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**PRESIDENT SEILLIÈRE'S ADDRESS DURING THE TRIPARTITE SOCIAL SUMMIT
24 OCTOBER 2005**

Presidents, Prime Ministers, Ministers, Commissioner, Ladies and Gentlemen

Let me start by saying that the Europe Union is in crisis: negative referendums on the constitutional treaty, no agreement on the European budget, economic growth lagging behind, unsustainable social systems, divergence on the integration of new members and tensions on conduct of the European common trade policy.

European employers take this situation very seriously. We fear that, if the necessary leadership is not exercised in EU institutions, fundamental elements of the European Union, the internal market, the common commercial policy, and even the single currency, could gradually be brought into question. This is not without consequences for the way in which European employers conduct their business.

The crisis is about much more than economics, but delivering growth and jobs is crucial to restore trust. Europe will not achieve higher growth and improve job creation if we do not reform our social systems. We therefore welcome the debate launched by Prime Minister Blair's speech at the European Parliament at the start of the UK Presidency.

Some realities cannot be ignored: demographic ageing, technological change and globalisation. **European companies must be competitive in their own country, in Europe and abroad in order to generate the growth and jobs Europe so badly needs to fulfil its social ambitions.**

Entrepreneurs also know that it is impossible to be a winner in a losing region. The fact is that European economies are inter-connected. **Taking refuge in narrow**

conceptions of national interests or using Brussels as a scapegoat for national policy failures can only worsen the situation. As I said to President Barroso last Thursday during UNICE's Competitiveness Day: **it is the appropriate time for the Commission, and I add today the EU Presidency, to speak up and confront Member States with their responsibilities.**

On behalf of UNICE, representing more than 20 million companies, I have expressed our strong support to the Commission message to the next European Council meeting. It covers most of the issues that have to be tackled. I must nevertheless admit that we miss concrete elements to boost entrepreneurship and job creation in this communication. We urge the Commission to complement its proposals in that sense.

ETUC has made its contribution to the debate public. Having read this with great interest we would like to make the following two comments.

First, and contrary to what the document asserts, I would like to recall that as part of the single market programme, a comprehensive social dimension was developed. Today, there is an EU legal acquis of approximately 65 labour market directives, over and above pre-existing national rules. UNICE opposed EU legislation when it believed that an issue, such as working time, was best addressed in Member States. But employers fully accepted that EU legislation was necessary to ban discrimination, for example between women and men, or to protect the health and safety of workers. We even negotiated some directives in the EU social dialogue such as on parental leave, part-time work and fixed-term contracts.

Secondly, we are concerned by the first two priorities as they ask for "further development of social policy and legislation" and "the establishment of firm rules on workers information and consultation and a right to re-insertion for workers subject to restructuring". This is definitely not the right answer to Europe's problems. **Our**

growth and employment problems do not come from a deficit in social legislation or insufficient public expenditure.

What the European Union needs is to move towards a job creation and an entrepreneurship mindset. Reforms are therefore indispensable in order to inject more flexibility into the labour market, to increase the employability of people, to increase mobility and to foster the deregulation process.

We are currently discussing the work programme for the EU social dialogue in 2006-2008. I am convinced that we can succeed if we focus on the real issues and genuinely try to contribute to the modernisation of our social model. But we must avoid ambiguous attitudes.

Let me stress as President of UNICE that I believe we have a European social model based on values combining growth and social progress in Europe which is declined in 25 national social systems. These values can only be sustained if competitiveness is achieved. It is for this reason that the European growth and jobs strategy was decided.

At the Hampton Court summit later this week, the European Council will discuss the economic and social future of Europe. As entrepreneurs, we are expecting a strong message. The social model will only be sustainable if the reforms we need are put in place in the Member States. Those who want to defend our social systems, as we do, will have to reform them.

Some Member States have managed to introduce necessary reforms with success. However, others are still struggling in battles against movements which spread the illusion that the status quo is an option.

The social partners have an important role to play because of the responsibilities they exercise in accordance with national practices: their power to negotiate

collective agreements, to manage some social security regimes and more generally their influence on policy making and on public opinion. **If we could agree on the need for reforms, we would facilitate them.**

In March of this year the European social partners delivered a strong and comprehensive message to the spring summit of the European Council. Together we stressed the need for competitiveness and reforms and we listed the areas for action. This message is still valid and should be the basis for our common action

With the European strategy for growth and jobs, there is a roadmap to move forward. The Hampton Court summit must reinforce this and convince national governments to act in order to implement the strategy. It is up to them to act because most of the actions to implement this strategy have to be taken at that level. **National leaders have a collective responsibility to work together and deliver.** We can understand the reluctance to blame and shame. However, that should not prevent you from saying clearly that some of the biggest countries seem to have more difficulties in introducing necessary reforms. **We have examples of successful reforms in some European countries.** You could therefore **fame some good practices.**

To conclude, to move towards a competitive European Union, with higher growth and job creation we need:

- firstly: urgent implementation of the Lisbon strategy which means **redirecting public expenditure towards competitiveness-enhancing activities** such as infrastructure development, research and development, education and training,
- secondly: **avoid creating new legislative constraints** but on the contrary **decide active reform of our social systems and a thorough simplification of our social legislation.** The European social model will only be preserved if, in

the 25 Member states, social legislation is adapted so as to allow us to face the challenges of the global market. We know that this concerns a number of issues such as flexibility of the labour market, sustainability of pensions systems, financing of health care, maintenance of sound macro-economic policies and public finances which are under control.

European employers are willing to live up to their responsibilities, including through their engagement in the social dialogue at EU level. However, it is the EU institutions that bear the responsibility for moving Europe forward. **Europe needs signals that political leaders intend to lead them out of this crisis.** Difficulties will only increase if we do not act swiftly. The informal EU Council on 27 October must pave the way for overcoming the deadlocks and re-launching dynamism in the European project.

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