

**UNICE PRESS CONFERENCE
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BUSINESS VISION FOR EUROPE:
GROWTH, JOBS AND PROSPERITY ...FOR OUR FUTURE**

Speaking notes / introduction for President Dr Jürgen Strube

Introduction “*Why Europe must change: challenges for the European economy*”

Ladies and Gentlemen:

1. Welcome to this press conference. I am very pleased to have such a high-level panel of business leaders from all over Europe today here in Brussels: as you can see, business is united in its expectations and recommendations for the next political cycle. I am pleased to welcome on the podium, in alphabetical order, the following UNICE Vice-Presidents:

- **Charles Krombach, President of FEDIL (Luxembourg)**
- **Ulysses Kyriacopoulos, President of SEV (Greece)**
- **Peter Mitterbauer, former President of IV (Austria)**
- **Jacques Schraven, President of VNO-NCW (Netherlands)**
- **Ernest-Antoine Seillière, President of MEDEF (France)**

and UNICE Secretary General, Philippe de Buck.

2. European business is presenting to you today its vision of how to achieve *growth, jobs and prosperity for Europe in the new political cycle 2004-2009*. 20 million companies across Europe, 99% of them SMEs, are demanding the indispensable emphasis on fostering more competitiveness, the only path to sustainable economic growth and therefore to growth, jobs and prosperity.

Europe has great potential to be competitive. But this potential is not a self-fulfilling prophecy! Europe must change to make it happen.

Therefore, we focus on the opportunities offered by the changes in the European institutions in the period 2004-2009, which is also the second half of the Lisbon timeframe. What has to be done to achieve our objective to be the “most competitive, dynamic, knowledge-based economy in the world by 2010”? And what are the challenges we are currently facing? Let me outline them:

3. Globalisation is gaining more dynamism

Globalisation is no longer only a question of cost competition – today, “de-industrialisation” also means moving R&D and high-technology production to countries that used to offer merely low-cost production opportunities some years ago. In many of these countries the regulatory framework is made more attractive for new products and technologies, a kind of “regulatory competition” for growth.

Between 1990 and 2000, Europe lost about 8% of its share of world exports. Nowadays, 8 out of 10 DVD players are produced in China. Nokia has recently taken measures to design and develop as much as 40% of its handsets in Beijing. These facts should serve as wake-up call that we have to concentrate on innovation to gain a competitive edge vis-à-vis our global competitors.

4. Europe's population is ageing

Fewer working age people have to sustain a growing number of retired citizens – 2010 is the year when Europe’s working age population will start shrinking. By 2020, more than a quarter of our population will be older than 60 while in India the expected share will be only 10.8%. Without reform, most of Europe’s social security systems will become unsustainable.

5. Lack of dynamism means lack of growth

We have to inject new dynamism into our economy. Whereas the US has the potential to grow by more than 3% a year, the EU's growth potential has been shrinking since the 1990s, and is now down to 2%.

Structural reforms are needed, primarily on the national level. In Germany, for example, the "Agenda 2010" is a first step into the right direction. The related reforms lead to an easing of restrictions on terminating employment contracts which have created severe obstacles especially for small and medium sized enterprises. Further reforms reduce the duration of unemployment benefits. Also the recent reform, so called "Hartz IV", has to be welcomed as it leads to a reasonable streamlining of unemployment benefits and social welfare payments. Nevertheless, further reforms, i. e. reducing and simplifying taxation, will be necessary.

6. Gain maximum benefit from enlargement

A fully realised internal market of 25 and more countries will offer great opportunities for all European citizens. Furthermore, our new Member States know a lot about change towards more economic freedom, having undergone tremendous changes in the recent past. All of Europe must learn from that.

7. Ladies and Gentlemen, the reforms we are proposing in the *Business vision* are based on one fundamental concept: give as much freedom as possible to people – to entrepreneurs, innovators, universities, etc.

Economic freedom is the basis for the wealth of our future generations. Empirical analysis, such as the "Economic Freedom of the World Index", proves clearly that countries with more economic freedom – such as the

United States but also Denmark, Sweden - are much richer than highly regulated countries. The examples of Denmark and Sweden show that economic freedom and sound social welfare are not in any way contradictory. People become entrepreneurs if and when they have the freedom and possibilities to create profitable businesses.

A framework conducive to growth is exactly what we expect from the new institutions – the new European Commission and the newly elected European Parliament:

Give us the freedom for businesses to grow, to create jobs and to generate prosperity. Don't tie us down with excessive red tape!

Take for example corporate governance: further to its Company Law and Corporate Governance Action Plan (21 May 2003), the European Commission has now embarked on frantic consultations and has presented a number of over-detailed proposals in the area of company law and corporate governance.

We believe that the Commission is losing sight of one of its originally stated objectives: “foster the global efficiency and competitiveness of businesses in the EU”.

Excessive regulatory burdens may ultimately restrict the freedom of companies to do business, thereby holding them back from releasing their potential. This is detrimental to business, to company shareholders and more generally to the EU as a whole.

As you can see with all the pictures on the cover of the UNICE Business Vision: It is high time for action to shape a promising future for our youth, for the next generation!

8. I would like to ask my colleague Ernest-Antoine Seillière, President of the French business organisation MEDEF, to present to you the policy priorities for action in the next political cycle, as outlined in the *Business Vision*.

After him, President Jacques Schraven from the Dutch business organisation VNO-NCW will explain what has to change to enhance European competitiveness.

President Seillière, you have the floor.

Conclusions (after E-A Seillière and J Schraven)

You have listened to our conclusions on what has to be done and how to get it done.

The European business community wishes Mr Barroso and his team every success, and we offer our full support. Mr Barroso, who we are going to meet this afternoon, has already made an impressive start in the last few weeks. But now he must deliver. We expect his newly created group of Commissioners on the Lisbon Strategy to be small, efficient and not to lose sight of Europe's real needs: growth, jobs and prosperity.

Let me take up what Mr Schraven said about connecting the European project to the European people. The upcoming ratification procedures of the new constitutional treaty are a major opportunity to communicate the benefits of integration in a free Europe. UNICE and its member federations stand ready to assist policy-makers in this task, also in the context of the "Partnerships for Europe", which Mr Barroso mentioned in his speech at the European Parliament in July. We see this partnership as an opportunity to convince our fellow citizens of the benefits of Europe. We also see the partnership in the context of the social dialogue as a solid and effective relationship to debate and agree on solutions for social issues.

Finally, let me draw your attention to the ten key messages in our Business Vision which sum up, plainly and simply, what it is that needs to change in Europe.
