



Mouvement
des Entreprises de France
MEDEF

Putting an end to France's delays in Europe



**Third Annual Report of the MEDEF
to the European Spring Summit**

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Introduction

At the European Council of Lisbon in March 2000, the 15 Member States decided upon economic, social and administrative reforms, both on a national scale and on a European scale, reforms which were necessary to make Europe by 2010 'the most dynamic and competitive knowledge economy in the world'. Each year, a European Spring Summit examines the progress of these reforms.

The MEDEF has continually supported the Lisbon strategy, which provides Member States with a route map which is necessary to form a united front in the face of globalisation, and to construct together a Europe which is open, competitive and attractive to investors. This strategy also provides appropriate methods, with:

- a new pluriannual calendar for more effective completion of the Single Market ;
- 'open coordination' of the economic and social policies of Member States for shared objectives ;
- A focus on the priority role of the private sector and on a new partnership between the State and civil society.

The Lisbon strategy thus allows the development of common economic and social governance which the euro requires. Moreover, having already involved candidate countries, this strategy also provides better preparation for the cohesive challenges which a Europe of 25 will present, which will become reality in May 2004, following the conclusion of the Copenhagen Summit in December 2002.

The MEDEF insists upon the fact that the [success of the Lisbon strategy depends essentially on the determination, steadfastness and efficacy of its implementation](#), and not on a permanent redefinition of its objectives. However, the risk today appears that it will give in to these definitions, to the detriment of its implementation. The Member States have remained unclear about the actual state of the national reforms which are taking place. This discretion serves to mask the growing delays of several Member States regarding their Lisbon commitments. This is notably the case for France, as the MEDEF clearly underlined in its reports to the two previous Spring Summits⁽¹⁾.

This third annual report by the MEDEF for the Spring Summit is on this occasion jointly presented with 14 other national reports from our partners across the European Union. These 15 reports of the UNICE federations add to and illustrate, on a national level, the shared report on European measures which was already presented by UNICE in December 2002⁽²⁾.

"Put an end to France's delays in Europe": such is the priority of the MEDEF highlighted in its report. France in effect remains far from having undertaken all the national reforms required for implementation of the targets set in Lisbon. The concerns of the MEDEF are even more meaningful when these delays are growing and coincide, in a European and international environment which it is far from flourishing, with:

- Growing public deficits nearing the limits fixed by the Stability Pact of Maastricht
- Decline of economic growth, engendering a deterioration of the employment situation
- A spectacular decrease in the European listings of income per inhabitant in France
- France's last place in the Member States in terms of transposition of European directives
- France's first place in the Member States for involvement in Community infractions procedures

For the third consecutive year, the MEDEF underlines, on the occasion of the spring summit, that it is urgent for France to react: the worsening of these delays in terms of national reforms and Community discipline irremediably compromises all chance of redress and success of the Lisbon strategy. Putting an end to the delays of France in Europe should be, from 2003, a central objective of the Government and the Parliament nationally elected in 2002.

(1) "Putting France in step with Europe" MEDEF report for the Stockholm Summit of March 2001.

"Acting together to meet our European commitments". Franco-German report by the BDI, BDA and the MEDEF for the Barcelona Summit of March 2002.

(2) "Lisbon strategy Status 2003" UNICE Report "Time is running out, action is needed now"



Complete market opening

In 2002, the facts indicate:

Ten years after the deadline of 1992, opening of markets remains unequal across sectors, and delays concern the public sector in particular.

The **telecommunications** sector, largely privatised during recent years, continues to pursue opening which has already been undertaken. Nevertheless, it suffered from the negative effects of the financial and stock crisis, penalising the situation of business in this sector, placing a further burden on their debts and complicating conditions of redress.

Access to **energy** markets remains delayed. The 1996 directive concerning electricity was only transposed to a minimum, and the freedom to choose a supplier affects scarcely one third of the market. The directive concerning gas, with a deadline of August 2000, still has not been transposed. Although Gaz de France has partially applied de facto opening, under conditions which encompass 20% of the market, the accumulated delays go together with increasing national energy costs, which handicap the competitiveness of French businesses.

In the sector of **postal services**, the transposition of the 1997 directive has remained partial, concentrating on the definition of univer-

sal service and reserved services, and not on the transparency of accounts, the fixing of quality norms of delivery of universal service, or the creation of genuinely independent regulatory authorities.

Concerning **transport**, the proposals of the MEDEF have been taken into consideration by the new government, notably in terms of pursuing access to competition in rail and navigable transport, ensuring continuity and quality of public transport services, and of completing investment in infrastructures. In particular, a rapid transposition of the open market directives in rail freight should allow it to win back its market share.

The reform of arrangements concerning **public procurement**, adopted by the Community institutions, will also lead to some legal reform (cf. rights of subcontracted businesses, data confidentiality, procedure of competitive dialogue etc). The development of **public/private partnerships** should also be promoted, providing a legal framework which is sufficiently flexible with a wide definition of the concept.

The MEDEF finally underlines the necessity of better ensuring the principle of **continuity of public service**, which is too often called into question by conflicts which are costly for customers, businesses and taxpayers.

Lisbon objectives:

- Accelerated opening of telecommunications, energy, postal services and transport
- Easier SME access to online markets
- The extension of online public procurement

For 2003, the priorities are:

Firstly:

- Ensure the adequate transposition of directives for opening up energy markets

And also:

- Preparation for the new deadlines of opening for electricity, gas, postal service and transport
- Improved application of the principle of continuity of public service



Facilitate access to finance

In 2002, the facts indicate:

Lisbon objectives:

- *A more competitive environment for business activity*
- *Integration of securities and financial markets*
- *Greater transparency in bond emissions*
- *Removal of obstacles to investment in pension funds*
- *Easier access to risk capital*

For 2003, the priorities are:

Firstly:

- **Regain the confidence of investors through stabilising the financial markets**

And also:

- Inclusion of businesses as well as companies within international accounting standards for claiming relief from 2003 onwards
- Develop France's attractiveness to investors, by lessening the tax burden and reforming taxation in order to promote shareholding, shareholders' equity and business transfer

The financial and stock crisis has worsened balance sheets and increased debts, whilst at the same time, France invests less than most other European countries, and also remains insufficiently attractive for foreign investments. Whilst these investments have totalled almost 200 billion euros in Germany, and more than 300 billion euros in the United States, they have only totalled 50 billion euros in France. France also counts few risk capital businesses (about thirty), compared with, for example, about one hundred in Sweden.

Faced with troubled financial markets, the MEDEF and the AFEP commissioned a group, led by Daniel Bouton, President of the bank Société Générale, to study corporate governance. Their report, presented in September 2002, proposed to strengthen the independence of auditors in order to improve financial and accountancy information, notably that of the annual report of market risks and financial notations, to improve the organisation of internal control and evaluation procedures, and to conform accountancy norms to certain criteria. With these prescriptions, which complete those of the Vienot reports, companies in France who are listed on the stock exchange have at their disposition a complete array of corporate governance regulations. As in the United Kingdom, companies should indicate whether they conform, and if so, the reasons why they do not apply certain regulations.

The government itself has announced its intention to submit a bill on financial security to Parliament which should take place during the first half of 2003. These recommendations on business governance should lead it to promote the application of codes of conduct, rather than impose overly uniform and detailed regulations in law.

Moreover, this same bill includes a section which aims to reform regulatory systems and control of financial markets through the union of the "Commission des Opérations de Bourse" (COB) and the "Conseil des Marchés Financiers" (CMF). This would allow improved efficiency of both, whilst giving France a single regulatory body for stock markets, following the example of most of the other Member States.

The MEDEF has presented a useful vademecum for the use of business leaders faced with the complexities of the mechanisms of saving schemes in the law of February 2001. This guide aims to promote saving schemes and to facilitate business leaders' choice of the best adapted mechanisms as much from a point of view of the business as of the employees.

Finally, the MEDEF supports the current progress of the programme of completion of the single market in financial services, made even more necessary by the arrival of the euro, whilst underlining the necessity of more timely and closer involvement of the business community during the different stages of this process.



Reduce tax pressure and public deficits

In 2002, the facts indicate:

The most recent evolutions in economic forecasting confirm the MEDEF's prognosis of **feeble growth**, barely rising beyond 1% in 2002, despite official forecasts of 2.5% which determined the finance law of 2002. This same error risks being repeated by the authorities for 2003: it is not reasonable to count on a growth rate of 2.5%, when even 1% would be welcome given current perspectives.

As a result of this deterioration, **public finances** are dangerously worsening despite several warnings from the European Commission. The deficit represents more than double that initially predicted for 2002, currently reaching the limit of 3% of GDP. This worrying public deficit, like that of 1990-1991, only serves to mask an even more serious situation, taking into account the fact that budgetary conditions are very different to those ten years ago (lower interest rates, less military spending, less investment). All this leaves the prospect of a deficit beyond 3% for 2003, with a new burden for public debt, despite urgent restrictive credit measures set in place by the government.

of budget. The 2002 spring audit of public finances demonstrated the reality which the MEDEF has been pointing to for some time. The consolidation of a balanced European policy mix (combining lower rates and a detailed assessment in respect of the stability pact) should be supported by national policy which favours recovery.

This firstly implies a need to clarify priorities, the rhythm and intensity of reforms required by economic actors (taxation, minimum wage, the state, retirement). This also necessitates redressing **business profit margins**, which have become more vulnerable to cyclical turnarounds and to outside shocks due to a standstill which has been present since the end of the 1990s, as a result of the 35 hour week and a record tax burden which explains the lowest operating results in 20 years. This affects the ability of companies to survive, as well as their capacity to invest, innovate and employ.

This secondly implies undertaking **reform of the state** and of public administrations. Salary increases (3.2% p.a. in 2001 and 2002) have been greater than in the private sector. The coexistence of seven territorial administrative levels creates a ratio of one civil servant for every 10 inhabitants, 50% more than the European average. The cost and organisation of the administration should be reduced in favour of decentralisation and retirements which will be more numerous in coming years.

Lisbon objectives:

- Sustainable public finances
- Reform of the administrative environment
- More targeted use of public resources to promote growth and employment
- Lower tax pressure on employment
- Reduction of state aid

For 2003, the priorities are:

Firstly:

- Reduce the tax burden towards the European average whilst rebalancing the budget by careful spending

And also:

- Contribute towards redressing business profit margins
- Lessen the cost of running the state by favouring decentralisation and civil service retirements

This serious economic and financial situation reminds us yet again that both France and Europe have very little autonomous growth potential, one of the reasons being its **structural rigidity**, particularly in terms



Stimulate innovation

In 2002, the facts indicate:

The proportion of **corporate research**, at 57%, has overtaken public research. It employs 320 000 people, and 32.5 billion euros of spending (2.2% of GDP). This level has nevertheless decreased over recent years, and France remains far from reaching the 3% which have almost been achieved by the United States and Japan, and fixed as a European objective for 2010 at the earlier Barcelona Spring Summit.

The MEDEF estimates that France should make an example of the **e-Europe 2005 programme**, in order to position itself favourably within the European research area of the information society. This e-transformation of France requires major coordination between public and private actors. The major axes should be to aim for high speed access, increased confidence for consumers and businesses - notably SMEs - in the internet, giving special attention to alternative mediation processes for settling claims, more investment in information technologies, and maintaining the competitiveness of France in this sector, following the example of Finland. It would also

be appropriate to accelerate the development of online administration and to create a regulatory framework linked electronic communications, notably through the development of an interface between the European Commission and national regulators.

In a context where innovation is becoming both a

European brief and a national priority, the reform of the patent system is a pre-condition for the value of research findings and diffusing innovations. In this framework, the MEDEF points out that the creation of a **Community patent** is as essential to the single market as the single currency was for the euro.

The challenge fixed in Barcelona of 3% of GDP dedicated to research involves doubling the innovation investment of SMEs. The **research credit tax** is still not enough of an incentive. It excludes too many companies when compared with more competitive systems such as in Spain or in the United Kingdom. It must be improved, by facilitating the eligibility of companies, by prolonging their support in the scheme for the length of the new system, and by stabilising its use by beneficiaries. This reform must include a widening of the definition of research, the addition to credit calculated in growth proportional to the volume of spending, and greater flexibility in optional regulations to avoid contention about eligible spending.

In December 2002, the government presented a **plan to re-launch innovation** in France, pledging notably to support access to finance and help the staying power of innovative companies. This plan also pledges the creation of company status for one person risk capital.

For its part, the MEDEF presented a report in 2002 on **SMEs and innovation**, highlighting the conditions of external and internal diffusion, based on a summary of good practice.

Lisbon objectives:

- *Better coordination between national and European research programmes*
- *Development of private investment in research*
- *More partnerships between schools, training centres, companies and research*
- *Greater mobility for students, teachers, trainers and researchers*
- *Development of Internet access for all*
- *Improved protection for intellectual property*

For 2003, the priorities are:

Firstly:

- **Strengthen innovation in businesses, especially SMEs, through more efficient use and wider application of the research tax credit and diffusion of best practice.**

And also:

- Strengthen links between public and corporate research
- Promote the use of new ICT technologies in businesses, particularly in SMEs



Improve the labour market

In 2002, the facts indicate:

Lisbon objectives:

- *Better employability and match between supply and demand for labour*
- *Reduction of qualification deficit and of similar programmes, especially for the unemployed*
- *Reduction of long-term unemployment*
- *Development of employment in the service sector*
- *Social integration, non-discrimination and better equal opportunities*

For 2003, the priorities are:

Firstly:

- **Complete structural reform for greater business competitiveness (revision of the 35 hour week, reform of the minimum wage and restructuring stipulations)**

And also:

- Anticipate demographical challenges by supporting active ageing and better employability of young people
- Ensure an improved match between unemployment benefits and jobseeking

In announcing its intention to proceed in 2003 with the legislative transposition of the common position of the social partners of July 16th, 2001, the government has shown its desire to give **collective bargaining** the place it deserves in a modern society. The MEDEF itself has proposed to employees' trade unions to begin a new cycle of negotiation in order to pursue the reforms promised by social renewal. During 2002, project groups have been set up to prepare the position of employers on professional equality, the place and role of management, employing seniors, re-structuration. These and other themes figure on the list of subjects for coming negotiations. Moreover, the development of inter-professional territorial social dialogue is also a reality which will become even more essential with decentralisation.

The recent **bill revising the 35 hour week** goes in the right sense in giving the capacity for production to companies, through simplifying the calculation of work time and revaluating collective bargaining. This bill however is not without its critics, notably regarding the mechanism retained for connecting diverse minimum wages, which will lead to an increase of the minimum wage by some 17% in 3 years, without indispensable reform of the minimum wage on this occasion being undertaken.

The **so-called social modernisation** bill adopted

by legislative precedent has been criticised on all sides, due to the prolonged delays, the multiplication of contributors from outside companies, and the multiple doubts created at a legal level. The decision of the government to suspend the application of some of the more criticised arrangements is a first step. Counter-productive aspects of the regulation of collective redundancies remain to be revised.

Regarding **under-qualified young people**, whose situation on the job market is worsening, the government has opportunely put into place a system of employment aid by private sector companies. This replaces young persons' placements in the private sector, which will not be renewed, and the cost of which for the public purse was six times greater than the new mechanism.

The aid **plan for return to the workplace** (PARE) and the personalised action plan (PAP) are now in question by changes in the economic situation and the absence of creation of sufficient new jobs. It would appear necessary to re-examine arrangements to improve the link between payments by the unemployment benefit offices and job hunting.

Regarding **disabled workers**, the 'disability and employment' network created by the MEDEF in all areas has contributed to improving access conditions and support their employment in businesses.



Modernise social protection

In 2002, the facts indicate:

Spending on social welfare has exceeded 400 billion euros, with 28.5% of GDP, which places France above the European average. With demographic changes (40% more retirements from 2005, with the perspective of one wage-earner per pensioner in 2040, compared with 2.2 per pensioner today), it is urgent to undertake structural reforms.

The MEDEF was constrained to withdraw from management of social security due to the permanent financial confusion and responsibilities maintained by the previous government. On the subject of retirement, in September 2002 the MEDEF concluded an agreement between the social partners which extended until October 2003 arrangements stabilising complementary retirement schemes which had been implemented by a previous agreement on February 10th 2001. The MEDEF will commence parity negotiations during the first quarters of 2003 in order to bring about the necessary evolution of pension schemes with shared responsibility between the MEDEF and Union members.

This reform was thus purely and simply delayed by the previous government, despite a growing deficit which continues to weigh on public finances and poses the current urgent problems of balance and equity. The inevitable decrease in revenue which retirement schemes will pay in distribution makes the development of complementary capitalisation funds also necessary. The current government has assured that the necessary reforms of retirement schemes would be decided, after consultation with the social partners, at the end of the first half of 2003.

Concerning health insurance, the situation is just as perturbing: the withdrawals which finance the implementation of the 35 hour week and the downward spiral of spending linked to the ageing population and the absence of any regulatory mechanism have led to deficits which exceed 4 billion euros in 2002, and could increase noticeably in 2003. The MEDEF participates actively in reflection groups set up by the authorities to examine ways of regaining financial balance whilst guaranteeing health care at the best price.

Turning to unemployment benefit, cyclical developments have led to a deficit of 3.7 billion euros at the end of 2002. The social partners, who take entire responsibility for the management of this benefit scheme, signed an agreement protocol on December 20th 2002 which ushered in a period of financial balance for a period of three years, thanks to a structured adjustment of length of benefits and an increase in contributions which do not exceed the maximum rates applied in previous years.

Lisbon objectives:

- Adaptation of social protection to reflect the ageing of the population to guarantee its long-term viability
- Efficient health insurance
- Better access to pension funds
- Fight against social exclusion

For 2003, the priorities are:

Firstly:

- Undertake structural reforms which will ensure the durability of public and private social welfare schemes

And also:

- Open access to retirement savings to all
- Stabilise the growing cost of health insurance provision

This extension should allow the authorities to pursue reform already underway in the retirement pension scheme, and especially to implement reform in specific schemes which cover almost 6 million wage-earners in the public and semi-public sectors, and which are in no way adapted to the financial consequences of a gradual increase in life expectancy.



Adapt education and training

In 2002, the facts indicate:

Lisbon objectives:

- Substantial annual increases in investment in human resources
- Adaptation of education and training to technological and IT change
- Redefinition of future objectives of education systems
- Promotion of mobility for teachers, students and researchers
- Priority to lifelong learning, and promotion of agreements on alternance-based training-work
- Develop employability
- Local and inexpensive access to the internet with better training

National education, the first item in the state budget, remains unsatisfactorily linked to employment outcomes and innovation. Almost half of all third level students abandon their courses without any qualification. Scientific and technological courses only represent one third of all degrees. Attendance of vocational courses is decreasing, and the number of apprentices is lower than the European average. Even taking into account the economic downturn, there was a marked decrease in the number of job placement contracts.

In October 2002, the MEDEF organised for the third consecutive time the [School-Business Week](#), with 3 000 businesses, 1 600 schools and colleges, 5000 teachers and 50 000 pupils. The MEDEF also organised a European conference in Paris on November 15th 2002 with 700 participants on the theme of [Target Skills](#): innovative European practices, and published thematic booklets of vocational skills.

network of 120 advice bureaus and 550 expert skill management consultants, with the support of the MEDEF's professional federations, also continues to grow. The [objectif-competences.medef.fr](#) website has been in operation since January 2002.

[Training initiatives](#) have been multiplied by businesses, and spending has increased in this domain, mostly above and beyond the required rate. But the 1971 ruling on vocational training is not satisfactory: almost 40% of employees are not directly affected, and little more than one third of budgets is spent on actual training. The proportion of the population involved in ongoing training is half of that of our European partners (3% compared to 6%). The system does not take into consideration the possibilities offered by new information technology, nor the elaboration of a career plan for employees, or indeed any validation of their experience.

The MEDEF is committed to meetings with trade unions with a view to restarting negotiations on the adaptation of [vocational training arrangements](#), which had opened in December 2000 but were subsequently halted in October 2001.

A national listing of [professional certifications](#) will be available in the first semester 2003.

For 2003, the priorities are:

Firstly:

- Conclude negotiations between the social partners for renovation of vocational training

And also:

- Modernise national education system and cooperation with businesses
- Diffuse more widely innovative European practices in human resource management

This approach by the MEDEF is also being developed in the regions, set in action by 15 business observatories and 30 associative clubs bringing together businesses. A



Dismantle unnecessary regulation

In 2002, the facts indicate:

In France, excessive state intervention manifests itself through inflation and uncontrolled imposition of legislation and regulation. As such, 35 000 pages of tax documentation are necessary today to express almost 6 000 articles of the tax code. The network of social payments is inextricable. A business with ten employees must spend the equivalent of one week per month in order to satisfy administrative demands.

The previous government was particularly noted for its state intervention and inopportune administration. The law of May 2001 on new economic regulations imposed costly new bureaucratic procedures on businesses, going against the current moves towards simplification by businesses and the practices of our European partners. The change of government in 2002 did nevertheless bring some change in direction, with the first, more liberal, modifications of the document. However, the so-called social modernisation law has multiplied new restrictions for employers, affecting in particular the balance between job security and business adaptation, which drove the Constitutional Council in January 2002 to annul its arrangements which further restricted economic redundancies. As for the environment, regulations have been so abundant that compliance is difficult, especially for SMEs.

At the same time, in the latest figures posted on the Single Market presented in November 2002 by the Commission, France has been classed in last place for national transposition of European directives, and in first place for involvement in infringement proceedings. The current government has decided to undertake an action plan in order to remedy this situation. The MEDEF awaits fast results, bringing an efficient solution to these delays from this year onwards.

At a time when the fifteen Member States have agreed to set in motion a vast plan for simplification of Community regulations, presented in June 2002 by the Commission, the MEDEF urges France to emulate some of the governance practices of this plan in its own legislative and governmental practices. For example, the obligation to undertake preliminary impact analyses made public before all bills should be systematic. The MEDEF particularly emphasises the need to accompany European steps to simplify regulations by similar steps at a national level. The need for simplification is an urgent priority for France. The government elected in 2002 has already listed in its priorities such legislative, regulatory and administrative simplification.

In this context, the government has already rightly insisted on the necessity of encouraging the creation of new businesses. This target was the subject of a White Paper as well as the bill "Acting for Economic Initiative".

Lisbon objectives:

- An environment and culture conducive to entrepreneurship
- Simplification of laws and regulations with new and more flexible approaches
- Simplification of relations with the administration
- Better transposition of European directives

For 2003, the priorities are:

Firstly:

- Implement a national plan for simplification and Euro-compatibility of regulations

And also:

- Improve France's delay in transposing European directives
- Reform company law in order to introduce more contractual freedom for non-listed companies



Reconcile sustainable development and competitiveness

At the Göteborg Summit of June 2001, the fifteen Member States decided on a joint strategy for sustainable development, which was the object of an annual review at the spring summit along with the Lisbon objectives.

Göteborg objectives:

- Sustainable development strategies in consultation with all interested parties
- Measures to counter climate change - implementation of Kyoto, renewable energies
- The adaptation of transport to environmental requirements - social cost, infrastructure, alternatives to road
- Improvement of the quality of alimentation - security and substances
- Promotion of natural resources - biodiversity, ecosystem, industrial waste

For 2003, the priorities are:

Firstly:

- Develop the practice of voluntary self - commitments, notably for the reduction of greenhouse gases

And also:

- Harmonise sustainable development and competitiveness by dialogue between the state and businesses
- Advocate the French approach in the area of risk management and the restoration of polluted sites through pragmatic targeting

In 2002, the facts indicate:

The challenges of sustainable development imply further dialogue and shared responsibility between the authorities, who set targets to be reached, and the economic actors, who must implement these in businesses. The struggle against the greenhouse effect has in particular been at the heart of this dialogue, with joint commitments in place to reduce emissions. On the initiative of the MEDEF, a move towards voluntary self-commitments has been preferred by government rather than a new energy tax.

The arrangements in place consist of two parts, concerning respectively:

- Big businesses, or heavy producers, who commit to a specified target of reduction in their emissions, verifiable and sanctionable, within the framework of the Association of businesses for the reduction of the greenhouse effect (AERES), created to this end with the support of the MEDEF, the French association of private businesses (AFEP) and Businesses for the environment (EPE). 21 businesses, representing 80% of carbon dioxide emissions, have already joined this association, as well as business federations ;

- SMEs, or small and medium producers, who set themselves mean targets within the framework of their business groups with the support of the MEDEF.

In parallel, the MEDEF has mobilised its members regarding the legal and accounting status of emission quotas, as well as the consequences of the choices made by the authorities in this field.

As for the question of contaminated sites and ground, the government and the MEDEF are developing a pragmatic approach taking into account the specificity of each site, with possible restoration which would occur on a case-to-case basis, according to the current and future purpose of the site in question.

An environmental charter, announced during the presidential campaign, is being prepared. Major environmental principles would thus be written into a document of constitutional value.

Turning to sustainable development, the MEDEF has alerted businesses to the issues of the Johannesburg Summit and has encouraged them to be active players. A national strategy for sustainable development will also be adopted during the first half of 2003. The MEDEF is involved in the elaboration of this strategy.



Conclusions

To put an end to France's delays in Europe,

● The MEDEF presents nine priorities for 2003:

- Ensure the adequate transposition of directives for opening the energy markets
- Regain the confidence of investors through stabilising the financial markets
- Reduce the tax burden towards the European average whilst rebalancing the budget by careful spending
- Reinforce innovation in businesses, especially SMEs, through more efficient use and wider application of the research tax credit and diffusion of best practice.
- Complete structural reform for greater business competitiveness (revision of the 35 hour week, reform of the minimum wage and restructuring stipulations)
- Undertake structural reforms which will ensure the durability of public and private social welfare schemes
- Complete negotiations to renovate vocational training
- Implement a national plan for simplification and Euro-compatibility of regulations.
- Develop the practice of voluntary self-commitments, notably for the reduction of greenhouse gases.

To these ends, the MEDEF's expectations of the authorities are:

- A veritable national dialogue on the adaptation of the Lisbon objectives
- All necessary legislative measures and initiatives required to conform in time
- Measures restoring entrepreneurs' trust in investments, innovation and hiring
- More freedom and responsibility for businesses and the social partners

The MEDEF's expectations of the European Institutions are:

- The intensification of efforts to ensure greater completion of the Single Market
- The reinforcement of regulatory capacity, cohesion and stability of the Single Market
- Efficient, public and transparent tools for measuring the implementation of reforms
- Ongoing dialogue with businesses and social partners, involving them in reform

The MEDEF agrees, with its European partners of the member federations of UNICE

- To watch over the follow-up of implementation priorities of the Lisbon strategy
- To intensify dialogue between social partners in order to contribute directly to reforms
- To develop closer European cooperation and exchange of best practice
- To pursue the presentation of such reports at the spring summits in future years
- To contribute to the success of the Lisbon strategy in such a manner by uniting our initiatives



Putting an end to France's delays in Europe

**Access to the national Lisbon
strategy reports 2003
of the industrial and employers
federations of the EU member states,
Norway and the UNICE report is at:
www.unice.org/lisbon**

