

CHECK AGAINST DELIVERY

EUROPEAN BUSINESS SUMMIT 16 AND 17 MARCH 2006 IN BRUSSELS SPEECH OF ERNEST-ANTOINE SEILLIÈRE, UNICE PRESIDENT

“BUILDING A EUROPE OF EXCELLENCE TO CREATE GROWTH AND JOBS”

16 MARCH 2006, 14H45

TIME SLOT: 10 MINUTES + DISCUSSION

Background

The European Business Summit takes place every two years and brings together high-level representatives from politics and business. Focal point this year will be the revised Lisbon Strategy for Growth and Jobs and the National Reform Programmes of EU Member States in view of the Spring European Council on 23 and 24 March.

President Seillière will take part in a panel together with:

- Mr. Jean-Claude Daoust, President of FEB
- Mr Guy Verhofstadt, Prime Minister of Belgium
- Mr Heinrich von Pierer, Chairman of the Supervisory Board, Siemens AG
- Mr Guy Dollé, CEO of Arcelor SA
- Mr José Manuel Barroso, President of the European Commission

The panel is scheduled to last from 14h45 to 15h45 and will be moderated by Mr Didier Malherbe, CEO and Founder of the EBS.

President Seillière is expected to touch on EU policy issues to which the European Business Community attaches particular importance. The speech could be based on the UNICE Message to Heads of State and Government ahead of the Spring Summit 2006, in which European business calls to:

- solve the EU **institutional crisis**
- **implement the reforms** for growth and jobs
- **resist protectionism** within Europe
- **communicate** benefits of reform

Speaking Notes

Solve the EU crisis

- The future outlook of Europe seems to be brightening up. Economic recovery finally seems to be setting in; a compromise on the financial perspectives was reached in the end of last year; the legislative process on the services directive is at least moving albeit not in the right direction.
- But beware: the EU could already reach the top of its economic cycle this year. That means the expected 2.3% for this year could be the highest growth rate the EU is currently able to achieve. This is by far not enough in view of almost 20 million unemployed people in Europe. There is no other way than to modernise our economic and social structures.
- Moreover, the EU political crisis remains unsolved. The current governance framework of the EU remains untenable in an EU of soon 27 and more Member States. Without coherent institutional governance there is the risk of Europe coming to a stop.
- We need to cut the Gordian knot and move forward with the Constitutional Treaty. It is not for business to give political recommendations. But political crisis and economic crisis are inextricably intertwined. The political crisis of the EU hampers business confidence in the future of Europe.
- Therefore, we urge European leaders, and in particular the Austrian Presidency, to solve the institutional dilemma. The June European Council must make a clear-cut assessment of the current situation, and agree on a method and a timetable for improving European governance.

Implement the reforms for growth and jobs and resist protectionism within Europe

- The Spring Summit will take place in one week. The key word for this Summit must be: implementation. The Lisbon Strategy, that was put in place in 2000 to modernise Europe's economy and that was refocused on growth and jobs last year, is the right strategy. But the reforms to which European leaders committed in previous Summits were not sufficiently delivered.
- Therefore we broadly support the Commission's message to the Spring Summit 2006 "*the time has now come to deliver on our commitments*". This message was expressed in the Commission's Report to prepare the Spring Summit 2006.
- The most important reforms have to come from the national level. Therefore it is highly valuable that the European Business Summit brings together policymakers from all over Europe to discuss the National Reform Programmes drawn up by all Member States to deliver on the European growth and jobs objectives.

- But the EU itself has a vital role to play to contribute to growth and jobs in Europe, especially in the current political climate of looming national protectionism. EU economic policy is about opening up markets, about facilitating cross-border activities, and about cooperation between Member States in essential areas such as research and innovation. This is exactly what Europe needs at the moment.
- European business is worried about a seeming lack of political will to tackle European problems together. We see this as a big mistake that will have dire economic consequences in the future. European business needs a functioning EU.

Internal Market

- First and foremost, the EU must concentrate on completing the Internal Market. Due to the Internal Market European companies have already provided Europe with more than 2 million jobs since its creation. But Member States have been lagging in properly implementing Internal Market Directives.
- UNICE calls on the European Commission to take action against Member States which infringe against existing Internal Market directives. The number of infringement cases in most EU Member States is increasing. The country with the least infringements against EU law is Denmark (31 cases) but even Denmark has now more cases than two years ago. Among the worst countries, with more than 100 infringement cases are the big Member States Italy, Germany, France and Spain.

Services Directive

- Now is the time to extend the Internal Market to services sectors – first because freedom of services in the EU is already enshrined as a fundamental right since the treaty of Rome, and second because it is services where most of the growth will be coming from in the future.
- The changes to the services directive proposed by the European Parliament were a great disappointment for European business. We believe that many of those changes will empty the proposal of much of its internal market value.
- Now the ball is in the hands of the Commission. We expect that the Commission carefully analyses the economic and legal impact of the Parliament amendments as regards impact on the competitiveness of the European services sector.

WTO

- Important economic gains are also in store for Europe if there is a successful conclusion to WTO negotiations. However, the EU will only make gains if it opens the markets of OECD and emerging countries for goods and services. Let me be perfectly clear, if the EU pursues a low ambition round for industry

and services, there will be no new jobs and growth for Europe. The choice is that simple.

Research and Innovation

- One of the priorities in this year's Spring Summit will be research and innovation. The Commission intended to support EU research and innovation with substantial budgetary funding for the 7th Framework Programme for R&D and for the Competitiveness and Innovation Framework Programme.
- However, the Council compromise on the Financial Perspectives 2007-2013 allocates far fewer resources to these programmes than initially foreseen. The Council compromise foresees about 25% less for FP7, and about 40% less for CIP than planned by the Commission. We therefore appeal to EU institutions to make sure in the inter-institutional agreement that the objectives of these programmes can be maintained.

Better Regulation

- Better Regulation is an EU policy area where European companies and citizens expect a lot. Impact assessments of new EU regulation are key for a better regulation framework in the future. European business upholds the view that an independent body would be best suited to take charge of and carry out impact assessments. Better Regulation in particular for SMEs is another topic that must be prioritised at the Spring Summit.
- We want heads of state and government to commit to a number of goals: adhere to the home state taxation project of the European Commission, setting up one-stop-shops to starting a business, reducing the number of days to start a business to no more than one week in every Member State.

Energy:

- To date the energy issue has mainly been discussed at national level. Given Europe's growing dependence on imports, we need a discussion on how national and EU policies together can address the challenges facing security of energy supply. The European Union must enter into strategic partnerships with major potential suppliers and into an energy dialogue with third countries.
- We need to secure a diversified energy supply by looking at all possible energy sources, including renewables and nuclear energy. The impact of energy production and use on climate change should be controlled in a way that European competitiveness is safeguarded.
- There is also urgent need for truly open EU markets for gas and electricity. Existing legislation must be applied not only to the letter but also in spirit.
- Only greater integration of national markets and effective unbundling can bring the required improvements to competition in the internal energy

market. National governments need to step up efforts to implement market opening measures, also by increasing interconnection capacity.

Communicate benefits of reform:

- Finally, I would like to mention probably the biggest challenge European political leaders are facing. There is a dilemma in Europe: a large academic consensus of what needs to be done to get Europe back on track is confronted with widespread public fears of economic reform.
- More than half of respondents of a 2005 Eurobarometer survey which covered all 25 Member States are afraid that European integration may lead to a loss of social benefits. More than three quarters are anxious about job losses due to relocation to foreign, low-cost countries.
- These are alarming figures. We must all together make an effort to convince European citizens of the benefits of globalisation and economic integration of Europe. This cannot be done in Brussels alone. As long as the Lisbon Strategy for Growth and Jobs is known as the “Brussels” Strategy, we will not succeed.
- UNICE as the voice of business in Europe will, together with its national members, continue to make the case for economic reform, in order for Europe to provide its people with what they need most: growth and jobs.
- In that context we already invite all of you to come to the UNICE Day on 17 October, which will explore exactly those questions: why Europe is important for companies, for growth and jobs, for the future prosperity of everybody.
