

Via e-mail

Mr Jeannot Krecké  
Minister of Economy and Trade  
6 Boulevard Royal  
L-2449 Luxembourg

22 February 2005

THE PRESIDENT

### Competitiveness Council on 7 March 2005

Dear President,

On 7 March the Competitiveness Council will meet and give input to the Spring European Council on the mid-term review of the Lisbon Strategy. The European Business Community is hopeful that you will recommend an unambiguous refocusing of the Lisbon Strategy on growth and jobs, as proposed by the Commission Report "Working together for Growth and Jobs". Europe urgently needs growth and jobs through increased competitiveness in order to live up to its social and environmental ambitions. This implies a differentiated emphasis on the three pillars of the Lisbon Strategy.

Among the top priorities of the Lisbon Strategy the Competitiveness Council should stress:

- Boost innovation and research through improved business-science cooperation and transfer of technology. Funding of EU programmes must be increased and management improved. Member States should set up national agendas to enhance innovation and research, defining national targets for R&D spending. The EU should also adopt a new framework for state aid on R&D as soon as possible.
- Deepen the Internal Market by enforcing national implementation of existing directives. Furthermore, extend the Internal Market to services by adopting an ambitious Services Directive. The application of the country-of-origin (COO) principle to a large part of the services industries will promote healthy regulatory competition between systems and lead to market-driven convergence of regulatory standards where appropriate. This will in turn reduce the additional compliance costs faced by exporters of services. It is thus the right approach for the establishment of an internal market in services, if two conditions are observed: first, for reasons of legal certainty the scope of application of the COO principle has to be clarified in greater detail. Second, in certain areas more harmonisation is necessary before application of the COO principle.
- Improve regulation by simplifying existing legislation on the one hand, and assessing legislative proposals for their impact on business on the other. We welcome the new approach as set out by the Commission to carry out impact assessments. However,

independence and quality control of impact assessments are still a concern to us. European business continues to regard REACH as a test case for better regulation. It must be thoroughly assessed for consequences on the entire industry, including downstream users and especially SMEs.

- Foster entrepreneurship. Only enterprise can increase the long-term growth potential and create viable jobs. Therefore, fostering an entrepreneurial environment in which companies can thrive should be the guiding principle of all economic policy. In particular, the Entrepreneurship Action Plan and the European Charter for Small Enterprises with streamlined reporting mechanisms and appropriate performance indicators must become pivotal elements of the Lisbon Strategy.
- Improve the functioning of the labour market. The Competitiveness Council should underline that the EU's first priority must be to promote job creation and integrate more people in the labour market. UNICE is concerned that some of the proposals on the EU social agenda could undermine the Lisbon goals of enhancing growth and employment, such as those concerning restructuring and European works councils, or an optional EU framework of collective bargaining.
- Ensure open and competitive global markets, by achieving results in the WTO negotiations with a view to industrial market access, services liberalisation and trade facilitation, but also by ensuring market access through bilateral and regional negotiations. EU companies must also be defended when rules and commitments are not respected in the areas of antidumping, access to resources and investment, and intellectual property.

Implementation of Lisbon reforms at national level is crucial for the creation of growth and jobs. UNICE thinks that the commitment of Member States to draw up national action programmes and discuss them with national parliaments, stakeholders and the wider public is a key factor for a successful Lisbon Strategy. This is why UNICE member federations have already launched national initiatives for competitiveness in their countries, urging governments to start or accelerate national reform programmes.

In a refocused Lisbon Strategy the Competitiveness Council should assume a leadership role with regard to other Council formations. Member States should appoint, a "Mr/Ms Lisbon" to coordinate the different elements of the strategy at national level and be the main representative in the Competitiveness Council.

I thank you in advance for taking UNICE's views into account when preparing the Conclusions of the Competitiveness Council. On 2 March the general adviser of UNICE, Mr Mingasson, will have the pleasure of meeting you and discussing our positions in detail.

Yours sincerely,



Jürgen Strube