



14 December 2007

EUROPEAN COUNCIL ON 14 DECEMBER 2007 MEETING WITH THE SOCIAL PARTNERS ADDRESS BY PRESIDENT SEILLIÈRE

Presidents, Prime Ministers: it is an honour to speak to the European Council as President of BUSINESSEUROPE.

BUSINESSEUROPE represents the companies of your 27 countries as well as two candidate countries through its national member federations.

I would like to express the business community's congratulations on yesterday's signature of the Treaty of Lisbon. We sincerely hope that the Treaty can be ratified by all 27 Member States before the next European elections. You know how strongly we believe that the efficient governance of the EU is essential for achieving our economic and social objectives.

It is also the responsibility of the European social partners to help move the European project forward. Our main tool to do so is the European Social Dialogue. Social dialogue essentially takes place at national, sectoral or company level. However, the European social dialogue can make a difference by focusing on key pan-European questions and supporting national players in their efforts, notably to improve the functioning of labour markets.

It is therefore with great satisfaction that I come here today to present to you the agreement reached by the European Social Partners on the Joint Labour Market Analysis. We consider the successful conclusion of these negotiations a milestone for the European Social Dialogue.

Why is this so? First of all, the nature and scope of the negotiations were very different from other social agreements at EU level. Employers and trade unions have discussed and gathered data on a broad range of issues, ranging from employment, tax and benefit systems to the internal market and macro-economic policies. And on this basis European social partners have agreed for the first time on important political statements regarding **the reform of European labour markets**.

European social partners acknowledge the need for labour market reform because our economies have to face population ageing and the **challenges of globalisation**. You will discuss later this morning the "EU declaration on globalisation" which shows clearly that the European Union can only seize the opportunities of global competition if it delivers the necessary reforms from the Lisbon strategy. The main goals must be, on the one hand, to increase **employment and, on the other hand, to boost**



productivity growth. In order to meet these goals, we recommend that the reforms of European labour markets should be based on the flexicurity approach. Flexicurity is key to modernise the European social model. In essence, flexicurity is about moving away from a job preservation mindset into a job creation mindset, helping workers to maximise their chances on the labour market and helping companies to face the challenge of global competition.

Employers and trade unions agree that flexicurity **can create a win-win situation** for companies and workers. It therefore provides the right framework for modernising European labour markets, embracing labour law, effective lifelong learning systems and modern social protection. In addition, an effective social dialogue will contribute to smooth functioning of labour markets.

Moreover, our joint analysis states that creating a favourable business environment that stimulates entrepreneurship and innovation is crucial to boost job creation, especially in **SMEs**.

The trade union movement has expressed some fears that, in the context of the flexicurity debate, too much emphasis is being put on flexibility. Employers insist on their side that it should not only be about security either. **We believe that flexicurity, if implemented in a balanced way, will be to the mutual benefit of companies and workers.**

Indeed, the novelty of the flexicurity approach is that it transcends the outdated perception of a conflict between labour market flexibility and security for workers. In fact, in today's labour market, security is primarily about acquiring the necessary skills and adapting to new opportunities. It is not about strict employment protection rules which hamper the creation and growth of new businesses and decrease the speed of adjustment to changes. By reconciling flexibility and security, flexicurity is at the heart of efforts to restore the **positive relationship between competitiveness and social protection** and address the challenges of globalisation, ageing and rapid technological developments.

Presidents, Prime Ministers, by agreeing on a common understanding of and key recommendations around the concept of flexicurity, the joint labour market analysis is proof of the European social partners' commitment to help address the challenges facing European economies. We therefore hope that our policy recommendations will help steer labour market reform efforts at national level.

Our national member federations are confident that an increasing political consensus around the flexicurity approach could help remove important stumbling blocks to the modernisation of labour markets. We therefore look forward to the European Council endorsing the common principles on flexicurity.



For BUSINESSEUROPE, today's invitation to speak here in front of Heads of State and Government is a recognition by the European Council of the importance of the agreement we have reached. With the support of your national governments, the concept of flexicurity on which the social partners have built their agreement can help Europe to increase growth and create more and better jobs, which is our common goal.
