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7 May 2009

EMPLOYMENT SUMMIT PRAGUE, 7 MAY 2009

ADDRESS BY ERNEST-ANTOINE SEILLIÈRE, PRESIDENT OF BUSINESSEUROPE

Prime Minister, President, Ladies and Gentlemen,

Thank you for inviting us here today. We are meeting in difficult times. Financial sector problems have not yet been solved. Credit channels are still not working as they should. Industrial output and trade have fallen. The Commission predicts GDP to fall by 4%. 5.5 million people are expected to lose their jobs.

This is therefore an important Summit. Policy-makers and social partners have a responsibility to help companies and workers through this recession and be prepared for the next economic upswing.

I would like to stress three elements in particular:

- The importance of flexicurity and the role of social dialogue;
- The need to tackle both the economic as well as social dimension of the crisis (the situation of SMEs deserves particular attention);
- Some key principles on which to base recovery actions.

First, flexicurity. Eighteen months ago, in our joint labour market analysis, European social partners agreed that flexicurity creates a win-win situation for companies and workers. This view was also shared by the European Commission and the Council. Three aspects are particularly important today: working time flexibility, lower labour costs and education and training.

Skills in particular are crucial for our future. Everybody agrees on the urgent need to better match skills with labour market needs. Partnerships between employers and trade unions and with educational institutions are indispensable to achieve this.

Partnership, trust and confidence between social partners are key elements to get things done. For example, they can facilitate the implementation of flexicurity policies or prevent or limit the negative consequences of restructuring. Throughout this crisis, dialogue between employers and unions has resulted in agreements that have allowed companies to cut production without resorting to redundancies.



Turning to European social dialogue, we regret that ETUC was not able to present a joint declaration on action to address the crisis. Of course, there are differences of views on some issues but we also have points of agreement which deserve to be highlighted. I sincerely hope that we will be able to do so when implementing our new Social Dialogue Work Programme for 2009-2010.

This work programme is an important contribution to this Employment Summit. We will address issues which are of key concern for companies and workers such as the implementation of flexicurity policies and the follow-up to the Growth and Jobs Strategy.

Moreover, employers and trade unions have agreed on a series of recommendations on the European Social Fund. They should help to make it a more powerful instrument to fight the crisis.

In addition to European initiatives, what is even more important is what happens at national level. By and large, it is at the national level that decisions are taken, that our members are engaged, that companies are engaged. They are often supported by constructive attitudes of public authorities.

The second key element I want to stress is that it is not by discussing only social affairs that we will solve the problem of unemployment. The Employment Summit has to address both economic and social consequences of the crisis. The situation of SMEs deserves particular attention. SMEs account for almost 60% of Europe's value added. They create almost 80% of all new jobs. For any policy-maker in Europe taking decisions in this crisis, it must be crystal clear: without strong SMEs, there will be no recovery. It is timely to insist on this midway through the SME week launched by the Commission.

Finance remains the biggest concern for European companies. The situation is deteriorating particularly for SMEs. We must urgently ensure that companies can meet working capital needs. We welcome the fact that the European Central Bank announces today a new set of measures to support credit and liquidity. We think more determined action will also be needed to fix the balance sheets of commercial banks and to help their restructuring.

As a specific contribution to this Summit, BUSINESSEUROPE has identified 12 concrete measures to create growth and jobs. They can be discussed and decided at European level. They are non-fiscal stimulus measures. They improve the entrepreneurial environment without threatening the long-term sustainability of public finances. BUSINESSEUROPE calls on the Presidency and the Commission to include these proposals in the main messages coming out of this Summit.

As a third key element, I would like to express our support for the principles set out by the Commission and the Presidency, in particular the need for reinforced implementation of structural reforms, including flexicurity, to strengthen the EU's competitiveness and growth potential. We welcome the call to ensure the long-term sustainability of public finances and to prevent protectionism. We urge the Commission



to coordinate and develop the right monitoring tools to see how member states are progressing with their national recovery plans and enforce EU state aid and competition rules with vigour.

To conclude, in these difficult circumstances, employers, trade unions and public authorities must live up to their responsibilities. BUSINESSEUROPE is determined to contribute to finding solutions to the crisis. We look forward to playing an active role in the run-up to the June European Council.

Thank you for your attention.

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