



30 September 2009

AN ECONOMIC DIPLOMACY FOR EUROPE

INTRODUCTORY REMARKS BY HUBERTUS ERLÉN 30 SEPTEMBER, BUSINESSEUROPE

Welcome.

I am honoured to welcome you to BUSINESSEUROPE for a very interesting and innovative seminar.

My name is Hubertus Erlen and I am the Chairman of the International Relations Committee which steers BUSINESSEUROPE's policy on international policy matters and on relations with non-EU business organisations.

BUSINESSEUROPE brings together 40 national business associations from across Europe and works closely with sector associations and associated companies to advance Europe's competitiveness.

I am happy to have partnered for this event with HUME BROPHY a well known consulting firm in Brussels which is also taking an interest in the EU's foreign relations. I also want to thank CSR-Europe which has also contributed to this event – notably by mobilising the participation of their president Mr Davignon.

Today, we are delving into a new area of policy by exploring what could be an "economic diplomacy for the European Union". Everyone recognises that the EU should play a more important role in foreign affairs – and we in the business community should try to define what that means for us.

Let us rapidly examine some of the challenges facing companies and the EU on the international scene.

- Clearly in an era of globalisation, **European companies are operating in a complex international environment**. Increasingly that involves trade and investments in emerging and developing countries facing economic governance challenges and, sometimes, political instability. In this scenario, companies must also work with their diplomats to find their way through a maze of administrative and political hurdles.
- **Investments in emerging and developing economies are associated with much higher political risks**. Consequently, companies can at times require support from governments to mitigate those risks or to protect their trade and investment interests. Recently, we have seen an increase in illegal expropriations of European companies in Bolivia for example. But there are



also more commonplace investment risks linked to the protection of intellectual property rights or the discriminatory application of regulations against foreign companies in some of the biggest emerging markets like China or Russia.

- For BUSINESSEUROPE, this is also an interesting time to discuss how the EU can develop and “economic diplomacy” as it progresses toward a more coordinated institutional structure for foreign policy. If ratified, and we are openly supporting the “yes” vote in Ireland, **the Lisbon Treaty will unite the diplomatic services of the Commission and the EU Member States under the coordinating role of the next High Representative for Foreign Policy.** Business must also engage with the next High Representative to make him/her aware of our interests in this field.
- One general concern for business is the apparent weakness of the EU to give a clear sense of direction for its foreign policy. Foreign policy signals can be important for companies to open up new business opportunities in developing countries. And **if the EU has clear economic interests in a country or a region, that should be clearly identified and supported by its foreign policy representatives.**
- This brings me to a core concern that companies raise with regard to an EU economic diplomacy: **How responsive are EU diplomats to business interests and concerns?** Instinctively, EU companies tend to work with trade diplomats here in Brussels because they understand their concerns. But there is also room for a policy dialogue with diplomats dealing with foreign affairs. While there can, at times, be contradictory views between business and diplomats on foreign relations over sensitive, I am convinced that an open dialogue would be of great benefit to both sides. I’m sure that we can explore this more in depth this evening.
- I want to highlight that tonight’s event is only the start of a project on the EU’s foreign policy. It is our intention in BUSINESSEUROPE to elaborate a more detailed approach to an economic diplomacy for the EU in the future. That is why we are seeking ideas and input from you. Once we have a clear set of ideas for an economic diplomacy, BUSINESSEUROPE will reach out to the EU Vice-President for External Relations to call for a closer dialogue and cooperation with business on these matters. Of course, future action will be done in close cooperation with you.

I do not want to hold the floor much longer because I hope to engage in a fruitful debate with you. Let me outline how this discussion will move forward this afternoon.

- First, we will have the honour of listening to Etienne Davignon – an **esteemed business leader** as well as experienced political leader about whom I will tell you much more in a minute.



- After Mr Davignon's presentation, we will hold an interactive debate chaired by Adrian van den Hoven, the Director of International Relations at BUSINESSEUROPE.
- I encourage the audience to participate openly in the debate and to raise ideas and experiences that you may have had in your business activities.
- I would like to underline that **Chatham House rules will apply** to all points raised during the seminar. No one will be quoted or referred to directly in any report of the seminar. BUSINESSEUROPE will only make a short summary report of the main ideas raised at the meeting.

Now I will turn to our guest speaker tonight – who for many of you needs no introduction. Welcome, Mr Davignon, to BUSINESSEUROPE.

- Mr Davignon is an exceptional guest, who I believe, encapsulates many of the challenges that we face in our discussions this evening.
- Mr Davignon began his career with **important posts in the Belgian administration and government**. He was also responsible for handling some of the most sensitive policy issues related to Belgium's complex relations with de-colonisation in the Congo.
- But Mr Davignon is best known across Europe for his experience as **EU Commissioner for Industry**. Under his leadership, the Commission pursued what was perhaps its most ambitious foray into industrial strategy.
- After leaving the Commission, **Mr Davignon played a large role in business** – either as CEO or as board member and even as a founder of some successful companies. Today, Mr Davignon is a member of the board of GDF-SUEZ and Brussels Airlines.
- Finally, Mr Davignon also has **experience in business associations at European level**, having chaired the European Round Table of Industrialists (ERT) and currently as president of CSR Europe which brings together companies working in that area as well as Friends of Europe which is a leading association promoting European integration and cooperation.

You have the floor, Mr Davignon.

* * *