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### **TRIPARTITE SOCIAL SUMMIT 28 OCTOBER 2010**

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

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

- Since we met in March, economic conditions have improved. The latest forecasts estimate EU growth at up to 2% this year. Unemployment has stabilised or is falling in most countries. Business but also consumer confidence has increased, and what has been so far a mostly export-led recovery is broadening into domestic demand. However, the sustainability of this recovery will depend on two key aspects: first, the ability to restore confidence in public finances. And second, the willingness to push forward ambitious structural reforms. Fiscal sustainability and growth are mutually reinforcing and must be achieved at the same time.
- The business community expects the European Council to demonstrate a true commitment to effective coordination of fiscal and broader economic policies. The aim must be to fix the failures in the current system which have been exposed with dramatic intensity in recent months. BUSINESSEUROPE's declaration on economic governance sets out in detail what we believe should be done.
- A number of fundamental issues are yet to be agreed upon. We endorse the introduction of automatic sanctions which should reduce the room for political "horse trading", ask for clear quantitative targets and develop greater links between macroeconomic and fiscal surveillance.
- The experiences of countries such as Sweden, Austria or the Netherlands clearly illustrate that robust policies in good times help to face bad economic times. So we must start now. Not later. No country will be able to grow economically if it does not have the fiscal room to put in place the policies it needs. Lech Pilawski from our Polish member federation will come back to this.



- 23 million people are currently out of a job. Europeans consider unemployment the most important issue that their country faces. Employers too share the priority for growth and want to create jobs, as Pieter Timmermans from VBO-FEB will later argue. The most important thing now is to make sure that all policies help achieve this twin objective.
- To start with, we must restore fiscal health. Current deficit and debt levels are unsustainable. Together with the ETUC, we presented to you our joint Europe2020 statement in June. Trade unions and employers insist on the need to combine an exit strategy to cap public indebtedness with an entry strategy. This means investing in skills, technology and modern infrastructures. We want sustainability of public finances to go hand in hand with excellence in education, training and research. Naturally, the EU budget should be focused on those areas where Europe's economic future lies. This is a position shared by Alessandro Barberis from Eurochambres.
- BUSINESSEUROPE, CEEP and UEAPME are ready to build on the joint statement in the European social dialogue. We can and we should further discuss and agree on how we can improve the competitiveness of our economies or on how to implement flexicurity policies in our labour markets. What we need is mutual understanding and a shared sense of urgency. Mr Vadasz from Hungary will later underline the importance of social dialogue.
- Turning now to employment and the role of governments. As the recovery gathers pace, they should put in place incentives for firms to hire. Some of the jobs lost in the crisis will not return. So it is imperative to facilitate the reallocation of workers across sectors and firms. So is equipping workers with relevant and transferable skills. These are two sides of the same coin. Matching skills supply with demand is key. This is the way to increase employment. It is especially important to make the most of our workforce, especially when that population is set to shrink.
- Above all, we do not want new measures that will make it more difficult to employ people. Take restructuring. Companies are restructuring every day. It is vital for their future and that of their workers. There are many important success stories. But failures have led some to believe that new or more constraining legislation is the answer. This is the wrong policy direction. Let me be clear: we don't have the answer here today. But we have already done a lot of work on restructuring with the unions. When asked by the European Commission, we will have to examine if and how we can undertake further work on this important issue.
- A few words on the single market. This is more than an economic project. For companies, it has meant new opportunities and access to a market of 500 million consumers. For workers, it has created 3 million jobs. For consumers, it has translated into lower prices, higher quality and a wider choice. For all, it has opened the possibility to live, study, work or retire in any of the EU Member States. But there is much potential that remains unfulfilled. Its revitalisation should be put at the centre of Europe2020. We might not agree with the trade unions on some proposals in the Single Market Act such as that of posting of workers. We worked



on this earlier this year with our joint report. But we count on the Commission to consult and involve social partners not only on this but also other areas that affect us. And at the various steps in the decision-making process.

- To conclude, we are faced with important issues for creating the conditions for growth. We have to ask ourselves if we have done enough. Have we put in place structural reforms that are effective? Can we say that we have changed a lot in our labour markets? It is urgent to put these reforms in place. This is not to destroy but to strengthen our social model. The social systems might be different in Belgium, Hungary or Poland, but they all have been effective in the crisis. But if we do not review them today, we will not be able to sustain them tomorrow.

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