



14 December 2011

### **“THE ROLE OF EUROPEAN INVESTMENTS FOR COMPANIES AND EMPLOYMENT IN THE FUTURE FINANCIAL PERSPECTIVES”**

**BRUSSELS, EUROPEAN ECONOMIC AND SOCIAL COMMITTEE,  
12 DECEMBER 2011**

#### **CLOSING SESSION**

**PHILIPPE DE BUCK, DIRECTOR GENERAL, BUSINESSEUROPE**

#### **A. Starting point: the top priority is to relaunch growth in Europe**

Relaunching growth is of critical importance for three reasons:

1. It is necessary to stimulate employment-generating investment;
2. It is necessary to correct fiscal imbalances in our countries. Constantly increasing fiscal pressure cannot be a method for addressing the public debt issue. The true solution lies in creating more jobs, so as to generate more fiscal revenues.
3. It is necessary to tackle the climate protection challenge. If we do not create additional wealth, we will not be able to make the investments needed to renew our energy systems and our transport systems as well as to make our building stock more energy-efficient.

Europe still has a lot of untapped growth potential. That is why BUSINESSEUROPE's action is entirely driven by the slogan: “Double the growth potential”.

#### **B. The role to be played by the multiannual financial framework (MFF) in a European growth strategy**

The European budget is a key lever for political action. Given the growth imperative, it is essential to demonstrate that the European budget 2014-2020 has this objective at its core.

The 2014-2020 budget proposed by the Commission amounts to € 1 trillion over seven years. This might seem huge, but it is not. In fact, the EU budget represents just 1% of Member States' gross national income.

Seen from that angle, one could also consider that the EU budget is not very meaningful. This would not be correct either. A judicious choice of Community instruments can indeed generate strong leverage effects. When designing the EU budget, we must therefore look to combine what can be done smartly at national and EU level, with the aim of relaunching growth.



### **C. The critical conditions for ensuring that the EU budget helps relaunching growth**

There are three particularly important conditions that must be met by any programme of fund:

1. a priority emphasis must be placed on the competitiveness dimension of each programme or fund;
2. efficient management approaches must be applied to the various programmes;
3. funds and programmes must be made user-friendly and easily accessible for their beneficiaries, in particular companies.

### **D. Summary assessment of the major programmes on funds presented in the MFF proposal**

#### *1. Horizon 2020 (Research and Innovation)*

BUSINESSEUROPE views very positively the new strategic approach characterising the design of Horizon 2020:

- The increased focus on financing innovation projects is positive from the competitiveness angle;
- As regards management, the streamlining of the previous EU research and innovation funding instruments is welcome;
- Regarding user-friendliness, the Commission seems conscious of the need to move from a “control-based culture” to a “trust-based culture”.

To sum up, the strategic orientation of Horizon 2020 is very positive from the growth angle. The challenge will be to translate these good intentions into tangible results.

#### *2. New competitiveness and SME programme (COSME)*

We welcome the content of this programme which is indeed fully geared to the competitiveness objective. However, the budget for this programme (€ 2.5 billion) is rather low.

#### *3. Structural funds*

Some steps have been taken to meet the growth criteria. However, there is a need for:

- A better concentration of resources on a few priority areas, aligned with the competitiveness elements of Europe 2020;
- A results-oriented approach, with independent evaluation and effective monitoring;
- A move away from a one-off grant culture, and broader implementation of financial instruments enhancing the leverage of structural funds.



#### 4. *Common Agricultural Policy*

The reform of the Common Agricultural Policy (CAP) should be deepened and accelerated, in order to make it more market-oriented to stimulate competitiveness and more geared towards innovation, productivity, resource efficiency and climate mitigation.

#### 5. *Conclusion on brief assessment of Multiannual Financial Framework*

Even though the MFF proposal is an improvement compared with the current framework, it nevertheless falls short of business expectations regarding the growth objective.

BUSINESSEUROPE believes that a more radical overhaul is necessary in order to equip Europe with the necessary means to grow in the years to come.

In the upcoming negotiations, it will be vital to introduce a genuine integrated industrial policy vision into the MFF. It is absolutely crucial that Europe keeps a number of strong technological positions it has today, in particular in the areas of:

- Sustainable energy systems
- Sustainable transport systems
- Information and communication technologies
- Pharmaceuticals
- Biotechnologies
- Nanotechnologies.

With a view to safeguarding and strengthening these positions, it will be crucial to build more synergies between relevant programmes and funds, with the aim of encouraging the uptake of new technologies.

#### **E. Final point: education and training**

There are in Europe 5.5 million unemployed under the age of 25. The cost of the young unemployed who are not in the education system totals € 100 billion a year. So, there is a lot of work to do on education. The plans currently worked out by DG “Education” show that things are moving, which is encouraging.

#### Examples of possibilities of EU action

Young people need better competencies and prospects to enter the labour market. More apprenticeships, for example through dual learning, can contribute to give the young people the qualifications demanded by companies and provide the first so essential job experience. In Denmark, a little more than 70% of young apprentices have found a job within one year of graduation. The EU can better support the efforts to develop dual learning as part of EU 2020 – at national, regional or branch level, including through the use of the EU Social Fund.



We welcome the fact that the European Commission will boost the actions currently supported by the Leonardo programme. Another example of a positive measure is the planned cooperation between the European Commission and the EIB to provide guarantees for loans to Master Students to do their Masters in another Member State.

**F. General conclusion**

As you can see, we have to fight to improve further the quality of the financial framework while ensuring a fast track adoption. I hope that we can all join forces to meet this challenge.

\* \* \*