

4 June 2003

THE PRESIDENT

Dear Member of the Convention,

As an observer to the Convention, UNICE has actively followed and participated in the Convention process. In this context, we have taken note of publication of the draft texts on parts I, II, III, IV of the revised Treaty, and would like to make the following comments.

GENERAL COMMENTS

For business, it is key that the Convention proposes a Treaty on the basis of which companies, as the engine of economic growth and employment, can compete on a level playing-field, prosper and adapt to the increasing challenges that globalisation brings.

This is vital if the EU is to meet its Lisbon objective of making Europe the most dynamic and competitive knowledge-driven economy in the world by 2010.

In UNICE's view the main objectives of the EU must be to further promote economic growth and thereby social progress, as well as a high level of employment and competitiveness, and to ensure balanced and sustainable development based on open market economies.

Finally, it is key that the Convention ensures an efficient EU decision-making process.

UNION'S OBJECTIVES

UNICE is extremely concerned about the fact that, in the amended version of article 3 on the objectives of the EU, the reference to a high level of competitiveness has been taken out. This changes considerably the nature of the objectives of the EU, to the detriment of one of its main economic actors, its companies.

One of the values which has underpinned each UNICE input to the Convention process is the need to maintain a high level of competitiveness in the EU. In this context, UNICE very much welcomed the fact that the draft article on the objectives of the EU, presented in

February 2003, made a direct reference to the fact that the EU should aim at generating high levels of competitiveness.

Companies in Europe do not understand why this reference has been taken out of the revised draft, while the EU is striving to achieve the target set in Lisbon. The justification for the amended version does not present evidence of any request to withdraw this reference. Increasing Europe's competitiveness is about preventing the drain of knowledge, of research, of industrial activity and, in time, of employment out of Europe. It is about ensuring a sound future for the EU, and should be one of its objectives. Social progress can only be secured by a high level of competitiveness at EU level.

This move is even more worrying since most of the proposals of the working group on Social Europe have been incorporated in the revised draft Treaty. This distorts the balance between social and economic objectives in an unacceptable way.

This is why UNICE has tabled the attached amendment, which is supported by several members of the Convention.

We therefore urge members of the Convention to ensure that appropriate action is taken to reintroduce such a reference.

SOCIAL PARTNERS AND SOCIAL POLICY

UNICE welcomes the inclusion of article I-47 and its wording highlighting the special role of social partners and the autonomy of the social dialogue.

In the field of social policy, UNICE is opposed to the proposed extension of QMV to article III-99 (ex article 137). This is not in line with the conclusion of the Convention working group on Social Europe which recognised that there was no consensus on extension of QMV to article III-99 d) f) and g) (protection against dismissal, co-determination, and employment conditions for third-country nationals) which are highly sensitive national issues.

UNICE urges members of the Convention to stick to the current Treaty differentiation between QMV and unanimity issues in social affairs.

ECONOMIC GOVERNANCE

UNICE welcomes the envisaged stronger role of the Commission in implementing the objectives of the Stability and Growth Pact, as well as for excessive deficit procedures.

Regarding coordination of economic and employment policy, UNICE is of the opinion that the European Commission should only be given framework competences. The sentence "the Member States shall coordinate their economic policies within the Union" (article I-14) should be placed right at the start of the article and relate to economic, employment and social policy, not only to economic policy as in the current draft text.

TAXATION

UNICE's position on taxation is that unanimity should apply to new policy initiatives in the field of taxation, e.g. harmonisation of systems of taxations as well as environmental fiscal measures.

AMENDMENTS NOT TAKEN ON BOARD

Finally, UNICE has tabled a number of amendments, some of which have not been taken on board. We would like to insist on the following ones:

- Efficient functioning of the EU institutions will be key for the success of the enlarged EU. The Convention must ensure that an enlarged EU is able to take decisions rapidly. An independent and strong Commission acting as guardian of the Treaty and proposing legislation to the Council and the Parliament in the interest of the whole Community is the best safeguard for the Community method.

In this context, UNICE has tabled an amendment to ensure that the drafting of article I-25 reflects sufficiently the central role of the Commission in the institutional framework. UNICE is of the opinion that the Commission's exclusive right of initiative, except where the Constitution provides otherwise, should be more strongly enshrined in the Treaty.

- During the whole Convention process, UNICE has very much emphasised the need for the Treaty to recognise, in addition to legislative acts, greater use of self-regulation and co-regulation. It has proposed, in this context, an amendment to article I-37, which was supported orally by the Chair of the Convention Plenary meeting on 17 March 2003.

Self-regulation and codes of conduct should receive greater recognition as possible instruments to reach EU objectives, instead of systematic legislation. This would alleviate the legislative task of the EU.

- One aspect which is key for the competitiveness of companies in Europe is assessment of the economic impact of any new legislation introduced at EU level.

UNICE has proposed an amendment to the subsidiarity protocol to propose creation of an independent body which could check the need for EU regulation, its economic impact, and its added value for the functioning of the internal market.

- UNICE regrets that its amendment concerning extension of QMV to negotiation and conclusion of agreements in the fields of trade in services involving the movement of persons and the commercial aspects of intellectual property (article III-212), has not been taken on board.

I trust that you will take any action you can to ensure that the outcome of the Convention reflects our concerns.

I thank you in advance for your support on these points.

Yours sincerely,



Georges Jacobs

AMENDMENT FORM

Suggestion for amendment of Article I-3:

By Mr John CUSHNAHAN, Mr Pierre CHEVALIER, Mr Göke FRERICHS, Mr Georges JACOBS, Ms Piiia-Noora KAUPPI, Mr Antti PELTOMÄKI, The Earl of STOCKTON, Mr Erwin TEUFEL, Mr Gijs de VRIES, Mr Joachim WÜRMEILING

Status : **Members, Alternates and Observer**

Article I-3: The Union's objectives

1. The Union's aim is to promote peace, its values and the well-being of its peoples.
2. The Union shall offer its citizens an area of freedom, security and justice without internal frontiers, and a single market where competition is free and undistorted.
3. The Union shall work for a Europe of sustainable development based on balanced economic growth, with a social market economy aiming at *a high level of competitiveness*, full employment and social progress.

It shall aim at a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance.

It shall combat social exclusion and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of children's rights.

It shall promote economic, social and territorial cohesion, and solidarity among Member States.

The Union shall respect its rich cultural and linguistic diversity, and shall ensure that Europe's cultural heritage is safeguarded and enhanced.

Explanation (if any) :

A high level of competitiveness is a crucial objective if Europe is to achieve the goals set out at Lisbon and espoused by the Working Groups on Social Europe and Economic Governance. Its omission goes against the consensus reached in these groups and in the plenary discussions which followed.

In addition, Article 2 of the TEC already recognises the imperative for Europe to strive for ‘a high degree of competitiveness’. Removing this goal sends out the wrong message to Europe’s companies and to our trading partners outside the Union.