



TRIPARTITE SOCIAL SUMMIT 21 MARCH 2018

DELIVERING ON THE EUROPEAN PILLAR ON SOCIAL RIGHTS

ADDRESS BY EMMA MARCEGAGLIA, PRESIDENT OF BUSINESSEUROPE

Dear President Tusk,
Dear President Juncker,
Dear Prime Minister Borisov,

Europe is the best place to live and work in the world and this success is to a large extent linked to European integration. We said this loud and clear when we celebrated the 60th anniversary of BusinessEurope three weeks ago. Thank you, President Tusk, for your presence on that occasion and for the excellent opening speech.

In today's challenging world, it is more important than ever to make sure that our social market economy continues to thrive.

2017 has been a good year for the EU economy. With growth of 2.5%, we outgrew the US. However, our performance is partly due to temporary factors such as the ECB's asset purchase programme. Our long-term sustainable growth rate has fallen from 1.9% in 2008 to 1.3% at present. Ten years after the crisis, Europe needs to use this more favourable period to put in place reforms supporting our long-term competitiveness.

As you will see in BusinessEurope's Reform Barometer 2018 (on your table today), only 22% of the country-specific recommendations were satisfactorily in 2017. We cannot go on with this delivery gap observed year after year.

In a situation where the United States introduce a tax reform which will boost their national investments and Europe is facing an aggressive Chinese approach via their Belt and Road Initiative (BRI), the EU must urgently take action to maintain its economic position in the world.

One of the levers is the EU budget. Together with the other European Social Partners, we urge all relevant decision-makers to make sure that the post-2020 Multiannual Financial Framework will be put in place on time. We cannot afford to lose one year (or even more).



Furthermore, more progress is swiftly needed to improve the overall business environment in Europe.

For example, we must put in place a real European **industrial strategy**. And the proof of the pudding will notably be whether or not the industrial leadership pillar will be maintained in FP9. We are concerned that a system that is finally working and successful might be undermined.

Of course, we also need to be ambitious on **trade** agreements, on the **Single Market**, on **digitalisation**, on the **Capital Markets** and **Banking Unions** and on further strengthening our **public finances**.

Despite the relatively recent recovery, skills shortages, are already at their highest level in over 20 years, posing a real risk that the falls in unemployment will soon slow. **Labour markets and skills** are therefore a key priority for reforms in 2018. The European semester has a key role to play in delivering the European pillar of social rights. But implementing this pillar will not be enough.

In addition to tackling skills mismatches which create bottlenecks to growth, we must facilitate labour market participation of all the inactive persons who can work. For that we need diverse forms of employment. And we must reduce non-wage labour costs, through targeted cuts in the tax wedge.

We are therefore concerned that some EU social initiatives go in the opposite direction. For example, the definition of a “worker” in the proposed revision of the written statement directive could cover people that are often self-employed such as consultants or freelancers and undermine the diversity of working relations.

My last word will be about 2 other issues on the agenda of the European Council tomorrow with far reaching implications for growth and employment: Brexit and US tariffs on steel and aluminium.

The political agreement reached in December on **Brexit** must urgently be transformed into a legal text, covering the withdrawal and transition issues.

We welcome the progress that seems to be made on the transition. For companies, a credible transition is absolutely crucial. Enterprises need certainty that there will be a “status quo-like” solution ensuring the UK remains in the customs union and the Single Market, for the duration of the transition period, with all the rights and obligations of the EU acquis.

For us, the model governing future EU-UK relations should maintain as close economic relations as possible between the EU and the UK, while preserving the integrity of the Single Market based on its four freedoms.



We appreciate that the EU and the UK negotiators' aim is to have the deepest and most comprehensive trade agreement possible. However, there are limits to what a free trade agreement can deliver. It does not provide the same level of frictionless trade as a customs union or a similar regulatory alignment as staying in the Single Market.

Choices will need to be made and we urgently need concrete negotiating proposals from both sides.

Concerning the additional US duties on security grounds, the EU is a key strategic ally of the US. It must be exempted. If this is not the case, the EU will need to react. However, its response must be in line with WTO rules and safeguard the interests of its industry.

If legal conditions are met, BusinessEurope considers the three-step approach announced by the Commission - combining a lawsuit at the WTO, safeguard measures to address a surge of imports and protecting our rights to take WTO-conform counter-measures on a selected list of products - appropriate.

Beyond these specific cases, we are deeply concerned by the disengagement of the US from multilateral organisations such as the WTO, where the US is blocking the appointment of judges to the Dispute Settlement Body.

We count on the European Council to be firm but balanced when defining ways to defend EU interests and our rules-based open multilateral trade system.

* * *



Check against delivery