

4th December

**European League for Economic Cooperation (ELEC)
8 December 2006 - European Parliament**

“Business call for a boost to Europe”

**Presentation of UNICE priorities and UNICE declaration on the
Future of Europe**

TIME SLOT: 10 MINUTES
SPEAKING TIME: 10H00

Ladies and Gentlemen:

Allow me first of all to thank you for having invited me to address the academic session marking the 60th anniversary of the European League for Economic Cooperation. I am particularly happy to be able to present to you the priorities of my organisation, in my capacity as President of the Confederation of European Business which works to defend the well-being of European businesses vis-à-vis the European institutions.

I had the honour to be elected President of this organisation in June 2005 for a mandate of two years which was renewed at the most recent meeting of our Council of Presidents in Helsinki, just one week ago, extending my term of office until June 2009. When I started, my main aim – which I intend to achieve during my presidency – was to widen, clarify and render more forceful UNICE’s communication and spheres of action. To that end, I have agreed with my counterparts in our 39 member federations the communication and action priorities that UNICE must deploy in the years ahead.

We have designated three major themes on which we would like to work shoulder to shoulder with the European institutions:

1. Fully exploiting the *acquis communautaire*

2. Meeting the challenges of globalisation
3. Contributing to the future of Europe.

I propose to give you details on each of these themes.

1. FULLY EXPLOITING THE ACQUIS COMMUNAUTAIRE :

A. INTEGRATE THE EUROPEAN MARKET

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

It creates synergies companies need, it offers a larger choice to customers, it is an appropriate answer in a global world competition. It has created approximately 2.5 million jobs over the last 15 years. However, if Europe wants to move ahead of the global competition, we now need to move up a gear, and create a market in which companies can move as freely as, for example, in the different states of the US.

It is therefore that 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 have now a proposal for a service directive that is far from perfect, but it is also now up to us to make the best of it with an efficient implementation in each Member State.

B. 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. It is also in this context that I would like to touch on the WTO negotiations. For our countries the failure of the negotiations is unacceptable. We are an open economy; we export a lot all over the world. With around 20% share in global imports and exports Europe’s economy participates in the world development and, moreover, its own future prosperity depends on it. We are therefore in favour of a multilateral approach, but one that really opens the markets for goods and services. It cannot be accepted that agricultural problems dominate trade issues. It cannot be accepted that important emerging economies don’t want to open more their market access. We still do hope that the Doha Round can be finalised on acceptable conditions. It is generally accepted that a successful outcome of this Round would increase EU exports by 2.5%. But already now we have urged the Commission to start the examination of a bilateral approach and negotiate free trade agreements with some countries or regions.

C. TAKE ADVANTAGE OF THE OPPORTUNITIES OF ENLARGEMENT

The enlargement to the 10 new member states has been positive for the economy. There are still currently more exports from West to East than the opposite. There were more jobs created in the West from the increase of exports, than losses as a result of delocalisation of activities. Therefore, we are convinced that enlargement is a win-win situation. It has and will continue to bring benefits to all Member States if we manage it properly and do not allow our strategic choices to be guided by short-term thinking or unfounded fears.

2. MEETING THE CHALLENGES OF GLOBALISATION

A. IMPLEMENT THE REFORMS FOR GROWTH AND JOBS

In March 2000 in Lisbon, heads of state and governments have defined a very ambitious but very accurate 10-year strategy based essentially on the improvement of Europe’s competitiveness. We know that after the mid-term, 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 had reached the size of the Eurozone’s.

Even a refocused strategy as it was done by the Barroso Commission in 2005, can only be successful if the member states themselves decide to proceed to the necessary structural reforms. Some have done it due to the difficult circumstances they had to face, such as Finland for instance, which went through a turnaround after the collapse of the Soviet Union in the early nineties. Now this country is considered as one of the most competitive in the world.

As the business community, we should therefore urge all the national governments, from the member states as well as from the associate countries to act and adapt their policies in order to be able to face the global competition, the technological challenges and the ageing demography. This is exactly the message that I passed on to Chancellor Merkel who will chair the Presidency of the European Union in the coming six months when I met her last 4 December.

B. REFORM THE SOCIAL SYSTEMS TO MAKE THEM SUSTAINABLE

We need not debate whether there is more than one social model in Europe, what is important to accept also for the business leaders is that, when there is economic growth, when productivity improves, part of it must be used to create more solidarity and to support the social welfare. But today the sustainability of the social systems is at stake. Given the rapid ageing of Europe’s population, it has been calculated that government debt in the EU15, which is currently at 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.

3. CONTRIBUTING TO THE FUTURE OF EUROPE

A. GOVERN THE EU EFFICIENTLY

I. ECONOMIC GOVERNANCE

Monetary union, alongside the internal market, are two great achievements of European integration for the business community. But we haven't seen all the benefits yet. The euro area growth performance is disappointing and there are growing competitiveness divergences across countries sharing the single currency. From our perspective, the message is clear: the economic governance of monetary union has to improve, along the next four priorities:

1. Strengthen the commitment to consolidate public finances in a recovery phase. This is particularly important in monetary union because it is probably the most effective way to prevent persistent periods of overheating and overcooling at the country level
2. Eurogroup must also take responsibility for structural reform surveillance, reflecting the strong policy interactions that exist in monetary union
3. Improve the quality of the dialogue between the different policy stakeholders, in the full respect of the ECB's independence.
4. Strengthen the external representation of the euro area so that its contribution to global policy challenges is commensurate with its economic weight.

II. INSTITUTIONAL GOVERNANCE

The governance of the EU has been shaken by the negative referenda 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.

We all know that this is not the first time the EU is going through difficult times but it is probably one of the worst. Even if we have survived the empty chair days, the eurosclerosis years, budgetary crisis and the Commission resignation, the current

situation is unprecedented since the European project has lost the backing of a large portion of EU citizens and companies. 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.

UNICE Council of Presidents adopted last 1st December in our bi-annual meeting in Helsinki, a UNICE declaration on the Future of Europe. We want with this paper to influence the German Presidency in view of the preparation of the political declaration that will be issued on the occasion on the 50th anniversary of the Treaty of Rome.

You can argue that it is not up to business leaders to find the political solutions, which is true, but it is our duty to call for these solutions urgently. As I already mentioned in my presentation on the UNICE priorities, Europe is confronted with a series of challenges that require concrete actions. In a context of increasing globalisation and fast technologies changes, it is necessary that Europe focuses its actions to restore its competitiveness vis-à-vis other regions of the world which are undergoing tremendous developments.

This is why business demands actions to reinvigorate the European Union. A European Union that is capable of swift and decisive action, when is required. A European Union that is more capable of coordinating national initiatives. A European Union that can disseminate best practices in one Member State to other Member States. A European Union that takes action to achieve the objectives of tomorrow.

European Business supports a strong European Union capable of actions and able to deliver on reforms. But clearer objectives must be set, stronger focus on priorities must be ensured, and political will and support for these reforms must be more strongly shown. By doing this we can make a success of a redynamised Europe.

Thank you for your attention.
