

13 December 2005

## **MESSAGE OF UNICE TO THE PRESIDENT OF THE EUROPEAN COUNCIL IN VIEW OF THE MEETING OF 15-16 DECEMBER 2005**

### **1. Sort out the European budget**

An agreement on the Financial Perspectives is necessary now, and it seems to be within reach. What is at stake is the credibility of European governance and the new Member States' access to the full benefits of the cohesion policy.

The European budget must be a tool at the service of the Lisbon strategy. Any agreement should preserve the privileged dynamic envisaged in June for spending on competitiveness – notably research – namely +8% a year over the period 2006-2013. Greater synergy between competitiveness and cohesion policy will be welcome. In due course, a far-reaching restructuring of relative priorities will be needed.

In the meantime, the crucial issue of budget imbalances must be solved in a fair balance between the capacity of Member States to contribute and a fair sharing of the costs of enlargement.

### **2. Globalisation Fund**

UNICE considers unnecessary the creation of a new Community Instrument since the needs identified could be met either at national level or by redeployment of the Social Fund programmes.

### **3. Opening of services**

Prompt establishment of a genuine internal market for services is an essential element of the Lisbon strategy and a requirement of the Treaty. That is why it is important to support a cross-sectoral approach, without any prior harmonisation other than that provided for in the draft directive. The aim is to apply the principle of the internal market, reaffirmed many times by the European Court of Justice, starting with the famous “Cassis de Dijon” ruling, whereby a service that can legitimately be provided in one Member State can also be provided in another Member State.

But UNICE agrees with the amendments voted by the IMCO Committee, including exclusion of services of general interest from the scope of the directive, application of the legislation of the host country for services of general economic interest and a strengthening of cooperation between supervisory administrations.

Concerning labour legislation, the services directive should not prejudice the directive on posting of workers which makes such workers subject to the essentials of labour law in the host country.

#### **4. Make a deal at the Hong Kong WTO Ministerial Conference**

European business requires an ambitious outcome to the Doha Development Agenda and insists that the Hong Kong Ministerial meeting must contribute to real trade liberalisation and improved multilateral trade rules. UNICE is disappointed by the lack of progress on industrial market access and services liberalisation. Without significant new market opening for industrial goods and services in OECD and emerging markets, the DDA will not provide any new benefits for European business.

UNICE is also a firm believer in the development benefits of the DDA round and urges world leaders to engage responsibly in Hong Kong. The WTO can contribute to development by improving predictability for business, reducing costs and delays at the border, increasing market access opportunities and promoting south-south trade. Business fully supports integrating the Everything But Arms (EBA) agreement into the WTO and finds it scandalous that the least developed countries still face market access barriers in countries such as the USA, Japan and China.

UNICE counts on the UK Presidency to show leadership in Hong Kong in order to keep the DDA on course, to substantially liberalise trade for goods and services among the OECD and emerging countries and to pursue the WTO's development objectives

#### **5. Companies contribution to Climate Protection**

The 11<sup>th</sup> Conference of the Parties to the United Nations Framework Convention on Climate Change (COP-11) ended in Montreal on 10 December with a positive but small step towards putting in place a truly global approach to address climate change.

The dialogue that COP-11 has opened to exchange experiences and analyse strategic approaches for long-term cooperative action to address climate change should, as a matter of priority, collect and clarify the key elements needed to define as soon as possible an effective and truly global international cooperation strategy for post 2012.

To keep this new opportunity for a truly global agreement alive (an agreement that must include not only the United States but also all fast growing emerging countries), it is urgent that the EU reconsiders its climate diplomacy and the way it addresses the post-2012 issues. New innovation and technology driven approaches should be

actively explored since they will increase the chance for an international agreement which the United States and other countries will join.

In summary, UNICE urges the EU not to continue on the track of unilateral commitments taken by some economic regions alone, but to change its own strategy in order to facilitate a multilateral solution.

UNICE welcomes the fact that the Montreal conference has officially adopted the "Marrakesh Accords", which represent the rulebook for implementing the Kyoto Protocol. UNICE also welcomes the fact that efforts will be made to improve the Clean Development Mechanism (CDM).

## **6. REACH**

Progress has been achieved lately to make the draft chemical legislation workable for companies. The compromise agreed recently by the European Parliament facilitates the registration of low tonnages by introducing a limited prioritisation of substances, and gives industry responsibility to decide whether or not they fulfil the prioritisation criteria. However, it lacks any risk-based approach for higher tonnages.

Yet, the adopted amendments on authorisation/substitution create some serious problems for industry. The stricter criteria for granting an authorisation put industrial processes at risk with no environmental or health benefit. The introduction of time limits ignores the reality of industry's product cycles. Requesting a substitution plan even if the risk is proved to be adequately controlled is contrary to a risk-based approach.

The Council and the Commission must make the necessary changes to achieve a cost-effective and workable REACH. The Competitiveness Council on 13 December will be decisive to achieve those goals.

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