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**FT debate: Does Europe really mean business?  
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By Ernest-Antoine Seillière, President of UNICE**

Ladies, Gentlemen, President Barroso,

I would like to thank Lionel Barber and the *Financial Times* for this opportunity to share business views on Europe with you and your audience

UNICE is the Confederation of European Business and, through its members, represents more than 20 million companies which means that I bring you up the vision of the business community.

**And, what is our current perception of Europe?**

This is that the European Union is in crisis. Not a violent crisis linked to a specific issue. This was the case many times in the past, and it always proved possible to find solutions. What we see now is a more fundamental crisis. Following the negative outcome of the referendums in France and the Netherlands on the constitutional treaty, the European Union has become a heavy and complex vehicle that has run out of fuel with its driver asleep at the wheel. At a time when the entire world is being buoyed up by healthy economic growth, the European Union needs initiatives to reaffirm the mission of a pan-continental organisation.

Our economy is doing better but when I go around I feel that business leaders balance between two attitudes:

One possible response is that of complete indifference. After all, companies demonstrate on a daily basis their capacity to conquer markets, adjust to

change and succeed in a globalising economy. They have become perfectly capable of adapting to the political, legal and financial environment. If political incapacity means that the current situation is perpetuated, European companies will still adapt and seize the growth opportunities available to them.

The second possible response is genuine impatience. We are all convinced that progressive European integration has had major effects on growth and jobs in Europe, and that we can only win by moving forward in the constitutional debate.

I have made this point, on behalf of all our members, to the three Presidents I have met since I took up my present position: Tony Blair, Wolfgang Schäuble and Matti Vanhanen.

The constellation of economic power in the 21st century requires Europe to assert itself in global competition. It can only do this if it reaffirms and reinvigorates its quest for integration. This will enable European competitiveness to improve, to the benefit of growth, jobs, innovation and education. That is the only way for our continent to count in a world of powerful established and emerging players such as the United States, Japan, China and India, soon to be followed by Brazil and Russia. Each of these is drawing other countries into its sphere of influence.

**Now, bearing that picture in mind, what are priorities for business?**

**Let me share them with you. And I will be very happy to debate them with**

**President Barroso:**

- implement the reforms for growth and jobs;
- integrate the European market;
- govern the EU efficiently;
- fight national protectionism;

- take advantage of the opportunities of enlargement;
- reform European social systems to make them sustainable.

### 1 – Implement the reforms for growth and jobs:

As you know, in March 2000 in Lisbon, heads of state and government defined a very ambitious but very pertinent 10-year strategy based essentially on improving Europe's competitiveness. We know that, after the mid-term review, we are very far from the goals set in Portugal.

The gap with our competitor countries has even widened since then. Over the last five years, growth in the Euro area was 1.3% against 2.6% in the US. Moreover, the so-called "emerging" economies are overtaking us: in 2005, the size of China's GDP reached the size of the Eurozone's.

### 2 – Integrate the European market

Integration of the European market creating one single market for people, goods, services and capital is essential.

That is why we were so anxious to create a single market for services. Looking at the efficiency of the services sector in the US, it becomes clear that huge productivity gains can still be made in European services. We now have a proposal for a services directive that is far from perfect, but it is also now up to us to make the best of it.

### 3 – Govern the EU efficiently

The governance of the EU has been shaken by the negative votes in the referendums last year in France and in the Netherlands. The challenge today is to solve the EU institutional problems arising with 25 members today, 27 and more tomorrow.

It is not the first time the EU has gone through difficult times but it is probably one of the worst. The crisis comes at a time when the EU is confronted with enormous challenges linked to demographic ageing, technological change and globalisation. The most difficult thing now is to recover European citizens' and companies' confidence in the European Union project.

It is not the task business leaders to find the political solutions, but it is our duty to call for these solutions urgently.

#### 4 – Fight national protectionism

The fight against national protectionism is part of the internal market strategy. I think it is important to underline this, especially because we have seen some attempts from larger countries to protect their companies against mergers and acquisitions coming from outside.

The concept of “national champions” is not the answer, nor is the intervention of governments in business mergers. It is up to stakeholders – taking into account the interest of the company – to take that kind of decision.

#### 5 – Take advantage of the opportunities of enlargement

The enlargement to the ten new member states has been positive for the economy. There are still currently more exports from West to East than in the opposite direction. There were more jobs created in the West from the increase of exports, than losses as a result of relocation of activities. The growth pattern from the new member states is also a boost for European countries. The average growth of the new member states is 4.8% whereas it is 2 % in the former EU of 15!

#### 6 – Reform European social systems to make them sustainable

Finally the sixth priority is reform of social systems. We need not debate whether there is more than one social model in Europe, it is important to accept, also for business leaders, that when there is economic growth, when productivity improves, part of it must be used to create more solidarity and to support social welfare. But today the sustainability of social systems is at stake. Given the rapid ageing of Europe's population, it has been calculated that government debt in EU15, which is currently 45%, would explode to 180%, if nothing was changed. Each member state, each European country must tackle this challenge on its own. But a delay in one country has consequences for the others. Because it is also proven that sound macroeconomic policies foster growth rather than the opposite.

Finally, if you want to go on debating with business, I will be happy to host you on 17 October, on the occasion of the UNICE Day, "*Why do companies care about Europe?*"

Thank you very much for your attention.

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