

**Mr Jeannot Krecké**  
Minister for Economy and Trade  
6 Boulevard Royal  
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By e-mail

4 May 2005

THE PRESIDENT

## **Competitiveness Council 10 May 2005**

Dear President,

The Competitiveness Council's special meeting on 10 May to discuss the micro-economic aspects of the Integrated Guidelines must successfully lead the way into a new governance cycle for growth and jobs in fulfilment of the Lisbon Strategy. UNICE continues to believe that the Competitiveness Council has a vital role to play as the guardian of Europe's competitiveness. But it needs to live up to that role more fully.

The right recipes for more productivity growth in Europe are outlined in the nine micro-economic policy guidelines proposed by the Commission. We attach particular importance to the following aspects:

- Extending and deepening the internal market includes facilitating the free movement of people as well as services. Member States should show full commitment to these domains of the Internal Market.
- It is now time to deliver on the Better Regulation agenda. Action plans and methodologies must now translate into a real easing of burdens for companies.
- Research and innovation, although linked, are two separate aspects of competitiveness. Their distinct treatment in two different guidelines is therefore appropriate. In this context, it is important that state aid is redeployed towards research as well as innovation. The Competitiveness and Innovation Framework Programme that you will also discuss in detail on 10 May is the right step at EU level to increase innovation and thus productivity in Europe. We appreciate the simplification it brings and the fact that it will facilitate aid to innovative enterprises.

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We expect the Competitiveness Council to be a guarantor that the Integrated Guidelines will not to be watered down in subsequent Council discussions. In this context, the Employment Guidelines should also be discussed on 10 May because the adaptation of European labour markets constitutes an integral part of any micro-economic reform programme to create growth and jobs. They must be fully integrated in the new governance cycle for growth and jobs. We therefore regret the intention, voiced in the recent Commission working paper "Next steps in implementing the revised Lisbon Strategy" to continue in full the Open Method of Coordination on social protection, social inclusion and education and training, in parallel to the new governance cycle.

In the Employment Guidelines proposed by the Commission we welcome the fact that the guidelines are shorter and simplified. The new elements relating to the lifecycle approach to work, the sustainability of pension and health care systems, employment-friendly wages and the impact of non-wage labour costs on employment must be retained. However, the guidelines still seem to underestimate the strategic importance of improving productivity.

The Financial Perspectives 2007-2013 are inextricably linked with the items you will discuss on 10 May and should therefore also be raised. In the current discussions on the Financial Perspectives, UNICE places the priority on the subheading competitiveness, and in particular on the doubling of resources allocated to research.

I thank you in advance for taking into account UNICE's views and wish you every success in making a real difference for European competitiveness on 10 May.

Yours sincerely,



Jürgen Strube