

Mr Jan Peter Balkenende
Prime Minister
Ministerie van Algemene Zaken
Binnenhof 19
2513 AA Den Haag
The Netherlands

26 October 2004

THE PRESIDENT

Subject: European Council (4 - 5 November 2004)

Dear Prime Minister,

As we had the opportunity to discuss during our meeting on 7 July, the Dutch EU Presidency takes place at a decisive moment. On 4 and 5 November, the European Council will hold its first meeting in the new political cycle and discuss several items vital for the future of Europe's economy:

Mid-term review of the Lisbon Strategy

We hope that the report of the high-level group, chaired by Mr Wim Kok, on the mid-term review of the Lisbon Strategy will not only underline the gloomy state of the Lisbon Strategy but will also state explicitly what is needed to revitalise it. If we do not succeed in refocusing all our policies on more growth and jobs and therefore on more competitiveness, Europe will not be able to sustain its social and environmental ambitions. Whereas the macro-economic policy pursued in recent years has set the right conditions, the structural environment in Europe is still in dire need of reform:

▪ ***Business climate and better regulation***

New firms and SMEs are the major sources of growth and jobs. Constructive tools to create a better entrepreneurial climate are needed. UNICE welcomed the strong commitment shown at the 2004 Spring Council to increase the quality of legislation and urges Member States to maintain the momentum. Concrete action plans to simplify existing red tape must be put in place with ambitious and quantitative targets, deadlines, and controls.

The Commission must also fulfil its mandate from the 2004 Spring Council to refine impact assessments for new legislative proposals according to a well-established methodology. All new legislative proposals must be properly assessed for their potential impact on Europe's competitiveness to ensure that they are consistent with the Lisbon objectives. UNICE thinks that the credibility of this exercise would gain from being entrusted to an independent body.

▪ ***Internal Market***

The Internal Market needs to be invigorated by further liberalising markets, by completing trans-European networks and, as a matter of urgency, by eliminating obstacles to cross-border provision of services.

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▪ *Research and Innovation*

The primary aim of European research and innovation policy should be to stimulate and contribute to more growth and jobs therefore to focus on the competitiveness of European industry. At present framework conditions do not sufficiently support private investment in research and the transformation of research into marketable products. Symptomatic for this is the persistent failure to agree on a Community Patent. UNICE recommends the single-language solution, English, as the best one in terms of cost and legal certainty.

▪ *Environment*

Well designed public measures can encourage innovation in new eco-efficient technologies, and thereby help to alleviate the negative competitiveness impact linked to some EU environmental policies. Nevertheless, UNICE urges against adopting a completely reverse reasoning consisting in thinking that unilateral European environmental measures can be a major factor for promoting European competitiveness.

▪ *Labour market*

Heeding the report by the Wim Kok task force on employment “*Jobs, Jobs, Jobs*”, the European social policy agenda’s priority should be the creation of new jobs and integration of more people in labour markets. The EU level can contribute to this aim by avoid putting unnecessary constraints as a result of the debate on the revision of the working time directive or reduce “*flexicurity*” by adopting an ill-conceived directive on temporary agency work.

Area of freedom, security and justice

Ensuring security requires the establishment of strong synergies between the public and the private sectors, which both share a joint interest in preventing terrorism. Partnerships and ways of concrete cooperation should be sought. With this in view, UNICE is developing concrete proposals to be addressed to the European Council on 17 December.

Implementation of the Tampere agenda focused essentially on border controls and fighting illegal immigration. The new multi-annual agenda for the area of freedom, security and justice to be adopted by the European Council should fully take into account the labour market aspects of migration of third-country nationals to Europe. It is of utmost importance that the Council enters substantive discussions and sets a deadline for adoption of the directive on admission and residence of third-country nationals for employment purposes, published by the Commission more than three years ago. The European Council should ask in particular:

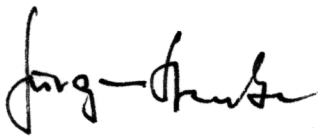
- to simplify administrative procedures, notably by setting up a system to allow third-country nationals already legally present in a Member States to work legally in another EU country without having to return to their country of origin to carry out the administrative procedures;
- to introduce a one-stop-shop procedure for the issuing of both residence and work permits;
- to ensure that the proposed economic needs test is simplified and that national administrations are allowed to put in place other criteria for admission of third-country nationals to the labour market.

Communicating Europe

UNICE very much welcomes the European Council's intention to develop, in coordination with the European Commission, a communication strategy to involve European citizens in current EU work. As regards the Lisbon Strategy, it must be better explained why reform measures for more competitiveness will eventually be in the interests of society as a whole. UNICE is ready to collaborate with the EU institutions and national governments in a European-wide communication strategy.

I kindly ask you to take into account these views in the European Council's discussions. UNICE remains at your disposal for any further consultation you may wish. I look forward to meeting you again on the occasion of the Tripartite Social Summit on 4 November.

Yours sincerely,



Jürgen Strube