



19 March 2009

### **TRIPARTITE SOCIAL SUMMIT 19 MARCH 2009**

#### **ADDRESS BY PHILIPPE DE BUCK DIRECTOR GENERAL OF BUSINESSEUROPE**

Mister Prime Minister,  
Mister President,

We meet in difficult times. You will discuss in the European Council how to respond to the deepest recession since decades. We are having discussions with our members. We have looked at the situation and how it evolves. We think that you should work along the lines of a 4-pillar strategy.

The first is to restore companies' access to finance. Without access to finance for companies and households there will be no economic recovery.

The second pillar concerns the recovery programmes. The European Council and the Commission have already decided the contours. They should be fixed on the future by addressing: infrastructure, R&D and innovation and labour market functioning. According to Commission estimates, the latter account for 16% of all actions. Many of them facilitate flexibility within firms or labour market transitions. These are key elements to address the employment impact of the crisis. The Presidency and the Commission should urge the Member States to implement their recovery programmes fully and rapidly.

Thirdly, we need to accelerate structural reforms. Let us look at the long-term challenges facing Europe. Short-term emergency measures must be consistent with the long term. Skills development and improving the adaptability of our labour markets remain a high priority. You have received our European Reform Barometer which shows that last year progress in terms of labour market reforms was only average in Czech Republic, Sweden and Spain.

Fourth pillar: we all must resist all forms of protectionism. For every job apparently saved by protectionism, many more will be lost. This position is unanimous amongst the European business.

What is critical at present is to better coordinate national programmes, set clear deadlines and monitor their implementation. We call on the Commission and the Council to do this. The Commission must speak up when national recovery plans go



soft on structural reforms or undermine the single market. It must apply the EU's state aid policy. It should closely monitor growing public deficits and public debt. The exceptional circumstances justify the flexibility allowed by the Stability and Growth Pact. But 2012 should be the deadline.

The economy continues to evolve at an extraordinary pace. We have published our Economic Outlook last week. The EU is facing now an unprecedented risk of job losses: 4.5 million in 2009 alone. Spain with 1.1 million and the UK with 850,000 account for almost half of this figure.

Companies are doing their share to save jobs. If they avoid dismissing employees through short-time working measures workers will remain in place and at work ready for when the upturn comes.

We are prepared to continue the dialogue with Trade Unions. Together, we should defend the principles of the market economy. Together we should continue to discuss flexicurity. Together we should monitor the evolution of labour markets

Eighteen months ago in Lisbon, we presented our joint labour market analysis. The economic situation has evolved but the flexicurity approach which both sides supports remains valid. The real impact of flexicurity is not measured in good times. Its effectiveness is demonstrated precisely under more difficult conditions – as today.

Let me now touch on a sensitive item between ETUC and us. Tensions on the labour market have led to actions against foreign workers. This is an example of protectionism. Let me be clear: the free movement of services and workers should be a golden rule. The posting of workers directive prevents social dumping. This has been recognised during the Forum of October 2008. Can practical implementation be improved? This is the duty of national governments. I sincerely hope that our joint work on recent European Court of Justice case law will contribute to this.

Mr Prime Minister,  
Mr President,

You have called a Special Employment Summit. This Summit may not be a failure. We all know that employment policies are national as are the labour market instruments. More employment depends on new and more economic activities. The European Council should improve the effectiveness of the available European instruments: the European Social Fund and the European Globalisation Adjustment Fund as well as the structural and cohesion fund. All of them should be reoriented towards a competitive Europe.

Yes, the competitiveness of the EU is at stake. Key industries such as automotive and construction are facing critical times. Many others sectors across the economy are also struggling. We should do whatever we can to help them. For us, the "Late Payments Directive" is a key priority. Therefore we strongly urge you, Mr President, not to add delay on delay. You should definitely table the proposal next week. Timely payments of



outstanding amounts would save numerous SMEs from bankruptcy. CEEP, UEAPME, EBF (European Banking Federation) as well as three of our national members will later explain the implications of the crisis for them.

But equally important is what not to do. Let me give you an example. The last companies need is new regulations that would put an unnecessary burden on them. The truth is: Europe is already world champion of regulations. If we hope to fully restore our economy, the Commission and Council must review regulations to alleviate the cost of companies.

## **Conclusion**

To conclude,  
These are tough times. The current period poses a tremendous amount of challenges and will see numerous changes. But I believe that the European economy can come out of this crisis stronger than before.

Thank you for your attention.

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