



Check against delivery

VISIT OF PHILIPPE DE BUCK, BUSINESSEUROPE SECRETARY GENERAL, TO BUCHAREST ON 4 AND 5 MARCH 2008

MEETING WITH ACPR BOARD
4 MARCH 2008, 15H30 – 17H30, INTERCONTINENTAL HOTEL

BUSINESSEUROPE PRIORITIES

BUSINESSEUROPE priorities have been fixed by the Council of Presidents of BUSINESSEUROPE, first in Vienna in June 2006 and renewed in Berlin in June 2007.

Our new political messages “Successful Companies for a Successful Europe” are based on these winning priorities.

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 notably in view of the renewal of both the European Commission and the European Parliament in 2009.

1. IMPLEMENT THE REFORMS FOR GROWTH AND JOBS

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

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 from 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. PROMOTE A SECURE, COMPETITIVE AND CLIMATE-FRIENDLY ENERGY SYSTEM

Establishment of a comprehensive European internal gas and electricity market is a critical factor for:

- maintaining the competitiveness of European industry
- strengthening the security of the EU's energy supply
- developing efficient policies designed to control the EU's carbon emissions.



With this fifth priority, what European business community want to achieve is:

➤ **Governance**

The role of national energy regulators must be enhanced in order to facilitate implementation of the internal energy market. They therefore need to have more power and greater independence vis-à-vis their government. In addition, cooperation between national regulators needs to be strengthened at EU level, so that they can reach joint decisions. In the event of deadlock, the Commission should be in a position to take a decision.

➤ **Unbundle production/supply of energy and its transport**

An effective unbundling regime is essential to create fair and equal access to the network, while encouraging investment in new infrastructure. The logical approach for establishing an effective unbundling regime must start with complete implementation, in letter and spirit, of the existing Community legislation on legal and functional unbundling. If application of the existing Community legislation proves insufficient to ensure fair and equal access to the networks, new initiatives will be needed.

➤ **Eliminate bottlenecks in the area of investment in cross-border infrastructure**

BUSINESSEUROPE supports the initiatives at technical and financial level proposed in the EU Priority Interconnection Plan, as a complement to improvement of the governance and regulatory framework. Priority projects with a European dimension must increasingly be determined using objective criteria based on market indicators such as surcharges linked to congestion.

➤ **Create a conducive framework for long-term contracts between producers and energy-intensive industries**

Given:

- the absence of a truly open and competitive energy internal market
- the fact that the EU Emissions Trading Scheme is being implemented in that context
- the competitiveness handicap suffered by energy-intensive European industries under Kyoto

it is essential to create a framework in which energy-intensive industrial consumers can fulfil their electricity and natural gas needs in the medium and long term at reliable, internationally competitive prices, without hindering the development of the internal market. Long-term contracts between producers and users, oriented on the actual cost incurred by existing import contracts or generation facilities, i.e. not on short-term market indexes (like the day-to day-price applicable on electricity exchanges), can play an important part in solving this issue while guaranteeing planning stability for the electricity and gas industries. Favourable conditions and incentives should be created for the development of such contractual arrangements, in line with EU and national competition law.



6. REFORM EUROPEAN SOCIAL SYSTEMS TO RESPOND TO GLOBAL CHALLENGES

The sixth 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;
- 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.
