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### **CEOE ANNUAL CONFERENCE “CAMINOS PARA LA RECUPERACIÓN” 2 DECEMBER 2009, MADRID**

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

Mr President,  
Ladies and Gentlemen,  
Dear entrepreneurs and friends,

To be able to address the CEOE Annual Conference is a great honour. It is also an opportunity to discuss with you the “Caminos para la recuperación”.

BUSINESSEUROPE represents 40 national business organisations. Our organisation covers 34 European countries: Member States of the European Union, candidate countries and potential members.

I do not need to say how proud we are to have CEOE as our strong Spanish member. The commitment of CEOE in BUSINESSEUROPE mirrors Spanish integration in the European Union.

We are also proud to have your President, Gerardo Díaz Ferrán, as our Vice-President. And I may add that I have very many friends in CEOE: the first one being its Secretary General, José Maria Lacasa.

The effectiveness of business representatives at European level must be based on cooperation and coordination. Do you know that 60 to 70% of business rules have a European origin but are implemented at national level? It is therefore better to have a presence in Brussels. With José Isaías Rodríguez, you have an experienced “special envoy”!

We will discuss the ways to the recovery in the Council of Presidents of BUSINESSEUROPE this Friday.

Are we still in the crisis? Have we started our journey to the recovery? Let us be cautious. Let us not create false hope. But let us look at realities.



Yes we are – at European level – out of the recession. This is a good starting point. But this does not mean that our economies have recovered. We are still far from the 2007 level!

This is especially true for Spain. More than a decade of rapid expansion has come to a brutal end. And contrary to the average for the EU, Spanish GDP will not grow next year either. Within the euro area, only Ireland is expected to witness a stronger fall.

The crisis has already taken a tremendous toll on employment. In a period of just three years, the unemployment rate will skyrocket from 8.3% to 20% in 2010. This will be the highest unemployment rate in the entire EU. Of course, the heavy reliance on construction explains the sharp contraction on the labour market to some extent.

So what has to be done at EU level?

The **first priority** is to fix the **financial sector**. A lot has been achieved in the refinancing of banks. Governments and the ECB have played their role. Now comes the time for regulations. We want them smart, not overdone and stimulating cross-border supervision.

The **second** is to restore the **credit flow**. Companies have suffered in the crisis. There was a lack of credits and the credits were too costly. Here we have insisted that the banks should play their role. We are not alone on this. President Trichet has also said the same recently.

The **third issue** is a major concern. National **fiscal policies** are deteriorating. This is explained by the recovery plans. Therefore it can be accepted. However this trend cannot be maintained. In BUSINESSEUROPE, we say that from 2011 on, the trend should be reversed – if the recovery proves to be stable.

In principle, this deadline should hold for everybody. But given the depth of the recession in Spain, one might want to question the need to interpret the deadline as strictly as elsewhere. Of course, this must not be a blank cheque to the government to postpone painful but urgent structural reforms.

What we do expect from the incoming Commission? What will be our message to President Barroso?

It is a simple one: go for growth! Turn this crisis into a sustainable growth strategy.

The Lisbon strategy was decided in 2000 at the height of the 'internet bubble'. Decision-makers were perhaps too euphoric. In 2010 – under the Spanish presidency – the Lisbon strategy has to be renewed. We are still in the midst of the crisis, so we can expect the same ambitions but greater commitments. We have to urge for a strategy that puts Europe back on track.



I see four main areas.

**Firstly**, the European **economic integration should be deepened**. The stress is on the single market. A better functioning and well enforced single market is key to the recovery.

We must continue our efforts to fight national protectionism. We must remove barriers to free movement of capital, people, goods and services. Concrete improvements are needed, notably in the financial markets.

Particular attention should be given to the development of a genuine single market for services. Correct implementation of the Services Directive offers a golden opportunity to create more growth and jobs in the services market.

The Spanish transposition of the Directive is progressing but challenges lie ahead, particularly concerning coordination between the various public administrations. Indeed, central, regional and municipal administrations will have a role to play in the functioning of the Directive. As you know, 2010 will be an important year to assess the transposition by national governments. As the Spanish business community, your role will be to help identify remaining barriers in your national legal order. That way, the benefits of the Directive will be effectively realised.

The euro as a single currency is another cornerstone of the EU's future economic success. The governance of the Eurozone has to be reinforced to increase the benefits of the euro, to foster deeper market integration, to enhance its role in the global economy. Members of the Eurozone can no longer rely on national currencies. They have to strengthen their economy through structural reforms.

The **second** area touches on **innovation, entrepreneurship, education and skills**. According to BUSINESSEUROPE's members, our main challenge, our key priority!

The competition for talents has become global. The availability of skilled workers is shrinking because of demographics. Only by technology we will be able to solve health, energy, climate and mobility problems.

I know that the responsibility is mostly at national level but I call for greater coherence in policies at European level. Only by creating synergies will productivity increase.

As usual, the USA is the leader in innovation, in entrepreneurial spirit and in top education. It is time for us to catch up!

How to **modernise employment and social policies** is the **third** and central pillar. How can we make the European social systems sustainable? This is a crucial area in which CEOE is very much active.

As BUSINESSEUROPE, we have argued strongly for implementation of flexicurity principles. By combining the need for more flexibility for companies to adapt and more



security for people to find a job, you favour change and you increase mobility. By doing so, you encourage both job creation and active job-seeking.

In 2007 we agreed with the European Trade Unions Confederation to promote flexicurity principles. This is a milestone in the European dialogue. CEOE and the Spanish trade unions were part of this initiative. I hope it will be useful in your discussions.

The **fourth** main area is **energy supply and climate policies**, which goes hand in hand with an **integrated industrial policy**. If the policies are correctly framed, they can provide new business opportunities, new opportunities for technology, new jobs.

On energy, our vision is clear. We need diversity and security of energy supply. Let us keep all options open, nuclear included.

Climate change is a global issue that we have accepted to tackle. We, Europeans, are the leaders in implementation of the Kyoto protocol. We, Europeans, are the leaders in setting new targets for 2020. These targets cannot be achieved by industry alone. The burden has to be shared by the society as a whole.

What do we expect from the UN Copenhagen Conference in ten days? It is to ensure similar efforts from other large economies. A global commitment and a level playing field are essential for the climate and indispensable for our competitiveness.

Ladies and Gentlemen,

We are indeed in a global world. The post-Lisbon strategy must take into account that companies – large and small – act globally and compete globally. We, as European entrepreneurs, are world champions in exports. We are also the world champions in imports.

We do not want protection. We urge for market access. Key elements of a trade and competitiveness strategy include:

- conclusion of the Doha round;
- bilateral agreements to open up markets for goods and services;
- more respect for intellectual property rights;
- secure access to raw materials.

We have to congratulate Baroness Ashton, the new High Representative for External Relations and Security Policy. We have asked her to engage in a dialogue with business on the main economic objectives.



Ladies and Gentlemen,

The challenges facing the European Union are daunting but not insuperable. The EU will be successful if it puts companies at the heart of its policy. This is something that should be done not only at European level but also at national level. This is where CEOE and BUSINESSEUROPE must combine and coordinate to send the same message loud and clear.

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