



13 September 2007

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IV CONFERENCE
13 SEPTEMBER 2007
16H30
TIME SLOT: 20 MINUTES

ADDRESS BY MR PHILIPPE DE BUCK,
BUSINESSEUROPE SECRETARY GENERAL
"PRIORITIES TO BOOST EUROPE"

Dear President,
Ladies and gentlemen,

Introduction:

It is a great honour but also a great pleasure to be the guest of IV on the occasion of the "*Tag der Österreichischen Industrie 2007*".

When I meet a member of BUSINESSEUROPE, I always feel at home because without organisations as yours we would not be able to act. And I do hope that you will consider BUSINESSEUROPE as a solid part of your organisation when it comes to discuss and to defend your position at European level.

As a representative and efficient organisation in Austria you know how important it is on the one hand to listen carefully to what the members want to defend but also on the other hand to foster agreements and fix positions that enable you to play an effective and credible role in your country. And thanks to your efficient team with President Veit Sorger, Secretary General Markus Beyrer and all those who "make" Industriellenvereinigung this has happened! The same must be true at European level!

Since the last time I was in your country, your European organisation has changed. From UNICE to BUSINESSEUROPE. It is never easy to go through such a change; some had questions about the need to undergo that process. But after a little bit more than 7 months the transformation from UNICE to BUSINESSEUROPE has been a success. It is well assimilated, frequently quoted because it explains simply who we are, what we represent and at which level we act. But a new name must endorse a new positioning and a proactive doctrine.

More than ever, under the strong leadership of Ernest-Antoine Seillière, our President, BUSINESSEUROPE is considered today as reliable, pro-active but also quite demanding business organisation not only in Europe but more and more at international level.

We know also better what we want to achieve, with whom we wish to have common actions and what our positions are.



Those have been fixed by the Council of Presidents of BUSINESSEUROPE, with strong support of President Veit Sorger, first in Vienna in June 2006 and renewed in Berlin in June 2007.

I will overview this in a moment. There are expressed in simple words but they cover each of them very important topics for which we are defining more detailed positions. This will be a strong basis to present our vision at European level and with your support at Austrian level especially when the political parties will fix their own position for the next EU election in 2009.

The first priority relates to the modernisation of the economy in each Member State.

1. IMPLEMENT THE REFORMS FOR GROWTH AND JOBS

The Lisbon Strategy launched in 2000 is the most ambitious the Union has never had. But the outcome until now has not been the expected probably due to a lack of commitment from the European institutions but more important for a lack of national ownership. The “re-looking” of the strategy into the Growth and Jobs Strategy in 2005 and the promise of Commission President Barroso to make it its first priority has been very welcomed by the European business community; but more concrete results are still needed.

BUSINESSEUROPE urges all national governments to act and adapt their policies in order to be able to face global competition, technological challenges and an ageing population. After last year’s Spring Council, we carried out a successful project with our national member federations, to evaluate progress in economic reforms in each country. We asked national business federations a number of concrete questions to evaluate progress in public finances, business environment, research and innovation, internal market implementation, labour market, and education. I am convinced of the interest of this exercise that we are repeating this year and proud of the responses from each federation which were not afraid, on the contrary, to voice the areas where they did not share the complacency of national governments.

We are in concrete asking to:

- Strengthen the link between research and innovation;
- Adopt an efficient patent system;
- Pursue a broad programme of better regulation;
- Fight against public deficits;
- Foster entrepreneurship and SME growth

2. INTEGRATE THE EUROPEAN MARKET

Without any surprises we consider the integration of the European Market as our second priority. For BUSINESSEUROPE this is a domain where we have to deploy a lot of energy and advocacy because the creation and enforcement of the internal market is far for being attained its goal.



Europe's internal market is a tremendous instrument for economic power. But it must be adapted to the realities of the 21st century: it must respond to the challenges of globalisation and take up new opportunities in an enlarged European Union. Better enforcement of the principles and legislation governing the Internal Market should be one of the priorities for future action. It is essential for its well-functioning and plays a central role in citizens' and companies' perception of Europe.

We expect from the European Union to make markets function smoothly for businesses and citizens: by ensuring effective implementation of the internal market rules, by investing in efficient European network industries, by removing all hurdles to movement of workers, goods, services and capital, by implementing the services directive which will effectively foster growth and jobs and by taking advantage of the opportunities of an enlarged European Union.

3. GOVERN THE EU EFFICIENTLY

Since the collapse of the Constitutional Treaty we have urged the political decision-makers to settle this setback and this is our third priority. Nothing is more harmful to pursue a strategy than bad governance. What is true for the business is even more for political institutions.

We as BUSINESSEUROPE welcomed the outcome of the European Council in June reforming the Treaties. After almost six years of institutional debate the basis has now been laid to move Europe forward.

Since the opening of the crisis with the negative referenda in France and the Netherlands, BUSINESSEUROPE has been continuously present in the debate in order to ensure that key issues for business are recognised by the reform Treaty. We recognised the efforts made by members of the European Council under the leadership of Chancellor Merkel and others to achieve the successful conclusions we had last June and we expect now the Portuguese Presidency to lead the discussion in the Intergovernmental Conference for a happy-end on the EU governance issue and to fix it in what will be called a "Lisbon" Treaty.

4. SHAPE GLOBALISATION AND FIGHT ALL KINDS OF PROTECTIONISM

Our fourth priority is to shake globalisation and fight all kinds of protectionism.

The fight against national protectionism is part of the internal market strategy. 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. But the Commission has the means to intervene if the rules of a free market economy are not respected.

In the context of globalisation I think it is of almost importance to recall the need to conclude an ambitious WTO Round which remains the number one priority in the international sphere. The continuing failure of negotiators to reach a breakthrough on the core issues of industrial goods, services and agriculture is a serious concern.



When the WTO in June made its proposals we welcomed its intention but underlined that European companies are extremely concerned about the proposals for tariff reductions on industrial goods. We asked Commissioner Mandelson to direct his efforts to obtain a substantial reduction of the current applied tariffs.

In parallel, BUSINESSEUROPE also supports the negotiations for bilateral trade and investment agreements with Korea, ASEAN and India. Such agreements should be complementary to the WTO and based on reciprocal trade liberalisation with partners and in the broadest product coverage possible in services and goods.

5. REFORM EUROPEAN SOCIAL SYSTEMS TO RESPOND TO GLOBAL CHALLENGES

The fifth priority is no the easiest one because it concerns the reform of the existing social system. If we ask this important undertaking it is not because we want to destroy the existing European economic and social values, which means that economic growth, when it is created must be combined with an increase in social solidarity.

But we all know that everywhere in Europe the existing systems are under pressure because of the globalisation leading to increase international competition and because of the ageing European population with fewer people contributing and more depending. The pension system, health care and labour market policies have to be reviewed. Most of the discussion is at your national level, depending on the Austrian facts, habits, rules and existing regulation. We at BUSINESSEUROPE are very much involved in a debate with the European trade unions on flexicurity.

In essence, flexicurity is about moving away from a job preservation mindset into a job creation mindset to reduce to a minimum the periods of unemployment. It requires comprehensive national strategies with the right mix of economic and social measures to foster job creation and help people to maximise their chances on the labour market. Therefore, flexicurity must be founded on three pillars:

- flexible labour law with smart rules on protection against dismissals and a variety of employment contracts to answer different needs of companies and workers together with a strong commitment to fight undeclared work.
- putting into place effective active labour market policies and lifelong learning systems fostering employability and labour market integration; which area where companies are actively engaged in; and
- having an employment-friendly social protection system and in particular an unemployment insurance which links rights and obligations for the unemployed as opposed to giving unconditional passive income support.

Depending on the national context and traditions, the detailed ingredients of this mix will vary. It is always said that there is no one-size-fits-all model of flexicurity to be implemented across the EU, and it is true but there is a way to go, and a process to put in place to achieve the goal of flexicurity.

It is clear that status-quo is not an option. Firm and forward-looking action is necessary to correct urgently structural weaknesses on European labour markets. However, time



is running out. We cannot afford to wait any longer. BUSINESSEUROPE and its member federations for their part will continue to promote flexicurity throughout Europe, including through initiatives such as the joint analysis of key labour market challenges.

We therefore do hope that we will be able to reach an agreement with the European trade unions on the principles for flexicurity. A good and balanced agreement will be a useful contribution for national debates.

6. PROMOTE A SECURE, COMPETITIVE AND CLIMATE-FRIENDLY ENERGY SYSTEM (EIN SICHERES, WETTBEWERBSFÄHIGES UND KLIMAFREUNDLICHES ENERGIESYSTEM)

Die sechsten Priorität ist Energie- und Klimapolitik sind für Unternehmen heutzutage von essentieller Bedeutung. Dabei war es in der Vergangenheit nicht einfach, bei BUSINESSEUROPE zwischen allen unterschiedlichen Interessen einen Konsens herzustellen. Aber dank der konstruktiven Mitarbeit unserer Mitgliedsorganisationen haben wir gerade in der Klimapolitik in letzter Zeit grosse Fortschritte gemacht. Insgesamt begrüsst die europäische Industrie die Forcierung der Energie- und Klimapolitik auf europäischer Ebene, obwohl uns einige der Ziele, die sich die EU für Zweitausend-zwanzig gesetzt hat, sehr ambitioniert erscheinen.

Die europäische Industrie ist sich ihrer Verantwortung bewusst, den weltweiten Klimawandel einzudämmen. Eine Vielzahl europäischer Unternehmen hat in den vergangenen Jahren bereits weitreichende Massnahmen ergriffen, um emissionseffizient zu produzieren. Im Gegensatz zu den USA, und Japan hat die EU ihre Emissionen seit Neunzehnhundertneunzig verringert und nicht erhöht. Aber europäische Klimapolitik darf nicht die Bewahrung unserer globalen Wettbewerbsfähigkeit gefährden. Die Welt wird in den nächsten Jahrzehnten den Herausforderungen einer stark steigenden Energienachfrage begegnen müssen, die wesentlich durch das rapide Wirtschaftswachstum in Schwellenländern wie China und Indien getrieben wird. In China alleine wird mindestens jede zweite Woche ein neues grosses Kohlekraftwerk (mit tausend Megawatt Leistung) gebaut. Diese Entwicklung fordert die globale Gesellschaft in den Bereichen der Versorgungssicherheit, der Wettbewerbsfähigkeit und des Klimaschutzes heraus. Aber gleichzeitig eröffnet sie gerade europäischen Unternehmen eine grosse Chance in Anbetracht der Entstehung grosser neuer Märkte für moderne, sauber Energietechnologien.

Ich möchte einige spezielle Bereiche der Energie- und Klimapolitik ansprechen, für die sich BUSINESSEUROPE einsetzt:

Erstens: Die Effizienz unseres Energieverbrauchs zu steigern und damit unsere Energienachfrage zu senken muss die absolute Priorität für Politiker, Unternehmer, Konsumenten, kurz für jeden von uns sein. Wenn wir für das, was wir produzieren und konsumieren, weniger Energie verbrauchen, dann kommt dies sowohl unserer Wettbewerbsfähigkeit als auch der Umwelt als auch der Versorgungssicherheit zugute. Oft sind die Technologien bereits vorhanden, um energieeffizienter zu leben ohne unseren Lebensstandard einschränken zu müssen, und oftmals sind es europäische Unternehmen, deren Produkte und Produktionsmethoden Weltspitze in ihrer Energieeffizienz sind. Ihre Verbreitung insbesondere auch ausserhalb der europäischen Grenzen kann einen wesentlichen Beitrag zur Lösung unserer Energie- und Klimaprobleme leisten und ist gleichzeitig eine Marktchance.



Zweitens: Eine notwendige Bedingung für eine optimale Verwendung von Energie in Europa ist die Vollendung des Binnenmarkts und die Stärkung der Infrastruktur für Gas und Elektrizität.

Wir brauchen stärkere und unabhängigere Regulierungsbehörden sowie ein de-facto unbundling (*effective unbundling*) zwischen der Herstellung und dem Transport von Elektrizität. Es ist für uns oberste Priorität, dass existierende europäische Gesetze implementiert werden.

Ausserdem müssen die Infrastrukturnetze ausgebaut und miteinander verknüpft werden. Zwischen vielen benachbarten EU-Ländern bestehen immer noch unzureichende Verbindungen.

Drittens: Das von der EU gesetzte Ziel, den Anteil an erneuerbaren Energien in Europa bis Zweitausend-zwanzig auf zwanzig Prozent zu erhöhen, erscheint auf europäischer Ebene sehr hoch. Österreich deckt natürlich bereits heute mehr als zwanzig Prozent seines Energieverbrauchs durch erneuerbare Energiequellen ab. In Ihrem Land findet die Diskussion über das, was in Zukunft noch möglich ist in anderen Dimensionen statt. Erneuerbare Energien haben sicherlich eine Rolle zu spielen in der Lösung unserer Energie- und Klimaprobleme. Aber sie dürfen nicht politisch übervorteilt werden gegenüber anderen Lösungen, die sich vielleicht mit der Zeit als ökonomisch und auch ökologisch effizienter erweisen werden.

Viertens: Nuklearenergie ist ein schwieriges, politisch geladenes Thema. Aber es ist eine Tatsache, dass Nuklearenergie ein weltweites Comeback erlebt: In den USA sind mehr als dreissig neue Reaktoren geplant, China, neben vielen anderen Ländern, hat ebenfalls den Bau von mehreren Dutzend neuen Atomkraftwerken angekündigt. Dieser neue Boom hat gute Gründe. Kernenergie erzeugt Strom zu relativ niedrigen Preisen, der Rohstoff Uranium ist weltweit zu sicheren Bedingungen erhältlich, und die Treibhausgasemissionen sind praktisch gleich null. Diesen Vorteilen stehen natürlich eine Reihe politischer, ökologischer und militärischer Risiken gegenüber. Aber in Europa haben wir das technische Know-how, diesen Risiken zu begegnen, und das müssen wir behalten. BUSINESSEUROPE ist von seinen Mitgliedern beauftragt worden, das Thema Kernenergie in Europa stärker zu thematisieren, damit Entscheidungen auf nationaler Ebene getroffen werden, die unserer Kernenergie eine Zukunft erlauben.

Fünftens: In Verhandlungen mit grossen Produzentenländern können die europäischen Länder sehr viel mehr gemeinsam ausrichten. BUSINESSEUROPE fordert, dass die EU kohärentere Rahmenbedingungen für Dialoge schaffen, an deren Ende eine Stärkung der Versorgungssicherheit aller europäischen Länder steht.

Sechstens: Der massiven Bedrohung unserer Erde durch globale Erwärmung kann nicht unilateral sondern nur global Einhalt geboten werden. Die UNO-Konferenz im Dezember in Bali, bei der BUSINESSEUROPE anwesend sein wird, braucht ein Ergebnis, dass die beiden grössten Emittenten - die USA und China - mit einbezieht. Einseitige Massnahmen seitens der EU führen nur zu mehr industrieller Produktion ausserhalb der EU, und das hat negative Auswirkungen für die Wirtschaft in Europa und die Umwelt in der Welt.



BUSINESSEUROPE unterstützt Emissionshandel als ein flexibles Instrument, um Emissionen zu reduzieren. Das Emissionshandelssystem muss jedoch richtig ausgestaltet sein, damit es zu Innovationen und zu ökonomisch sinnvollen Reduzierungen von Emissionen ermutigt. Es ist für BUSINESSEUROPE eine absolute Top-Priorität, unsere Industrie - und insbesondere unsere energieintensive Industrie – in Europa zu behalten. Die Ausgestaltung des Emissionshandelssystems nach zweitausend-zwölf, die gegenwärtig in der EU diskutiert wird, darf den Industriestandort Europa nicht gefährden.
