

14 December 2004

NATIONAL INITIATIVES TO CREATE OWNERSHIP OF THE LISBON STRATEGY
MESSAGE OF UNICE TO THE EUROPEAN COUNCIL MEETING
ON 17 DECEMBER 2004

The Presidents of UNICE member federations have launched national initiatives to create ownership of the Lisbon Strategy in Member States, calling on their governments to commit to national action plans for competitiveness. The announcement was made at the second Competitiveness Day on Brussels on 9 December.

Ahead the European Council on 17 December, UNICE welcomes the new European Commission and its ambition to put a strong focus on competitiveness and the Lisbon agenda. The European Council later this week can give a strong impetus to the new Commission and UNICE therefore urges the Heads of state and government to assure Mr Barroso and his team of their willingness and their cooperation to implement necessary structural reforms in order to make the Lisbon strategy a success.

1. *Economic situation and competitiveness*

UNICE is concerned about the economic situation in Europe. The recovery is modest, lacks momentum and is still mainly export-driven. High oil prices and the surge in the euro exchange rate could have significant detrimental effects on both internal and external demand. To broaden its base, and to give an impulse to business investment, consumer and investor confidence should be built up. The capacity of policy-makers to carry through structural reforms and the potential of the internal market to provide profitable opportunities are essential.

2. *Lisbon mid-term review – Kok report*

After presentation of the Wim Kok Report and its discussion in the European Council in November, the mid-term review of the Lisbon Strategy is currently being prepared in the Commission and the Council. UNICE reacted to the Wim Kok report at the Tripartite Social Summit on 5 November, commending Mr Kok on the excellent analysis on the worrying state of play of the Lisbon Strategy, but expressing its disappointment that the recommendations to focus the strategy on the economic pillar are not sufficiently clear-cut.

UNICE has three major recommendations for the mid-term review: focus on competitiveness, create national ownership, and improve horizontal governance. At annex the UNICE recommendations for the mid-term review are outlined in more detail.

3. *Enlargement - Turkey*

For UNICE, the recommendations and reports on Turkey released by the European Commission on 6 October 2004 constitute a solid and balanced basis for the European

Council's decision on 17 December 2004 as regards the opening of accession negotiations with Turkey.

As there are stable, strong and long-term economic relations between Turkey and the EU, the further strengthening of these relations is important for companies across Europe.

UNICE notes that the Commission recommendations and reports underline the progress achieved by Turkey concerning the economic and political Copenhagen criteria but also stress where further progress is necessary and the implications of Turkey's possible accession for the Union.

UNICE therefore believes that it is important to monitor, in order to support its reform process, evolution of the situation in Turkey but also the ability of the EU to absorb new members while deepening integration. A regular evaluation of the impact of a possible accession on common policies and solidarity is essential so that appropriate decisions can be taken.

It is for the European Council to decide whether the Copenhagen political criteria are fulfilled. If they are, UNICE supports the opening of accession negotiations with Turkey under the conditions and process recommended by the Commission.

Progress will depend on both Turkey's and the EU's ability to move along in what will be long and complex negotiations. UNICE and its members, including its Turkish members, are committed to contributing to a constructive public debate. They will continue working together for a further strengthening and deepening of the mutually fruitful EU-Turkey relationship.

4. *Security and fight against terrorism*

UNICE strongly supports the fight against terrorism and the establishment of a secure environment to do business. The EU should strengthen its coordinating action to counter international, cross-border terrorism. For their part, Member States should make all possible efforts to implement the initiatives contained in the revised EU Plan of Action on Combating Terrorism.

UNICE supports initiatives for private-public cooperation in the security field. To that end, a platform could be set up with participation of representatives from the EU institutions and European business. This platform, taking into account existing structures, should facilitate exchange of information and cooperation on security initiatives, while at the same time avoiding excessive and disproportionate requirements for companies.

Security should be a relevant issue of EU cooperation with third countries and should be considered in all aspects of the EU's external relations. Cooperation with the US is of particular importance. UNICE firmly believes that security and trade facilitation must be mutually supportive and not in competition. Increased security should go in parallel with economic growth, and trade and investment needs.

5. *EU climate change approach*

EU climate policy has to be discussed in the context of the imminent entry into force of the Kyoto Protocol without US participation and in the light of growing competition from large emitters such as India and China. Macroeconomic simulations commissioned by UNICE from COWI consultants (Copenhagen) show that the EU will see a significant amount shaved off its domestic product each year from 2005 due to the distortions in international competition generated by implementation of Kyoto as currently planned. In the central scenario of the COWI study, the EU GDP loss amounts to 0.48% in 2010 alone. For that year, too, the fall in EU exports of energy-intensive products can be estimated at 5%. These figures show the vital need for a new international cooperation model capable of securing the tangible participation of all countries, including the USA, developing countries and threshold countries. The European summit in spring 2005 will discuss development of international cooperation post-2012. UNICE calls for wider international cooperation to

be put in place as soon as possible before 2012. In any event, the EU must receive assurances that the US, China and India have clearly decided to make a tangible contribution to a global cooperation scheme before it takes a political position on post-2012 commitments itself.

Given the current international context, a revised EU climate change strategy needs to be designed to avoid any negative impacts on EU industries' competitiveness which result both from the non-ratification of Kyoto by the USA and from major economic areas that do not have emission reduction commitments. Such a strategy must also promote climate protection.

6. *Transatlantic relations*

Considering the fundamental importance of the Transatlantic relationship for the EU, the US and the world, UNICE believes that, with the beginning of new legislatures on both sides of the Atlantic, it is time for the launch of a new ambitious Transatlantic initiative in 2005 which would reinvigorate, deepen and broaden the existing partnership in a way that would be mutually and globally beneficial. As regards the economic pillar, UNICE supports the launch of a new Transatlantic trade and investment initiative which would reaffirm that both partners are committed, at the highest political level, to work together as closely and constructively as possible in multilateral fora and bilaterally to promote economic growth and a barrier-free Transatlantic market, as supported by TABD, according to a precise work programme with clear benchmarks and a specific timetable. For European business, efforts should focus on regulatory barriers with a view to encouraging, as much as possible, mutual recognition of each other's regulations and the development and adoption of global standards.

UNICE is concerned by the multiplication of bilateral trade disputes which negatively affect bilateral trade and investment flows, and the long-standing business relationship and cooperation between both sides of the Atlantic. It calls on EU and US leaders to intensify their dialogue on the cases under way to find solutions in line with their WTO commitments as soon as possible. It also looks for a strengthening of the existing mechanism to tackle sensitive issues at an early stage so as to prevent them from escalating.

7. *Financial perspectives*

The financial perspectives constitute a key tool to realise Community priorities, particularly those resulting from previous and future enlargements or from the future Constitutional Treaty. Nevertheless, budget spending must be strongly justified in a context where fiscal discipline has to be reinforced. Among the priorities of the EU, we welcome the significant re-orientation of resources proposed by the European Commission towards competitiveness. The attempt to make cohesion and competitiveness more complementary and mutually supportive is also promising. Concerning the financing system, any EU tax-based own resource should not increase the overall tax burden on companies and citizens.

Note to the editor:

UNICE is the official voice of more than 20 million small, medium and large companies. Active in European affairs since 1958, UNICE's members are 36 central industrial and employers federations from 30 countries, working together to achieve growth and competitiveness in Europe

Annex:

Mid-term review of the Lisbon Strategy – main UNICE recommendations reacting to the report by the high-level group chaired by Wim Kok

1) Focus on competitiveness

UNICE agrees, in principle, with most of the 14 key policy recommendations in the Kok Report. But resulting policy decisions will only be effective if there is agreement on the overall *raison d'être* of the Lisbon Strategy: to focus on competitiveness in order to obtain more growth and jobs, which is vital to live up to Europe's social and environmental ambitions. Social cohesion and environmental protection are not substantial growth drivers in their own right.

2) Create national ownership

The most important reform policies of the Lisbon Strategies must be implemented at national level. Therefore UNICE particularly supports the Kok recommendation for Member States to draw up national action plans by the end of 2005, which are to be discussed by national parliaments and stakeholders. The European Commission must present to heads of state and government and to the wider public annual updates of the key 14 indicators in the format of league tables ranking Member States, pointing out good and bad performances and relative progress in the Lisbon targets.

UNICE member federations have launched national initiatives for competitiveness in order to push for a stronger national ownership of the Lisbon Strategy.

3) Better horizontal governance

The Competitiveness Council must achieve a key role in the revitalisation of the Lisbon Strategy, becoming the guardian of competitiveness. In order for that Council formation to work, each Member State must appoint a senior member of cabinet to be the only representative in meetings, in charge of the Lisbon Strategy as a "Mr or Ms Lisbon".

The Competitiveness Council must assess all legislative proposals on their impact for Europe's competitiveness on the basis of impact assessments prepared by the Commission. UNICE supports Vice President Verheugen as the Commission's coordinator of the Competitiveness Council to take up a leading role in conducting these impact assessments.