



CHECK AGAINST DELIVERY

1 March 2018

BUSINESSEUROPE Day 2018
The value.s of business

Opening session

Thursday 1 March 2018, 09h00
Cercle de Lorraine

Speech by Emma Marcegaglia

Dear President Tusk,
Dear Presidents, dear Directors General,
Dear friends,
Ladies and gentlemen,

It is a real great pleasure for me to welcome you all at this fourth BUSINESSEUROPE Day.

We are extremely pleased that President Tusk has kindly accepted to do the opening speech because this BusinessEurope Day is very special for us. It coincides with our 60th anniversary.

Exactly 60 years ago, on 1 March 1958, the very first meeting of our organization took place in Brussels.

I am very proud to be here today to celebrate the engagement of the business community for Europe, with the Presidents and Directors General of our founding members and of the other member federations who joined us since then as well as two of my predecessors, Presidents Georges Jacobs and Ernest-Antoine Seillière.

Dear President Tusk,

Europe is our core business since 1958.

BusinessEurope is the oldest organisation representing small, medium and large companies from all sectors at European level and the oldest EU social partner. This is not

a coincidence. We were created because the business community strongly supported the European project since the very beginning.

In fact, the lady who became our first Director General even participated in the negotiations of the Treaties of Rome as a member of the Belgian delegation. And I am very pleased that her Deputy, Béatrice Verschueren who drafted our first statutes, is present today. You just heard her testimony in the video.

The timeline you will find in the photo album you received as a souvenir of our 60th anniversary clearly shows that we often set the pace for European integration.

For example,

- We called for an Economic and Monetary Union already in 1973 and saw the start of the European Monetary System in 1979.
- We insisted on a genuine internal market in 1984 and very much supported the Single European Act two years later.
- We joined the Val Duchesse social dialogue from the very beginning with CEEP in the 1980s and then with UEAPME. Together with ETUC, we shaped the articles on the role of the European social dialogue enshrined in the Treaty since 1992.
- Opening up new markets and promoting free trade and multilateralism has always been one of our key objectives. Our close cooperation with business organisations from other continents, such as the US Chamber of Commerce, the Japanese Keidanren, our Canadian colleagues and RSPP (to name just a few) has helped opening world markets for our companies. And this has clearly benefitted European growth and job creation.

Ladies and gentlemen,

Europe is one of the best places in which to live, work and do business in the world. And this could NOT have been achieved without the European Union.

The European economy is picking up. Last year, we outgrew the US. But unemployment is still too high. Many people have concerns regarding their future. Some even have doubts about the benefits that business activity brings to society.

Today we want to have an in-depth debate on how to build a stronger and better Europe for the next generations, like our predecessors did 60 years ago.

We have a key role to play in making sure that our model of social market economy continues to thrive. This is why we chose to focus BusinessEurope Day 2018 on “the value.s of business” *{pronounce the value dot s of business}* Under this slogan, we want to discuss the value of business for society as well as the values of European business.

Entrepreneurs play a crucial role in society.

They invest. They create jobs. They make the economy grow.

Companies give individuals the possibility to earn a living and reach personal goals. They also develop people's talents. They innovate to find sustainable solutions to today's economic, social and environmental challenges. They contribute to financing our welfare systems and to reaching sustainable development goals.

A thriving business community will always be essential for Europe to succeed.

BusinessEurope and its members are committed to living up to their responsibilities. And we are proud of our track record of 60 years of work for Europe, even if there is still a lot to improve.

BusinessEurope fully shares the values which are part of European DNA.

The fundamental values of freedom and democracy underpin our social market economy. There can be no freedom of enterprise without freedom of thought and speech.

And the freedoms of the European Single Market are essential to optimise the contribution of entrepreneurs to society. You have just seen it in the video we projected. Between 1950 and 2015, the real average income of the 90% of people at the bottom rose by 150% in my country, Italy, and by 250 % in France and Germany (compared with only 70% in the US)!

BusinessEurope promotes business ethics and values.

Entrepreneurs have to strive for excellence. This is a must to remain in business.

Where there is human activity, mistakes can happen. For BusinessEurope, entrepreneurs should always try their best and aim to do the right things for society. They have to act as reliable and responsible partners, fulfilling legal obligations and contractual commitments towards customers, workers, investors, suppliers, etc. This is essential to have trust in a market-economy. And well-functioning economies and societies!

These values also guide us when fulfilling our mission as an employers and business organisation:

- We defend voluntary membership to such organisations as well as their autonomy from political parties.
- Our actions aim at promoting economic and social progress by strengthening Europe's competitiveness in the interest of society as a whole.
- We engage in the European social dialogue to fulfil the mandates given by our members in good faith.

- Our positions, once agreed, are available to the general public. We are transparent about our contacts with the European institutions and act in accordance with the European Transparency Register, which we have supported from the very beginning.

Dear President Tusk,

2017 has been a strong year for the EU economy, with growth of 2.5 and improvements in the employment situation. However, there is still some way to go to be back at pre-crisis unemployment levels, in particular in the Euro Area [8.7% in December 2017 vs. 7.3% March 2008]. Moreover, the recovery is still boosted by temporary factors such as ECB monetary policy support.

Further reforms are required at both national and EU level to raise long-term growth and ensure that the recovery is long-lasting and sustainable. We already see businesses in several countries concerned that shortages of skilled labour may act as a brake on future growth if no rapid action is taken, even in countries with high unemployment.

We need to increase the potential growth of our economy, which is estimated to be only at around 1.5% in the EU and the Euro Area, well below the current cyclical growth rates! There are many areas where we do need to increase our international competitiveness and where we have seen little progress since the financial crisis.

For example:

1. EU R&D spending remains at 2%, much lower than the 3.3% in Japan and 2.8% in the US and China has over-taken us!
2. The EU continues to lag behind its competitors in some key metrics for digital communication such as fast fibre connections.
3. The average tax wedge reaches 42% in Europe. This is almost one-third higher than in Japan and the US [both about 32%].
4. We continue to lag behind regarding educational outcomes and in 2015 the EU's average PISA score was 493 well below the 529 score of pupils in Japan (and 524 in Canada or 519 in Korea).
5. Progress was made in bringing down government deficits but much more needs to be done to reduce EU public debt levels as the EU's debt ratio is at 84% of GDP, still well above the 60% Maastricht limit.
6. European companies continue to rely much more on bank lending than their competitor. Hence the need to reinforce and implement the Capital Markets Union.
7. Further steps are urgently to deepen our European Economic and Monetary Union, starting by putting in place a full banking union.

We count on the Spring European Council to take these points into account when defining the priorities for reform in 2018.

Ladies and gentlemen,

My last remarks will be about **trade and Brexit**.

Protectionism will NOT make Europe stronger. We must remain an open market but, if we want to stay competitive, we need to take into account the measures competitors like the US and China are taking to support their industries.

The further development of Europe's industry strategy requires action on several fronts: an ambitious trade policy to open third markets, a long-term industrial vision (with clear goals and indicators), an improved EU governance structure (to allow for a true "industrial competitiveness mainstreaming").

In order to show that the EU is serious about industrial policy, the decisions on investments in research and innovation in the next Multiannual Financial Framework negotiations will be key. And for us, the situation is rather clear-cut.

What we need is to substantially increase the EU budget on research and innovation. EU research and innovation policy is clearly underfinanced. An additional €150 billion a year would have to be invested to reach the EU's own 3% 2020 target.

What we don't need is:

- That good research programmes are stuck in laboratories and do not find their way to the market.
- That support to industrial-led projects becomes blurry in the "FP9". We need clarity and certainty that Europe is committed to support industrial technologies and incremental research to tackle societal challenges.

We hear that the decision on the Multi-annual Financial Framework could be delayed by 1 year. We cannot afford to lose 1 year of powerful investment incentives when the US are moving on with a powerful tax reform and China implements the Belt and Road Initiative!

Dear President Tusk,

You will meet Prime Minister Theresa May this afternoon. Exactly at the same time, the EU negotiator, Michel Barnier will talk to us, here at BusinessEurope Day.

We remain extremely concerned with the slow pace of negotiations.

We welcomed the positive assessment made by the December European Council on the progress achieved on phase one issues (citizens' rights, the situation of Ireland, the financial settlement). Unfortunately, the progress in translating this into a legal text, is very

slow. We hope the discussions on transitional arrangements can go forward now the UK Government has presented a concrete proposal.

For BusinessEurope, ensuring the UK remains in the customs union and the single market for the duration of the transition period, with all appropriate rights and obligations, remains the best way to provide certainty and a level playing field.

Clarity about the future relation is also key as companies need time to adjust and prepare. Until the new agreement is in place a cliff edge cannot be ruled out.

Furthermore, the new model that will govern EU-UK future relations should preserve the integrity of the Single Market based on its four freedoms and maintain as close economic relations as possible between the EU and the UK.

Time pressure is rising. We urge the UK Government to engage in the ongoing discussions on transition allowing the process to move forward and to rapidly clarify its intentions regarding the future relation. We are expecting some developments this week and hopefully some clarifications regarding the UK's position. At the same time, we count on the EU to constructively receive the UK proposals once they are presented.

But let us now hear from you, President Tusk, how you see the future of Europe.