

The competitiveness challenge

RELEASE COMPANIES' POTENTIAL

European companies are ready to be the driving force in a European economic comeback, if public authorities create more room to do business. Just like Swift's Gulliver, companies in Europe are tied down by too many obstacles. Therefore European business demands to be freed:

- ◆ From an oversized public sector and an excessive tax burden ...

...TO RELEASE ENTREPRENEURIAL ENERGY

- ◆ From financial and regulatory constraints on R&D ...

...TO BOOST INNOVATION

- ◆ From rigidities in the labour market ...

...TO RAISE EMPLOYMENT

- ◆ From distortions in markets for products and services ...

...TO UNLEASH THE INTERNAL MARKET

- ◆ From inefficient and therefore costly environmental policy instruments...

...TO REMAIN AN ENGINE OF SUSTAINABLE DEVELOPMENT

- ◆ From trade and investment barriers ...

...TO REALISE GLOBAL MARKET OPPORTUNITIES

Free Gulliver!

If public authorities release the ties, he will stand ready to journey towards new opportunities and new markets to enhance productivity, promote innovation, encourage lifelong learning, create new jobs ...

to bring European society the fruits of entrepreneurial activity

UNICE speaks for more than 16 million small, medium and large companies in Europe. Active in European affairs since 1958, UNICE's members are 35 central industrial and employers' federations from 28 countries, working together to achieve growth and competitiveness in Europe.

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Manifesto for Competitiveness

UNICE
THE VOICE OF BUSINESS IN EUROPE

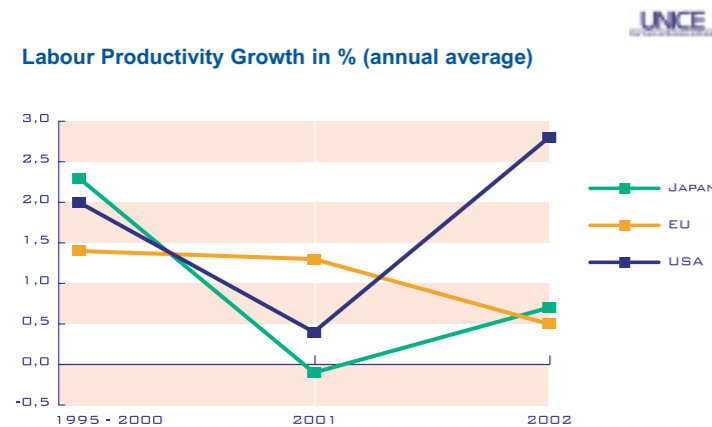


Competitiveness Day
14 November 2003

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EUROPE IS NOT DOING WELL

- ♦ The *Lisbon Strategy* to make Europe the most competitive economy by 2010 does not deliver. Europe's economy is not catching up to its main competitors and risks being left behind by new competitors.



- ♦ Europe's main problem is productivity. European productivity growth is deteriorating because of structural rigidities that saddle European companies with competitive disadvantages.

Industrial production and research activity is leaving Europe. The precarious position of European industry and related services has finally been recognised at the highest political level. Now, words need to be quickly followed by action as Europe is at risk of losing its industrial base with serious consequences for all business sectors

The time is now for political action

IMPROVE THE FRAMEWORK - AN INTEGRATED COMPETITIVENESS STRATEGY

On 1 May 2004 ten new Member States with more than 75 million people will join the European Union, making it the biggest market in the developed world. Enlargement should become the catalyst for a new European strategy that will use competitiveness as its guiding principle. The time is now for:

- ♦ A real commitment to competitiveness among all European and national policy-makers. The European Union needs an integrated competitiveness strategy, which must be backed by effective decision-making bodies, in particular a stronger Competitiveness Council.
- ♦ Modernising our national social systems in Europe in order to adapt them to economic and social conditions of the 21st century.
- ♦ Decision-makers to put resources where the growth drivers are. Budgets should be allocated to support growth and competitiveness objectives with specific attention to investments in infrastructures, R&D, education and training.

DELIVER - TOP ACTION POINTS

- ♦ **REGULATION:** Reduce existing regulation substantially and set up independent business impact assessments for new legislative proposals. The real potential cost of legislation for business must be clear before political decision-making procedures are started. This criterion was regrettably not properly met during preparation of the EU "Chemicals Legislation Package" proposal.
- ♦ **PUBLIC FINANCE:** Encourage social protection reform and decrease structural government deficits in view of meeting the challenge of an ageing population and of unsustainable public expenditure levels.
- ♦ **INNOVATION:** Develop coherent national research policies and an EU policy focused on stimulating R&D with better financial support. Modernise state aid rules on R&D, also with regard to industry cooperation with knowledge institutions.
- ♦ **EMPLOYMENT:** Accelerate reform of national labour market regulation in order to introduce more flexibility, increase the number and quality of jobs and productivity at work.
- ♦ **TRANS-EUROPEAN NETWORKS:** Boost internal market efficiency through timely realisation of Trans-European Networks but without further straining public budgets. Improve opportunities for Public-Private Partnerships.
- ♦ **INTERNATIONAL ECONOMIC RELATIONS:** Pursue the liberalisation of foreign markets and re-launch the WTO Doha development round. Avoid excessive foreign exchange rate movements, which are harmful for global trade growth. The burden of the US current account adjustment must not fall on Europe alone.