

“IDENTITY, EFFICIENCY, GOVERNANCE”

WHAT EUROPEAN BUSINESS EXPECTS FROM THE IRISH EU PRESIDENCY

**VISIT TO MR BERTIE AHERN, TAOISEACH AND PRESIDENT OF THE EUROPEAN COUNCIL
BY PRESIDENT STRUBE**

22 JANUARY 2004

The European Union is currently lacking identity, efficiency and governance.

Therefore the motto of your presidency “Europeans – working together” touches on the essence of what is required to steer the European Union through the political currents of 2004. Not only must European policy-makers work together but they must get all citizens involved in order to succeed in making Europe the most competitive and dynamic region in the world, as envisaged in the Lisbon Strategy four years ago. The challenges ahead will not be facilitated by the fact that unfavourable economic conditions will also make it inevitable for the EU institutions to scale back their budgetary plans.

However, thanks to important political events in 2004, the Irish Presidency is in a key position to connect all European stakeholders – such as citizens, entrepreneurs, employees, the media, and politicians – in a thrust to achieve an upturn in the European project now. UNICE would like to point out the following opportunities during your Presidency that can allow you to improve the identity, efficiency and governance of Europe:

1) Enlargement

Enlargement is an opportunity as well as a challenge fully embraced by the European business community. Being a historical dream of a peacefully united Europe come true, it is set to revive the European spirit, and it offers the potential for improved economic growth in our society through an increase in diversity and economies of scale. However, enlargement is creating and will further create pressure to adapt to stronger competition.

Besides accelerating the completion of the internal market, Member States must therefore also strive for thorough economic reform on the national level. Business expects the Irish Presidency to focus on good governance that will enable the 25 countries to work efficiently together when responding to that pressure. To ease integration, UNICE is in favour of a moratorium concerning the implementation of new EU legislative measures which are not absolutely necessary for the Internal Market.

2) Elections to the European Parliament

The European Parliament is the only directly elected EU institution, soon representing more than 450 million Europeans. Without citizens' support, a project such as the Lisbon Strategy which affects the lives of everyone in Europe is bound to fail.

In order for the European Parliament to be a true link between the people and European policy, this year's elections must become genuine European elections, and not 25 different national ones. During the Irish Presidency the elections will be prepared and held. Based on your experiences in Ireland ("Get the European people vote for Europe"), you can give important impetus to the mobilisation of European citizens. You can encourage and promote issues of pan-European concern, above all European competitiveness, to be included in the election campaigns.

3) Intergovernmental conference

Just like the European Parliament, the Intergovernmental Conference is a "people's affair".

In order to keep the enlarged EU efficient, it is indispensable that the functioning and governance of EU institutions is reviewed. This is why business continues to press for an urgent agreement on the proposed constitution for the EU as well as an update of its Policy-Treaty articles.

UNICE would like to discuss the current state of affairs and keep close contact with the Irish presidency in order to feed inputs into the debate when the timing will be best.

4) New Commission

Just as the new European Parliament will be the "Lisbon" Parliament, the new Commission will be in office during most of the remaining Lisbon Strategy timeframe. Competitiveness must be enshrined in the new Commission's mission statement as well as its organisational structure: whereas the existing Commission is structured around vertical departments, many competitiveness issues – such as entrepreneurship, innovation or industrial policy – are horizontal in nature.

Therefore the European Council needs to appoint a strong President of the Commission who can fulfil the need for leadership and manage the organisation in a modern way. In business terms, he must be able to achieve a "turnaround" and "shorten the time to market".

Moreover, competitiveness needs one face – a Competitiveness Commissioner – to initiate policy reform, manage impact assessments and prepare the work of the Competitiveness Council. In order to be efficient this Commissioner would also need, as in certain national governments, to be involved in overseeing social issues, and have the rank of a Commission Vice-President.

5) Better Regulation

A topic on which the EU can raise its profile vis-à-vis all stakeholders in Europe is higher quality and less superfluous regulation. UNICE and its members have been

working for years to convince European legislators of the need for better regulation and effective assessment of the cost of legislation. While successes have been booked in a few Member States, for example in the UK and in the Netherlands, discussions at EU level have not progressed enough. The EU needs a drastic change in both methodology and mentality.

European business proposes the creation of an independent body assessing the business impact of EU regulation. UNICE offers its active cooperation in setting up such a body.

6) Spring Summit on Economic Reform

Yesterday the European Commission released its Spring Report 2004, assessing the state of the Lisbon Strategy. UNICE also published a report on the Lisbon Strategy status, which was presented at the UNICE Competitiveness Day last November. Both reports come to the same overall conclusions: the EU is a long way from the Lisbon goal of becoming the world's most competitive, dynamic and knowledge-based economy by 2010, which is mainly due to insufficient economic reform in Member States.

The Spring Report's three priorities for the Spring Summit 2004 (investment, competitiveness, employment) are a good basis for action. However, given the sour state of Europe's competitiveness, a stronger sense of urgency must be created with an emphasis on economic reforms set to deliver "quick wins". UNICE hopes that at the March Spring Summit heads of government will commit themselves unambiguously to deliver reform measures in their countries that relieve the burden on European economic activity

In its "Manifesto for Competitiveness" UNICE therefore demands immediate action on the following six points:

- Regulation
- Public Finance
- Innovation
- Employment
- Trans-European Networks
- International Economic Relations.

A number of priority legislative issues ahead of the Spring Council were discussed with your colleague Ms Harney during her recent visit to UNICE (*please find briefing note attached*). As President of the Competitiveness Council, which is a key player in European economic reform, she agreed that this Council formation must develop a more horizontal view of its agenda. The Spring Council should reiterate and strengthen the special mandate of the Competitiveness Council as guardian of European competitiveness. In that context, close consultation of this Council formation with business is crucial. UNICE has already had fruitful exchanges of view with Ministers Dick Roche and Mary Harney on how to strengthen that consultation by regularly holding meetings with business leaders ahead of Council meetings.

The Irish Presidency must not miss the opportunity of the Spring Summit to confirm the Lisbon Strategy as a cornerstone of the European project. Ireland, having lived through a highly successful modernisation of its economy, is perfectly suited to overcome prevailing communication barriers with the European public and explain why the Lisbon Strategy is so important for the future of Europe.

Annexe:

**'MEETING THE COMPETITIVENESS CHALLENGE'
UNICE PRIORITIES FOR THE COMPETITIVENESS COUNCIL
DURING THE IRISH PRESIDENCY**

**VISIT OF MARY HARNEY, TÀNAISTE, IRISH MINISTER FOR ENTERPRISE,
TRADE AND EMPLOYMENT, AND PRESIDENT OF THE COMPETITIVENESS
COUNCIL**

PHILIPPE DE BUCK, SECRETARY GENERAL OF UNICE

BRUSSELS, 7 JANUARY 2004

The future of European competitiveness and the success of the Lisbon Strategy strongly depend on effective economic governance and an integrated EU policy approach, with the Competitiveness Council acting as a central hub and decision-maker. It lies in the hands of the Irish Presidency to seize the opportunity of the year 2004 with all its political and institutional changes in order to make an integrated competitiveness strategy in the EU emerge.

In this context UNICE, representing the European business community, is looking forward to discussing the following issues with the Irish Presidency, crucial for meeting the competitiveness challenge and thus delivering on the Lisbon goals:

Role of the Competitiveness Council

- **Business support for an enhanced role of the Competitiveness Council**
- **An integrated strategy for competitiveness – preparing and assessing the Lisbon Agenda**
- **Improved cooperation with business ahead of Council meetings**

Priority issues for the Competitiveness Council during the Irish Presidency

- **Evaluation of the REACH proposal**
- **Commission action plan for entrepreneurship**
- **Regulation on the Community Patent**
- **Directive on enforcement of intellectual property rights**
- **Industrial Policy**
- **Directive on Computer-implemented inventions**
- **Directive on cross-border mergers**
- **Innovation**

1) Role of the Competitiveness Council:

- **Business support for an enhanced role of the Competitiveness Council**

The special role of the Competitiveness Council as guardian of European competitiveness was formally assigned during the 2003 Spring Summit: “The Competitiveness Council must actively assume its role of enhancing competitiveness and growth. It must watch over all proposals considered likely to have an effect on Europe’s competitiveness.” (Presidency Conclusions)

European business considers the Competitiveness Council of utmost importance in order to address the structural problems which the European economy faces and to reach the competitiveness goal fixed at the Lisbon Summit in 2000. More specifically, it must:

- give clear statements on whether EU legislative proposals would enhance competitiveness. It must scrutinise every item on the agenda for its meetings through the lens of competitiveness;
- coordinate and evaluate competitiveness-related decisions of other Council configurations. It must be able to give evaluations that contradict the opinion of other Council formations, if this is needed, to stop legislative measures that could hamper European competitiveness, e.g. in the areas of greenhouse gas reduction, services of general economic interest or temporary agency work.

- **An integrated strategy for competitiveness – preparing and assessing the Lisbon Agenda**

On 27 November 2003, the European Commission released a Communication “Some Key Issues in Europe’s Competitiveness – Towards an Integrated Approach” with the intention of substantiating an integrated strategy for competitiveness. The communication addresses the risk of de-industrialisation in Europe and establishes a list of issues to be addressed to enhance competitiveness. However, an integrated policy approach does not yet materialise. The Competitiveness Council is in a position to substantiate an integrated strategy for competitiveness by:

- systematically assessing the status of the Lisbon Strategy on the basis of the Commission’s Spring Report 2004 (to be discussed on Competitiveness Council meeting on 11 March 2004) and
- using the results for the setting up of the Spring Council 2004 agenda.

- **Improved cooperation with business ahead of Council meetings**

During the UNICE Competitiveness Day (14 November 2003) the proposals was made to have ministers meet business leaders in advance of each Competitiveness Council. UNICE’s President Jürgen Strube sent a letter to Minister Dick Roche, asking him to put forward this request to the Tànaiste.

2) Priority issues for the Competitiveness Council during the Irish Presidency

For the first half of 2004, European business asks the Competitiveness Council to attach particular importance to the following issues:

- **Evaluation of the REACH proposal** (*to be discussed on Competitiveness Council meeting 11 March 2004*)

It is essential to make a comprehensive impact assessment of REACH, taking account of the effects on the chemicals industry and on downstream users, before approval.

Currently a comprehensive assessment of the economical, social and environmental impacts of REACH is not available. The preliminary work carried out by the Commission does not cover the complete subject and needs to be supplemented by further analysis along the lines described in a joint UNICE / CEFIC methodological document dated 24 November 2003.

The Competitiveness Council should:

- either instruct the Commission to make the necessary comprehensive impact assessment
- or get this work done under its aegis.

In both cases, UNICE and CEFIC are ready to help in the process.

A more detailed economic impact assessment of REACH is essential with a view to designing a REACH system that is really workable.

- **Commission action Plan for entrepreneurship** (*Council conclusions at Competitiveness Council meeting 11 March 2004*)

Europe needs to foster entrepreneurship more effectively. Increased entrepreneurial activity has a direct impact on the overall economic performance of the EU, and a favourable entrepreneurship environment also benefits business in general. Entrepreneurship is therefore a crucial element for achieving the Lisbon objectives.

UNICE identifies the following areas on which policy-makers should focus in order to foster entrepreneurship in Europe:

- Taxation and finance
- Better regulation and simplification
- Promoting entrepreneurship, changing attitudes and the role of education

Policy-makers at European, national and region level should take entrepreneurship issues into account in all policy initiatives, in all departments, to ensure a coordinated policy approach and acknowledge the impact on entrepreneurship of their actions.

- **Regulation on the Community Patent** (*Political agreement to be reached at Competitiveness Council meeting 11 March 2004*)

Since the current package for the Community Patent on the table no longer meets users' needs in terms of quality and costs, UNICE wants the project to be re-initiated on a sounder basis after a thorough discussion with users of the future instrument and taking primarily into account the interests of industry and of EU competitiveness.

- **Proposal for a Directive on the enforcement of intellectual property rights** (*Political agreement to be reached at Competitiveness Council meeting 11 March 2004*)

UNICE considers that piracy and counterfeiting present a very serious threat to European business and will support all efforts at Council level to improve the Commission's proposal for a Directive on the enforcement of intellectual property rights.

- **Forthcoming Communication on Industrial Policy** (*Exchange of views at meeting 17 May 2004*)

The Commission's Communication of December 2002 on industrial policy contained a lot of good intentions, in particular regarding the implementation of a "better regulation" approach for industrial products and services. The Commission planned in particular to make, before submitting any major policy initiative, an extended impact assessment covering the economic, social and environmental aspects, along the lines of the sustainable development concept.

As the launch of REACH has shown, this better regulation approach has not yet materialised. The future Communication on industrial policy should contain clarifications and commitments by the Commission regarding the improvements it plans to bring to the current process for preparing draft legislations or other initiatives (co-regulation etc).

The Competitiveness Council should furthermore think about the implications, for Europe's further industrial development, of the non-ratification of Kyoto by the USA and of the more and more negative attitude of Russia towards ratification.

- **Directive on Computer-implemented inventions** (*Political agreement to be reached at Competitiveness Council meeting 17 May 2004*)

Industry can function very well with the existing legal framework and does not see the added value of a Directive on the patentability of computer implemented inventions after the European Parliament plenary vote and along the lines proposed by the European Parliament. The Council is set to adopt its common position during the Irish presidency. In this context, UNICE has urged the Council to reject the amendments adopted by the European Parliament that are highly disruptive to current European patent practice and to stick to its common approach of November 2002

- **Proposal for a Directive on cross-border mergers of companies with share capital** (*to be discussed on Competitiveness Council meeting 17 May 2004*)

UNICE welcomes the fact that the Competitiveness Council will examine the Commission proposal for a Directive on cross border mergers. For many years, UNICE has called for European legislation on cross border mergers. We believed that such an instrument was key to allow European companies to increase their competitiveness and draw all the benefits of the Internal Market. Unfortunately, the proposal presented by the Commission will not allow to reach this goal if the current provisions on workers involvement are included.

- **Innovation** (*subject of informal Competitiveness Council meeting 25/27 April 2004*)

Innovation must be encouraged through creation of an environment in which it is likely that ideas and research results will be turned into innovation. Europe must improve conditions for innovation now; otherwise it will have to suffer from an exodus of innovation activity in the near future. Therefore the informal meeting of decision-makers on 25 April in Ireland to discuss innovation is a good initiative, and UNICE offers all its support and collaboration to contribute to the success of this meeting.
