



SPEECH

*** CHECK AGAINST DELIVERY ***

Tripartite Social Summit on 20 October 2021

Transforming Europe's recovery into long-term sustainable growth supporting more and better jobs

ADDRESS BY

PIERRE GATTAZ, PRESIDENT OF BUSINESSEUROPE

Dear President Michel,

Dear President Von der Leyen,

Dear Prime Minister Jansa,

Dear Executive Vice-President Dombrovskis,

Dear Commissioner Schmit,

As the EU emerges from the pandemic, the European Council should focus its discussions on how to transform Europe's recovery into lasting growth and employment.

A lot of progress was made. EU27 GDP should reach its precrisis level in the first half of next year. This is positive but the economies of our largest external trading partners have recovered faster than Europe. Moreover, two types of risks that need to be monitored:

- Sanitary risks, linked to the possible appearance of virus variants as long as vaccination progress remains uneven, and
- Inflation risks, linked to supply shortages, rising prices and sub-optimal use of public recovery funds.



Europe is moving towards operationalizing its climate and digital ambitions. There are opportunities but also very concrete challenges for companies, such as rising energy prices, shortages of microchips, skills gaps, etc. They need to be addressed if we want to keep pace with other global players.

BusinessEurope has 3 messages to pass ahead of tomorrow's European Council meeting.

My first message is about energy prices.

The EU and its member states must address the implications of rising energy prices for households and businesses. But they should avoid far-reaching state interventions in energy markets. Much of energy price developments are transitory and a market-based readjustment to return to 'normal' prices, with coordination of national interventions should be the preferred avenue.

What is happening shows how sensitive our economies are to energy prices. This should be taken into account when discussing the Fit for 55 package, in particular long-term energy price signals to incentivise low carbon investment.

And in these turbulent times, social partners should conduct wage negotiations in a responsible manner, so as to avoid mutually reinforcing inflationary pressures.

My second message is about recovery funds.

The European Union and its member states must ensure that national recovery and resilience plans lead to proper implementation of a wide



range of structural reforms. Reforms that can increase competitiveness as well as productivity and boost green and digital investments.

They should support a more competitive industry, learning from the experience that countries with a strong industrial base tend to be more resilient after a crisis. Acknowledging that a strong industrial base is needed to generate the necessary investments to achieve our climate and digital ambitions. And making sure the EU doesn't stifle the development of innovative business models and ways of working such as platform work.

They should avoid premature unwinding of measures to support companies and workers but acknowledge the need to pave the way to returning to sustainable budgetary positions in the medium-term to avoid risky levels of debt.

They should fully respect single market rules on awarding public contracts and provide a complete overview of projects selected via a call for tender when implementing national recovery and resilience plans.

They should improve social partners involvement during the implementation of national recovery and resilience plans because more than 70% of our members tell us that they are not properly involved.

My third message is about labour shortages.

It is absolutely crucial to address labour and skills shortages. Many companies across Europe do not find the skilled labour they need.

The EU and its member states should take a close look at the way in which employment and social policy measures interact and affect job creation and employment participation.



A good way to combine employment and social policy objectives at a time when labour market slack remains high is to expand the use of in-work benefits.

But our long-term success requires to address structural skills mismatches. The EU and its member states need to better match learning outcomes and labour market needs.

Social partners play the key role when it comes to employees' training. We encourage the Commission to come forward with a proposal for a Council recommendation that supports the role of social partners in training provision, rather than focusing on individual learning accounts which could further disconnect the use of training resources from real companies needs.

And the Commission should press on with its announced creation of a "talent pool" to improve Europe's attractiveness to third country migrants.

To conclude and building on President von der Leyen's speech on the State of the Union, allow me to stress 2 important aspects we would have liked to see included in this important speech:

1. everything that is going to be spent needs to be earned,
2. competitive companies are the basis for Europe's success, for its prosperity and for its ability to invest in the protection of people and the planet.
