



*** Check against delivery ***

5 May 2010

COCKTAIL RECEPTION IN THE EUROPEAN PARLIAMENT, 5 MAY 2010, BRUSSELS

EUROPE MUST “GO FOR GROWTH”

**ADDRESS BY JÜRGEN R. THUMANN
PRESIDENT OF BUSINESSEUROPE**

First of all MUCHAS GRACIAS to you, Vice-President Vidal-Quadras and your team for making tonight's event possible.

This Sunday we celebrate “Europe Day”.

On May 9th, 60 years ago, the French Foreign Minister Robert Schuman called European countries to pool together their coal and steel production as "the first concrete foundation of a European federation". This declaration can be seen as the “birth certificate” of the European Union and its institutions.

Since then the European Parliament's powers have increased tremendously.

What has started with a “Common Assembly” of 78 delegates from national parliaments is today one of the most powerful legislatures in the world composed of 754 members coming from 160 or so political parties.

Decisions are taken here which affects the lives of 500 million citizens.

More than a 100 million of those are employed by companies represented through BUSINESSEUROPE and its 40 member federations across Europe. You can tell why we follow closely the decisions which are formed here!

With the entry-into-force of the Lisbon Treaty the European Parliament has finally become a true co-legislator with the Council.

We welcome this!

It makes Europe stronger and more democratic.

Dear members of the parliament, with more power comes more responsibility.

It's not easy to find compromises in a house composed of so many members. The European good must prevail over purely national considerations. Taking the right decision now will ensure that our continent will come out stronger of the crisis.

With a more competitive and sustainable economy. with more prosperity and a higher quality of live for all European citizens!

In February, BUSINESSEUROPE presented its agenda for the European Union in 2010 to 2014.

It was developed on our assumption that EU real GDP will grow by at least 1.2% this year – following a fall of 4% in 2009.

This is better than expected. But it is not sufficient.

As Mr Van Rompuy, President of the European Council, rightly said – I quote – “Europe must double its growth potential over the next five years to sustain our social systems and our place in the world. But we need twice that if we want the next generation to maintain our living standards.”

Therefore our message to the public and the European institutions is clear and simple: “Go for Growth”.

With the alert on public finances and the volcanic disruption of air transport, this message is more valid than ever.

So what strategy should we put in place to **achieve** this?

Well ... let me give you BUSINESSEUROPE's answer to this question.

As with any strategy, you need to be clear about the situation you are in.

Europe is being faced with **five** key challenges:

- To get out of the crisis.
- To tackle demographic ageing.
- To fight climate change.
- To ensure access to energy.
- And to strengthen Europe's role in the world.

If we want Europe to play full strength, we must turn these challenges into **opportunities**.



To achieve this, **four** conditions for recovery must be fulfilled:

- Stabilising financial markets.
- Returning to sound public finances.
- Speeding up structural reforms.
- And keeping markets open.

Let me just highlight two of them.

Keeping markets open: I know in difficult times like these, temptations are high to protect our markets. But let's not forget: Protectionism is a sweet but deadly poison.

You, the MEPs, will have a great role to play here. Despite all temptations, the quickest way out of recession is not to strangle market freedom.

This leads me to the need to speed up structural reforms.

The European Parliament will soon be deciding on issues such as financial supervision, consumer rights, internal Market issues or the pregnant workers directive.

In all of those dossiers, you can make a difference – and help Europe's economy to come out stronger of the crisis.

The instability created by the Greek crisis illustrates what a lack of reforms can lead to.

We very much support the rescue plan agreed last Sunday for Greece. However we cannot afford to go from one crisis to the next. The only road to success for Europe is the road of reforms. This is important for each and every country to realise.

But it is also a matter of collective responsibility. The euro and the single market are at stake and it would be a grave mistake to let these achievements slip away.

Looking beyond the recovery, Europe must put itself in a better position to make use of the **three** main drivers of business opportunities:

- innovation,
- the Single Market,
- and trade policy.

The creation of the EU Single Market has brought huge benefits to businesses and citizens alike. Between 1992 and 2006 alone an extra estimated gain of 2.2% GDP and 2.75 million additional jobs.

Despite its remarkable achievements: Remaining barriers still represent an unfulfilled economic potential of up to 350 billion Euros!

Again, you can make a difference – and drive the revitalisation of the Single Market.

- First, by adopting the directive on consumer rights and keeping a full harmonisation approach. Only then we create a genuine level-playing field.
- Second by agreeing on the late payments directive without constraining contractual freedom in business to business relations.

In addition to harvesting its internal economic potential, Europe must strengthen its **external** performance.

Trade accounts for 15% of Europe's GDP. Since growth is increasingly taking place outside Europe exports will be even more important for our prosperity in the future.

Ambitious trade policies are crucial and the Lisbon Treaty has given you a greater say in this area.

This morning I returned from a trip to Washington and Ottawa.

Strengthening our ties with our American partners is most important.

Thanks to the study carried out by the Commission on request of the European Parliament, we know priority should be given to addressing regulatory issues in EU-US trade relations.

And I also want to thank you for your swift reaction [*– not the SWIFT discussion –*] to establish a liaison office in Washington.

With other major trading partners bilateral free trade agreements are an important complement to multilateral policy.

After meeting with the chief negotiators in Ottawa I can report about good progress on the EU-Canada free-trade agreement.

Better access to key markets in Asia is also needed. The EU-South Korea Free Trade Agreement is currently fiercely debated in this house.

From our own internal discussions I know what you are going through...

I hope that you will draw the same conclusion as BUSINESSEUROPE's members did: to look at it in a positive way.

Overall there is more for us to win **as long as** we are vigilant about the implementation. Specifically in the accompanying legislation on safeguard measures.

[And I am saying this also as an entrepreneur with businesses in the automotive industry].

Ladies and Gentlemen,

We do not advocate growth for its own sake.

We want productivity and employment to go hand in hand.

Two ingredients are key for this:

- The promotion of job creation
- and the provision of skilled workers.

On the one hand we are faced with rising unemployment ... on the other with increasing unfilled vacancies. Demographic ageing will reinforce this problem. Europe will lose over 3 million workers by 2020 and over 50 million by 2060.

Flexicurity is undoubtedly part of the answer of this paradox situation. Member states must stick to their commitment to modernise labour markets along these lines.

Addressing the skills mismatch by providing better education and training is indispensable, too.

And attracting qualified migrants is another important part of the answer.

Ladies and gentlemen,

If you want us companies to play the role as engine for growth let us join forces and implement the agenda I have just outlined.

We need to put in place **one integrated policy** to develop both services and manufacturing jobs in Europe. It would double Europe's growth potential from 1% at present to 2%.

Meaning 6.5 million additional jobs.

And savings of more than 450 billion Euro in public debt.

If I haven't convinced you before, these figures should have!

Europe's future lies in our hands.

We at BUSINESSEUROPE count on the engagement of the European Parliament to make sure that Europe's strengths and capacities develop in the right way!

I look forward to working closely with you!

Thank you.
