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## **UNICE Day: The European Union and European business: an improved partnership**

**By Ernest-Antoine Seillière, President of UNICE**

President Barroso, Ladies and Gentlemen,

Today we have heard that European firms are strong and fully aware of their place in society. At the heart of villages, regions and countries, businesses of all shapes and sizes work to create wealth for their shareholders and, ultimately, their communities.

They are proud of what they achieve.

Europe created 7 million new jobs between 2000 and 2005. This year alone, the figure will be more than 2 million. It is considerable.

Thanks to European companies, the EU remains the world's largest exporter, well ahead of the US and Japan. Our share of world exports is around 19% and worth 950 billion euros. This is much higher than the 14% the US holds or Japan's 9%. The EU is first in 10 of the 20 largest exporting sectors. It is an impressive list: pharmaceuticals, electrical circuits, chemicals, furniture, paper, specialised equipment, base metal manufactures, plastics and engines and motors.

Our success is based on the single market, provided it works efficiently, and on a trade policy that is open and forward-looking. Our businesses need both, because there is no turning away from globalisation. We have to adapt to this new environment and seize the chances when they arise. The "Global Europe

competing in the world“ strategy presented recently by Commissioner Mandelson must build on these strengths and tackle new barriers such as intellectual property rights enforcement and access to raw materials.

Many companies do precisely that. They make the effort, take risks and achieve results. We draw strength from a larger market because we believe that Europe is the answer to globalisation. For us, Europe is not the problem, it is the solution.

I take pride in our achievements. I am privileged to represent European business as President of UNICE, the Confederation of European Business, and to speak on behalf of over 20 million companies which believe strongly in Europe.

I am also proud to point out that European companies are successful and at the same time operate under unique social and environmental conditions. Compared with the rest of the world, Europe provides its citizens with the highest standards of care. As business, we fully agree with this social culture. Our members make major financial contributions to this sense of community through social security payments, complementary pension schemes and human resources policies for their employees and have to be productive enough to ensure their competitiveness when carrying this heavy social and environmental responsibility.

Now, the environment. Can anyone in this room identify who has done more than the European Union to tackle pollution? I would suggest that the answer is No. European companies continuously review their processes and products. They invest large amounts in R&D in the search for ever cleaner products that respect the environment and meet the increasing demands of today's society, implementing growing national and European regulations.

As industry, we fully recognise that what we do must not make life difficult or dangerous for our children, their children and future generations.

So we feel, as companies, that we do our best as Europeans to contribute to our continent's success in economic, social and environment terms – we feel and we are good European citizens.

Now, I would like to address the question: Does Europe – its institutions, governments and policies – care about companies? And what does business think about Europe?

The business community has a unanimous belief: Europe is sleepwalking through a major crisis. It may be out of sight and out of mind to many people, but we believe that what could happen is crucial. It will affect the very premises which underpin the European Union. If the political forces of Europe are not able to resolve this crisis, we believe that moves towards further European integration could be eventually rejected and, step by step, its economic “acquis” threatened.

**So, we ask for the solutions to this crisis in three main areas:**

1. Governance of the EU
2. Implementation of reforms for growth and jobs
3. Enforcement of the internal market

1. Governance of the EU

The European Union has become a heavy and complex vehicle that is seen as running out of fuel. Just when the entire world is being buoyed up by healthy economic growth, the European Union has to take the necessary initiatives to reaffirm its mission as a continental organisation.

The governance of the EU has been badly shaken by the negative votes in last year's referenda in France and the Netherlands. The challenge now facing us is to solve the institutional problems of a Union that today has 25 members and tomorrow 27.

The difficulty in taking decisions coincides with enormous challenges linked to demographic ageing, technological change and globalisation. The toughest task now is to rebuild the confidence of our citizens and companies in the whole European project.

It is not for business leaders to find political solutions, but we have a duty to call for them. They are urgently needed now. We will actively push our governments all over Europe to get us out of this unacceptable governance confusion and to establish a decent way to govern our continent.

## 2. Implementation of reforms for growth and jobs

We are still a long way from the goals EU leaders set out in Lisbon six years ago. The gap with our competitor countries has even widened since then. Over the last five years, growth in the euro area has been 1.3%. In the US, it has been exactly double – 2.6%. Even so-called “emerging” economies are catching up!

Today the very sustainability of our social systems is at stake. The rapid ageing of Europe's population means that government debt would explode if reforms are not introduced. Each member state must tackle this challenge on its own. Keeping in mind that business is part of the European social culture: when productivity improves and leads to more growth, part of this wealth is used to support social welfare.

**In two days time, European political leaders will be meeting in Finland and talk about flexicurity.**

The current debate on flexicurity is at the centre of the growth and jobs strategy. If we want to ensure the sustainability of social Europe, we must have a better understanding of why some countries generate more growth and more jobs than others. We need to examine how they manage to create a virtuous circle between the reform of labour law, active employment policy and sustainable social protection. They have removed over-prescriptive rules on protection against dismissals, implemented efficient active labour market measures and linked income support for the unemployed to acceptance of training or job offers.

The EU should tackle the revision of the working time directive and the future green paper on labour law with that approach in mind.

Here, I would like to say to you, President Barroso, as well as to national leaders in Europe: In business, when you have a plan, you invest the necessary resources and go for it. Is this happening for growth and jobs to the extent we need? We, in business do not think so. And if it goes on like that, you will see the European business community less and less involved in developing Europe and more and more in the rest of the world. And nobody would like that!

### 3. Enforcement of the internal market

The Internal Market is not working as well as it should and its potential remains unfulfilled. I would like to give examples where it is failing and action is badly needed:

**Services:** The proposed services directive is only a first step and much remains to be done. We were expecting more. We hope that national transposition and implementation will not delay the urgent elimination of national barriers in this essential field for growth and jobs.

**Intellectual property:** Europe is still waiting for an improved patent system which is cost-effective and offers legal certainty. An affordable Community patent is particularly important for companies.

**Enforcement and better regulation:** It is pointless having rules if they create regulatory confusion and if they are not properly enforced. The Commission and Member States must step up their efforts to improve compliance, especially as regards the mutual recognition principle.

**Energy:** This issue is at the heart of the European debate. We need now a European policy that takes care of security, competition and security of supplies of energy.

The good news is that the Commission has announced it will review all internal market policy. We look forward to this and are confident it will be a serious exercise. Let's do it and let's do it well.

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As business people, we need to improve the partnership between business and the EU institutions.

For this, President Barroso, let me turn to you once more. Not only to praise you (some even think that I do it too much...) and to acknowledge that, yes, your job is difficult. But I would also like to pass on the following messages:

Yes you have a major role: you lead a major institution, the Commission. It has a central and key role in building Europe. You are, and will need to be, strong before all those trying to avoid the necessary task ahead. You must resist any attempt to downgrade Europe's ambitions. You will have our support for this.

Yes you know the six guidelines of the business community:

1. Implement the reforms for growth and jobs
2. Integrate the European market
3. Govern the EU efficiently
4. Fight national protectionism inside and outside Europe
5. Take the opportunity of enlargement
6. Reform social systems, to make them sustainable.

We must work closely together to implement them.

Yes we trust that the Commission – under your guidance – the European Parliament and the European Council, acting together, will make it possible for the European business community to say that: if business is for Europe, Europe understands that business is at the heart of Europe's ambition - success and future as a key actor in tomorrow's globalised world - .