

**IMPLEMENTING THE LISBON STRATEGY THROUGH BETTER GOVERNANCE,  
BETTER REGULATION AND BETTER COMMUNICATION**

**EUROPEAN BUSINESS EXPECTATIONS FROM THE DUTCH PRESIDENCY**

**NOTE FOR JAN PETER BALKENENDE, DUTCH PRIME MINISTER AND PRESIDENT OF THE  
EUROPEAN COUNCIL**

**MEETING WITH UNICE PRESIDENT JÜRGEN STRUBE ON 7 JULY 2004**

As it takes place at the start of the new political cycle 2004-2009, the Dutch EU presidency is in a pivotal position to ensure implementation of the Lisbon Strategy during its remaining timeframe until 2010.

The implementation of the Lisbon Strategy has become ever more necessary in view of the declining competitive position of the EU in recent years. EU enlargement has made the Lisbon Strategy even more relevant: not only will the internal market of 25 countries offer tremendous opportunities for all European citizens, if it is fully realised. In addition, enlargement creates healthy pressure for structural reforms, as many of the new Member States have undergone profound changes in their economic structures, and are catching up with much more dynamic growth rates than the EU average. Therefore UNICE considers the accession of ten new Member States a golden opportunity for the Lisbon Strategy that needs to be realised from the very beginning.

Conscious that the coming months will set the course for EU policy for many years, the European business community has laid out its business vision of Europe in the "UNICE Memorandum to the EU institutions – political cycle 2004-2009", which is to be published in September. In this memorandum the presidents of all 35 national member federations of UNICE urge policy-makers in the EU institutions to become the engine for change. In order to change, policy-makers need to concentrate their efforts on three issues:

- **better governance**
- **better regulation**
- **better communication**

Besides explaining its vision of how to bring Europe back on the path of growth, jobs and prosperity, UNICE would also like to take the opportunity to discuss with the Dutch Presidency a number of crucial policy issues for the second half of 2004:

- **Climate Change** – the case for reviewing EU policy
- **REACH** – why it could harm EU industry
- **Turkey** – promising reform process
- **DDA Round** – agree on a framework to move forward
- **Community Patent** – continue efforts
- **International Financial Reporting Standards** – ensure convergence with US rules
- **Services Directive** – a cornerstone of the internal market

## I. Business Vision for Europe

### Better governance

Governance in Europe must follow one simple rule if it is to fulfil the Lisbon goals: **focus on competitiveness!** Europe will only secure growth, jobs and prosperity if it has a competitive economic environment. In the interest of society as a whole the new European institutions must focus all their policies on the objective of enhancing competitiveness in Europe. Competitiveness must be at the heart of the mid-term review of the Lisbon Strategy, not because it is an end in itself, but because it is the indispensable basis for sustainable development and well-being. UNICE is confident that the report on the mid-term review of the Lisbon Strategy which is currently being drafted by the high-level group chaired by Wim Kok will support this refocusing of the Lisbon Strategy.

The focus on competitiveness should have several implications:

- It should result in a **streamlining of all processes** currently under way to coordinate, monitor and measure progress of the reform efforts included in the Lisbon Strategy such as the “Cardiff Process” or the “Education and Training Processes”.
- The EU should appoint a strong **Competitiveness Commissioner** with the task of overseeing all Commission work affecting Europe’s competitiveness. This key person in the new Commission should have the rank of a vice-president.
- The **Competitiveness Council** must further develop the mandate it was given by the European Council to evaluate competitiveness-related decisions of other Council formations and adapt or even stop them if necessary. In order to be more efficient, each Member State should designate one senior minister to attend Competitiveness Council meetings. UNICE would also find it extremely useful to organise meetings on political and technical level ahead of each Competitiveness Council meeting during the Dutch Presidency. (*see note for Minister Brinkhorst*)
- The **Financial Perspectives 2007-2013** commit EU actions for years to come by setting a framework for future EU budgets. In order to substantiate the priorities EU institutions have set themselves, budgets must be reallocated primarily towards policy areas that enhance competitiveness.

### Better regulation

UNICE highly welcomes the fact that the Dutch Presidency has made better regulation a **top priority**, and offers all its support in driving this issue forward. The European business community considers the Dutch national experience with better regulation (e.g. Actal) a European best practice.

- On the EU level, **impact assessments** and consultation of stakeholder organisations should be mandatory for all proposed legislation in order to examine their impact on competitiveness, and should be carried out from the very early drafting to the final adoption of legislation in Council and Parliament.
- Whereas all the necessary means to realise such impact assessments should be provided by the EU, business would like this exercise to be in the hands of an **body which is independent from the EU institutions**. This body should establish binding quality standards and a common analytical methodology for assessing draft legislation. It should further have effective sanctions at its disposal to change or even block proposals in case of deficiencies.

- Concrete action plans to **simplify existing red tape** and reduce compliance cost must be put in place with ambitious targets and deadlines, incentives and controls. Member States should also be invited to furnish a list of national regulations for simplification.
- The expanding volume of the existing “acquis communautaire” is all the more harmful as the new Member States are struggling to implement it quickly and thoroughly. **New legislative initiatives therefore need to be absolutely essential in order to qualify for adoption in the coming years.**

## Better communication

The urgency for change in Europe and the benefits of progress are not yet sufficiently accepted among European citizens. The Lisbon Strategy remains largely unknown. The European project is becoming more and more detached from the people, as the outcome of the elections to the European Parliament have proven.

- UNICE urges investment in a **European-wide communication strategy**, initiated by EU institutions, implemented by national governments and parliaments, and involving social partners. The Lisbon Strategy has to become known as a strategy for growth, jobs and prosperity.
- Opportunities to communicate the benefits of the Lisbon Strategy to citizens will be offered by the numerous **referenda on the recently adopted Constitutional treaty** which UNICE considers absolutely necessary to keep the EU operational in the future. We must convince European citizens that a stronger EU policy framework, the success of the Lisbon Strategy and their future prosperity are inextricably linked.
- UNICE will do its share of voicing the urgency for change to the European public by organising the **second Competitiveness Day on 9 December 2004**. Minister Brinkhorst has already kindly agreed to speak on that event, and Prime Minister Balkenende would, of course, be very welcome, as well.

## II. Policy issues

### Climate Change

The new international context makes it necessary to reassess the current EU climate change strategy. European industry is a clear supporter of all actions that lead to a global reduction of climate-polluting emissions. However, the failure of the USA to ratify Kyoto protocol and Russia's lack of tangible decision is about to generate serious negative effects which need to be thoroughly assessed. There is an urgent need for the EU to prepare a revised climate change strategy in order to give an answer to the question of how negative impacts on EU industries' competitiveness can be avoided in the case of non-ratification of Kyoto by the major economic areas, whilst promoting climate protection. The European 2005 Spring Summit should hold a major strategic discussion on this issue.

To raise awareness of this issue, UNICE will hold a press conference on 8 July 2004 in Brussels.

## **REACH**

It is crucial that the practical consequences of REACH for all industrial activities are completely catalogued and fully understood. In particular, it is essential to evaluate the sectoral economic impacts of REACH and the effects on innovation in Europe. In this context, UNICE is committed to further work on impact assessment which has been launched together with other stakeholders and the European Commission. European business strongly believes that the conclusions of this work, which will be available by November 2004, must be taken into account when decisions are taken on the subject.

## **Membership negotiations with Turkey**

UNICE welcomes Turkey's promising reform process, which it should sustain, and urges 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 set out in the Commission's report. This would offer EU and Turkish companies a more coherent and sustainable framework in which to conduct their economic activities.

## **DDA Round**

UNICE would like to see rapid progress in the DDA negotiations and is committed to ensuring that the way will be cleared in July for the final step of the negotiations which UNICE expects to be the shortest possible. All WTO members should contribute to the negotiating process according to their respective level of economic development. UNICE expects the Dutch Presidency and the Commission to work closely together to maintain unity in the EU position and to strive, by the end of July, for balanced negotiating frameworks on the core issues:

- agriculture,
- market access for industrial goods,
- development,
- the launch of negotiations on trade facilitation,
- invigoration of the services negotiations.

UNICE is concerned by some of the proposals tabled in Geneva which would lead to a significant reduction of the level of ambition in the market access area (tariff reduction and non-tariff barriers) by giving too many exceptions to emerging countries. UNICE supports the progressive elimination of all forms of trade distortive agricultural subsidies. However, an agreement will only be possible if the US, other agricultural developed and emerging countries are ready to match EU proposed moves on export subsidies, domestic support and market access by also taking commitments in these areas.

## **Community Patent**

Despite the persistent failure to agree on a Community Patent in the Council, UNICE would like to reiterate that adoption of a Community Patent that meets users' needs in terms of quality, affordability and legal certainty is key for European business. In terms of cost and legal certainty, the single-language solution, English, for the Community Patent can certainly be recommended.

## **International Financial Reporting Standards (IFRS, formerly IAS)**

In a globalised world it is necessary to act with common rules that stretch beyond our continent. Concerning IFRS, convergence of US rules towards IFRS must be ensured if the EU wants to reap the full benefits of applying these international standards.

## **Services Directive**

A strong services sector is crucial for the competitiveness of Europe's companies. The Commission's intention to promote cross-border trade and establishment in the Internal Market for services will benefit providers and users of services alike. Users of services would benefit from greater transparency and comparability between the services offered by different providers. Member States need to identify and eliminate national regulations that serve as barriers and ensure that remaining requirements for providers and users do not discriminate against companies from other Member States. Applying the country-of-origin principle, bolstered by increased cooperation between national authorities, constitutes the right approach to promoting the Internal Market in services. Where this approach does not lead to fair competition among providers from different Member States, the need for harmonised national regulations concerning access to the provision of services might have to be evaluated.

*The issues raised in this note form part of the UNICE memorandum for the new political cycle 2004-2009 "Business vision for Europe – growth, jobs and prosperity", which is to be presented to the public in a press conference on 9 September with, among others, President Jürgen Strube and Vice President Jacques Schraven*