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BILDERBERG Conference “Ondernemen in het Europa van morgen”

**VNO-NCW
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Address by BUSINESSEUROPE President, Mr Ernest-Antoine Seillière “A vision for Europe” (slot : 15 minutes)

Panellists: Professor Ad Geelhoed, non executive member of OPTA (a governmental body and non-departmental agency of the Ministry of Economic Affairs in The Netherlands and professor in European Law at Utrecht University).
Mr Frits Bolkestein, former Commissioner responsible for Internal Market.

Ladies and Gentlemen,
Dear President Wientjes,

Allow me first of all to thank VNO-NCW The Voice of Dutch business, for having invited me to address the Bilderberg Conference. I am particularly happy to be able to present to this distinguish audience the priorities of BUSINESSEUROPE in my capacity as President of this organisation which works to defend the well-being of European businesses vis-à-vis the European institutions.

I had the honour to be elected President in June 2005 for a mandate of two years which was renewed at the latest meeting of our Council of Presidents in Helsinki in December 2006, extending my term of office until June 2009. When I started, Europe was immersed in one new crisis due to the negative referenda in your country and in mine (France).

In this context, my main aim – which I intend to achieve during my presidency – is to widen, clarify and render more forceful the communication and spheres of action of the organisation and to put all the efforts of BUSINESSEUROPE to make Europe the most competitive economy in the world.

One of the first steps is the change of name and logo which is from last 23 January BUSINESSEUROPE and why? Because BUSINESS, at the heart of EUROPE, creates growth and jobs, for the prosperity of the European citizens.



I have agreed with my counterparts in our 39 member federations - and always with the support of VNO-NCW - which are the communication and action priorities that BUSINESSEUROPE must deploy in the years ahead.

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

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

I propose to give you BUSINESSEUROPE vision of Europe for this important year in which we celebrate the 50th anniversary of the Treaties of Rome.

1. 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. As the business community, we should therefore urge all the national governments 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 is chairing the Presidency of the European Union in the coming six months when I met her on 4 December and this is the message that BUSINESSEUROPE intends to pass to the Heads of State and Government in the next Spring Council in March 2007. I count in each of our member federation to do the same at their national level.



Looking at the current state of reforms in Europe, we can see that progress has been achieved, albeit not enough to reach the turnaround: Europe is still falling behind in the global race for competitiveness. However, some countries have recently achieved remarkable progress in economic reforms. The Netherlands is one of them. Not only have Dutch policymakers been at the forefront of better regulation initiatives with their independent agency for impact assessment ACTAL, but a raft of measures have been adopted with the help of business federations, such as reforms of social security systems and measures to integrate more people in the labour market. In this year's "European Reform Barometer" published by BUSINESSEUROPE, the Netherlands are among the eight Member States whose reform progress business perceives as satisfactory.

2. 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 had from end of last year 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.

3. 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

As I already mentioned, 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 27 members today, 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.

BUSINESSEUROPE Council of Presidents adopted last 1st December in our bi-annual meeting in Helsinki, a BUSINESSEUROPE 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 BUSINESSEUROPE 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.

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. 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.

5. TAKE ADVANTAGE OF THE OPPORTUNITIES OF ENLARGEMENT

The enlargement to the 10 + 2 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.

6. 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.

ENERGY AND CLIMATE CHANGE

Before finalising, I would like to touch briefly on two important concerns: energy and climate change.

Energy will surely be the policy issue to receive the most attention at the next Spring Council, and rightly so. European companies see and urgent need to develop a European energy policy which integrates the key challenges of competitiveness, security of supply and environmental protection.

We will be facing growing pressure on the question of energy supply. BUSINESSEUROPE welcomes a coordinated policy on the European level. The EU must be able to speak with one single voice on questions concerning external energy policy, including in the dialogue with Russia.



Furthermore, we must all together work towards a truly global solution to the problem of climate change. Germany, which is also the current holder of the G8 Presidency, is in a good position to achieve progress in that matter. However, we are concerned that the Commission proposal to commit to a unilateral EU emission reduction policy too quickly and too unconditionally might not be the right diplomatic approach to get everybody into the boat.

Each Member States must decide itself on the best energy mix for its future, but we should not create ideological taboos. Bearing in mind the magnitude and complexity of energy challenges, we should keep open all options of energy sources, including the nuclear energy option.

The most urgent task the EU to tackle in the energy area is the completion on the internal market. Competition of European gas and energy markets is incomplete. BUSINESSEUROPE considers it vital to succeed in finding a solution to effectively unbundled energy supply and distribution. We must tackle the question of future energy regulation in Europe. And we must urgently strengthen interconnection between European countries.

CONCLUSION

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.
