BUSINESSEUROPE

SPEECH

GO FOR GROWTH
AN AGENDA FOR THE EU IN 2010-2014

*** Check against delivery ***

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Presidents Van Rompuy, Barroso and Zapatero
Prime Ministers, Ministers, Commissioner,
Ladies and Gentlemen,

The European Council will discuss the strategy to pull the EU out of the crisis and strengthen its place in the world.

Europe can succeed if it:

- fosters innovation,
- develops entrepreneurship,
- improves education,
- defends open markets
- and puts in place an integrated industrial policy.

The Commission's EU2020 proposal is a useful basis. However, the sense of urgency and focus should be improved. Let me highlight three elements on which we would like to see changes:

1. the period covered,
2. the priorities pursued,
3. governance.

Firstly, the period covered. The strategy should focus on what should be achieved by 2014. Proposing targets to be reached by 2020 could lead to the EU institutions feeling less accountable. Yet, accountability is crucial to deliver the policies to reach the agreed objectives.

Secondly, we need to get the priorities right. We have two major challenges ahead:

- double our growth potential
- and restore fiscal sustainability.

Going from 1% to 2% economic growth could create 6.5 million new jobs by 2014. For this, we need an entry strategy to support investment in future growth areas. But we also need an exit strategy to cap public indebtedness. The EU strategy must support fiscal sustainability and growth at the same time. There is no alternative!

To achieve such a smart, sustainable and inclusive growth, the implementation of flexicurity is absolutely central. We are well aware that this is a sensitive concept. But without discussing and implementing it, we will not be able to facilitate job creation and integrate more people in the labour market. We all agree that activating our labour markets should be a priority.

Youth unemployment now stands at more than 20%. This is unacceptable. We cannot allow this waste of resources to continue. Tackling labour market rigidities is the only way to reduce youth as well as structural unemployment.

At the same time, labour costs must be contained to increase labour demand. The benefits for additional employment are tremendous: according to the OECD, a 1% reduction in employers' contributions would result in a 0.6% increase in employment.

It is also unacceptable that rising unemployment co-exists with unfilled vacancies. At the end of 2009, there were no fewer than 450,000 vacancies in the UK and more than 800,000 in Germany. Demographic ageing will reinforce this problem. These figures tell us: we must do much better to deliver the skills and competences that companies need!

Europe must invest massively in education and training. This must be clearly stated in the future EU innovation action plan to be published in September. These investments must go hand in hand with well-functioning labour markets. Improving conditions for production and investing in research, knowledge and innovation is crucial to develop Europe's manufacturing and services sectors.

Ladies and gentlemen,

The European social partners are currently working on a joint recommendation on Europe's growth strategy. The discussions are not easy. But it would be a failure if we would not be able to reiterate our common support to flexicurity. We therefore ask the trade unions not to give up what we agreed in 2007 with our joint labour market analysis.

There is an enormous challenge for the European social dialogue. Either we support together the EU growth strategy or we enter into a controversial and conflictual period.
And this should not be the case.

Trade unions and employers have proved able to work together well. I am very pleased to present together our new European agreement on inclusive labour markets today. It is a concrete illustration of how social partners can find balanced solutions to make flexicurity work.

The third point I want to address is: governance. Many growth bottlenecks stem from national policy choices. They can only be corrected in the Member States. But let's not forget that EU countries are accountable to each other. In the past, coordination of reforms has failed precisely because of a lack of commitment of Member States.

Employers support the 75% employment rate target. We hope it will be endorsed and translated into realistic but ambitious national targets.

Benchmarking is a powerful tool to encourage national reforms. BUSINESSEUROPE last week published its Reform Barometer.

Spain, Belgium and Hungary are below-average in terms of global performers. All countries must accept that there is no other choice than to commit. Not only for those lagging behind but also frontrunners, which have their own challenges.

To conclude, this is a critical moment for all of us in Europe. We can choose the road of success, which is the road of reforms. Or we can stand idle and face a huge cost of inaction.

Be assured, BUSINESSEUROPE, UEAPME and CEEP are committed to work on the EU's Growth Strategy together with the Commission, the Council and with ETUC.

Thank you for your attention.

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