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**PRESIDENT'S SEILLIÈRE ADDRESS DURING THE TRIPARTITE SOCIAL SUMMIT
23 MARCH 2006**

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

When we met a year ago, it was to discuss how to give a new impetus to the European growth and jobs strategy. Since then, the European Union has experienced a deep crisis and the UK presidency convened an extraordinary tripartite social summit in October 2005 during which we looked at how to modernise our social model. I would like to try to assess whether the political and economic climate is improving and efforts to modernise Europe in order to enhance growth and employment are successful.

On the political side, a compromise was found in December by the European Council on the financial perspectives for 2007-2013. Even if innovation and competitiveness-related expenditures do not receive the priority they deserve and an agreement still needs to be found with the European Parliament, it was a signal that Europe was getting out of paralysis. However, this important but modest step forward must not overshadow remaining challenges. Companies need a strong European Union to create the conditions that will allow their home market to prosper. A solution must be found to the institutional and governance crisis. It is a paradox that at the precise moment when European companies want to take action to adapt to the new rules of globalisation, Europe is going through a deep crisis and national governments are tending to look at national approaches.

On the economic side, with an expected growth rate of 2.3% for 2006 and 2.1% for 2007, economic prospects have improved. However, at the top of the current economic cycle, growth is well below the 3% necessary to fulfil our economic and social ambitions. Moreover, it remains vulnerable to external shocks.

If we want to increase our growth and jobs potential, we need to move ahead with an ambitious and coherent reform agenda and restore the sustainability of public finances and social systems. In principle, everybody agrees with this. However, results are disappointing because the necessary reforms are not being sufficiently delivered.

Moreover, we have recently witnessed Member States' interventions to limit market access and difficulties in pushing forward EU legislation aimed at completing the internal market. European business is very concerned that narrow conceptions of national interests might cause a domino effect with adverse consequences for growth and jobs.

In its message to the 2006 Spring European Council, UNICE has called on heads of state to make progress on six priority areas. Let me briefly make two general points before turning to labour market aspects.

1. Implementing national reform programmes: adoption of national reform programmes is a step in the right direction. However, they are not ambitious enough. Moreover, there is a serious lack of confidence that they will be fully implemented. A survey among UNICE member federations reveals that a positive evaluation of record in implementing reforms is made in three countries only. Reform programmes should be updated with more concrete targets and deadlines, and EU institutions should devise more efficient monitoring mechanisms in order to increase confidence that words will be turned into actions.
2. Recommitting to the Internal Market: the outcome on the vote of the services directive in the European Parliament is a great disappointment because it deprives the directive of much of its value and carries legal uncertainty. We count on the European Commission, with the support of the EU Council and taking into account the vote of the European Parliament, to prepare a revised services directive which distinguishes legitimate concerns from irrational fears and removes obstacles to the internal market.

In the field of employment, the key for success will lie in our ability to improve employment opportunities for all. To do that, we need to move towards a job creation mindset and promote a positive attitude to change. What will make the difference is real action by the Member States in the context of the existing employment guidelines to

1. inject more flexibility into labour markets,
2. pursue efforts to invest in skills development rather than in passive income support,
3. facilitate recruitment by cutting down on red tape.

Having outlined what we expect from the public authorities, let me now turn to what the social partners will do.

As you know, I am convinced that the social dialogue is part of the solution. I am therefore particularly pleased that we have agreed on a new work programme for the EU social dialogue 2006-2008.

Through this second programme, we want to promote growth and jobs, contribute to the modernisation of the EU social model and further reinforce the social partners' autonomy. We will use a variety of tools, starting with a joint analysis on the key challenges facing Europe's labour markets. We will then deal with some issues through joint recommendations, for example on macroeconomic policy or on undeclared work, prepare a new framework of actions on employment and negotiate a voluntary framework agreement on either the integration of disadvantaged groups on the labour market or on lifelong learning.

In addition, we will continue work initiated under the previous social dialogue work programme by completing ongoing negotiations on harassment and violence, reporting on the implementation of the telework and stress agreements as well as on the follow-up to the framework of actions on gender equality and pursuing capacity-building for the social dialogue in the new Member States.

Last but not least, we will complete national studies on economic and social change in the 25 Member States, discuss them during national seminars and, on that occasion, promote our orientations for reference on managing change and joint lessons learned on European Works Councils.

Last year, the Commission issued a communication on restructuring which invites the social partners to spread good practices in this field and asked them to report at the March 2006 Spring European Council. Completion of the joint studies on economic and social change in the 25 Member States is part of our answer to this Commission consultation. In the meantime, UNICE has prepared a report summarising thirty initiatives taken by social partners in twenty-three European countries on the success factors identified in the two texts negotiated in the European social dialogue. They demonstrate our commitment to promote the results of the European social dialogue across the European Union. We are pleased that ETUC has now joined us in these efforts.

To conclude, Europe needs to change in order to reap the benefits of globalisation and demographic ageing. The sort of modernisation we aspire to requires persistence, and consistency in action. Employers will play their role but if want to be able to record further progress during the Tripartite Social Summit next year we need to find a clear expression of determination in the European Council conclusions.

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