



20 March 2019

Speech

Tripartite Social Summit on 20 March 2019

For a stronger, united and forward-looking Europe

***** CHECK AGAINST DELIVERY *****

Dear President Tusk,
Dear President Juncker,
Dear Prime Minister Dancila,

The European Council needs to take clear decisions during the next 2 days. In a little more than two months, we have crucial European elections. Hence the [joint statement of the social partners](#) urging people to go and vote (on your table today).

The recovery is slowing. There is a lot of uncertainty in the global economy and regarding Brexit. It is more important than ever to put growth and jobs at the top of the EU agenda.

This morning we published [our message to the Spring European Council](#) and our yearly [reform barometer](#). Both documents are on your table.

Our analysis shows that the EU is falling behind in its ability to develop world-leading firms and governments are not increasing their efforts to fix the roof whilst the sun continues to shine. Once again, only 20% of the country-specific recommendations endorsed by the European Council last year were satisfactorily implemented.

There is an urgent need to demonstrate the EU commitment to making our continent the best place to start and grow a business.

The share of western Europe in the top 10% of global firms by economic profitability has dropped from 36% in 1995-1997 to 25% in 2014-2016.

Moreover, high-growth firms (the so-called Unicorns) are less frequent and less valuable than elsewhere. Only 29 unicorns were created in the EU since 2010, compared with 139 in the US and 81 in China. And their average value was 2.1 billion dollars in the EU, approximately half of Chinese or US unicorns (which have respectively an average value of 4 billion and 3.6 billion).

There is a clear reason for this decline. The EU now ranks only 53rd in terms of the ease of starting a business and 29th for the ease of doing business. To develop more world leading firms we must create a more supportive business environment.

How can we develop more world leading firms?

Our recipe has 7 ingredients:

1. **We need to be innovation and skills-friendly.** This means investing more in research and innovation and addressing the rising skills shortages facing companies.
2. **We need to be finance-friendly** and improve access to finance. Our companies do not have the variety of financial support channels which US companies enjoy to start a business or scale it up.
3. **We need to be competition-friendly** and check if some of our existing rules are still fit to address the competitive pressures coming from other parts of the world. For example, EU competition rules are essential for the well-functioning of the Single Market but in a changing global setting, the assessment of the implications for the EU market only is no longer enough.
4. **We need to be industry-friendly** and take a more strategic approach to industrial policy. And this industrial policy should go hand-in-hand with finally walking the talk on the completion of the Single Market and on the digitalisation of our economy.
5. **We need to be social dialogue-friendly.** The European social partners are part of the solution. And I am really pleased that we were able to agree on a [work programme for 2019-2021](#) with key issues for our future, such as digitalisation in the world of work, and improving the performance of labour markets and social systems.
6. **We need to be climate-friendly.** The EU should focus on a successful implementation of the solid set of policies it has put in place to reach its 40% emissions reduction target by 2030 to give investment certainty, because the real answer lies in technological innovation.
7. **We need to be trade-friendly.** The EU must act as a champion of rules-based trade, using existing enforcement tools to safeguard European interests when necessary. We therefore supported 1. the new EU methodology in anti-dumping procedures, 2. the compromise found on the screening of foreign direct investments, and 3. the measures taken to safeguard EU rights in the WTO after the imposition of additional duties on European steel and aluminium.

At the same time, maintaining a positive agenda with our partners is crucial. Concerning the US, we favour the adoption of the proposed mandates for negotiations. Concerning China, we count on the European Council to continue with a constructive but firm approach at the EU-China summit on 9 April 2019.

My final and last message is on another issue: Brexit.

Brexit day is approaching rapidly and uncertainty is growing among citizens and businesses.

A no-deal scenario is in nobody's interest. It must be clearly and urgently ruled out. A withdrawal agreement including a transition period remains the only option to allow for a smooth exit.

However, time is running out, even for ratification! BusinessEurope therefore clearly supports an extension on the basis of Article 50 paragraph 3 and urges both sides to do the necessary.

The extension should be limited in time in order to avoid prolonged uncertainty for companies, especially SMEs, but long enough to allow for an orderly exit and a smooth transition to the future EU-UK relation. Furthermore, the extension must not jeopardize the functioning of the European institutions.

In this regard, the business community urges the UK government to come up swiftly with a workable proposal on the way forward.
