal market and liberalisation of utility industries
- Reduction of the tax burden
- A stable and supportive macro-economic environment
- A well functioning labour market
- Reduction of administrative burden and Business Impact Assessments
- Reform of insolvency and bankruptcy rules
- The quality of the workforce
- Increase access to financing
- Increase R&D spending

4. PREPARING EUROPE FOR THE FUTURE

In order to achieve this objective, Europe has to offer an attractive environment for business. Economy cannot prosper when the framework conditions are not sufficient.

Therefore, UNICE gives highest attention to the work of the Convention on the Future of the European Union. In a two-day seminar on 2/3 October, the Presidents of UNICE's national member federations stressed that the outcome of the Convention is of utmost importance for European business. The EU must deliver a business-friendly environment in which companies can operate and compete on a level playing-field and adapt to the increasing challenges that globalisation brings. This will be achieved through promotion of competitiveness that will lead to wealth creation and, therefore, employment opportunities. For UNICE, it is key that economic integration remains the main dynamic behind peace, stability and prosperity in Europe. We will continue to follow and contribute actively to the debate.

The second major issue is the Lisbon strategy, launched in 2000 to make the European Union the most competitive knowledge-based economic area in the world. In the Economic Outlook of October, UNICE had to state that the economic recovery in Europe is stalling:

- Confidence of producers, consumers and investors is very low
- Expectations of economic growth remain below 1% this year
- General lack of economic activity throughout Europe

We face a risk of recession, threatening the European and the world economy:

- High levels of household and corporate debt as well as current account imbalance in the United States
- Possibility of an escalating conflict with Iraq with negative impacts on world economy (oil price shock)
- Stock markets have gazed into the abyss, giving bad financial conditions for companies

The European growth motor is stuttering:

- Given the US situation, Europe can rely less on a recovery driven by export demand
- Consumer confidence is being driven down by the uncertain international climate and high unemployment rates

Therefore, UNICE is calling for:

- Lower labour costs in order to make it interesting for employers to hire new staff
- Confidence must be reinstalled, governments have to prove that they have their budgets under control by fully respecting the Stability and Growth Pact
- A more flexible labour market
- Promotion of entrepreneurship

During the Greek presidency next year the Lisbon strategy will enter its third year. But, Europe is suffering an “adoption delivery gap” at EU-level and an “implementation delivery gap” at national level. Four main areas of action can be identified:

- **Innovation**, including research and development, biotechnology and the Community Patent
- **Internal Market**, including liberalisation of electricity and gas markets, liberalisation of international transport market, services of general economic interest, public procurement and the financial services action plan

- **People**, including employment growth and increase competences of the workforce
- **Sustainable Development**, fostering sustainable production and consumption

The Lisbon Review, published by the World Economic Forum, also underlined the need for the EU to go on with implementation of the Lisbon agenda. The average EU economy received worse ratings than the US in all dimensions of the Lisbon Strategy except “social inclusion”.

You see, it is evident: Europe needs Lisbon more than ever before. Therefore, UNICE says: the spring summit under the Greek Presidency must become a re-launch of the whole Lisbon strategy! Otherwise it is bound to fail.

Europe is facing great challenges, but these challenges are also great opportunities.

Europe has to act: now!

Thank you very much for your attention.