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11TH ETUC CONGRESS – 21 MAY 2007, SEVILLA (SPAIN) ADDRESS BY BUSINESSEUROPE PRESIDENT, MR ERNEST – ANTOINE SEILLIÈRE

“PERSPECTIVES OF THE SOCIAL DIALOGUE IN EUROPE”

It is the second time that a president of BUSINESSEUROPE takes part in an ETUC Statutory Congress. I would like to thank you for your invitation and underline the importance that we attach to this occasion.

We consider the theme under discussion today to be ours as it is yours since the social dialogue in Europe is an essential part of our European social culture, at the very heart of our societies.

I would like to try to contribute to your reflexion by addressing briefly a few key questions.

1. Why we support the values of the European Social Model

BUSINESSEUROPE is committed to the European Social Model and its values. Europe has as many national social systems as it has countries. But, these national systems are based on similar values: market economy, full employment goals, efficient health care systems, sustainable pension schemes. We have in common the belief that economic growth has to go with an increase in solidarity. In other words, we trade unions and employers seek to combine competitiveness and social protection.

We strongly believe that the purpose of our social model is to enhance our ability to compete, to help EU citizens cope with globalisation, to let them seize its opportunities and avoid its dangers.



We also strongly believe that, if we want to be able to keep our social model, it urgently needs to be adapted. Our major challenges for the 21st century remain: globalisation, technological change, an ageing population... They will be met only if the EU itself is capable of steering a clear course towards modernisation and reform.

Our view is that our societies do not suffer from a deficit in social legislation or insufficient public expenditure but from low appetite to adapt to change. Introducing the necessary reforms can only be achieved in Member States themselves.

However, with the European growth and jobs strategy we have a roadmap to move forward. We expect leadership and vision from public national authorities as well as a better EU governance to implement the strategy we all need. But it is also the responsibility of the European social partners to help bring the European project forward.

The European social dialogue is our tool. We have to use it in the most efficient way to contribute to the modernisation of our European social model.

2. Why we have to reform social systems

Several signs suggest that the European Social Model needs to be modernised if it is to remain the asset it has been for our economies and societies.

What are the warning signals? Europe still has more than 17 million people who are unemployed. Even more worrying is the fact that more than 8 million of them are now in this situation for more than 12 months. Young people, women, migrants and elderly people are hardest hit. This, in combination with low (and only slowly increasing) employment rates in many Member States, is something that we cannot accept.



Fostering productivity growth is essential if Europe is to successfully meet the twin challenges of globalization and population ageing. Globalization clearly challenges our ability to compete. In order to be successful, we must seek to compete in areas where we are strong. It is generally acknowledged that Europe cannot and should not compete with emerging countries in the production of low-cost and low-value added goods. Instead, we should modernise our economies by promoting innovation policies and increasing the adaptability of enterprises and workers.

In addition, Europe's workforce is ageing and will soon start shrinking. With fewer people contributing to social protection systems and more depending on it, there will be ever greater pressure on public spending, especially on pensions and health care, undermining the sustainability of our welfare systems.

In short, we must get more people in employment and make our economies more productive if we are to preserve and improve Europe's social models. A status-quo would be very dangerous.

3. The main achievements of EU Social Dialogue and the next steps

The European social dialogue has grown up fast. We could say that it is born in Val Duchesse under leadership of Jacques Delors. In the 1990's we negotiated three framework agreements (Parental leave 1995; Part-Time work 1997, Fixed term work 1999).

With the Laeken Declaration in 2001, European social dialogue seems to have reached adulthood. Successful experiments were made with the conclusion of framework of actions (on lifelong learning in 2002 and on gender equality in 2005) on the one hand and on the other the signature of framework agreements whose implementation is carried out by the national social partners themselves (telework in 2002, stress at work in 2004, and very recently harassment and violence).



But the main progress is certainly the preparation of multiannual work programmes which enable us to structure and to consolidate our dialogue: the first for 2003-2005 and the second (2006-2008) on which we are currently working, the joint labour market analysis being one of its main components.

The route taken so far has not been without bumps and social dialogue will certainly encounter difficulties again. Nevertheless, it has chalked up around sixty joint initiatives on important issues. It has indisputably shown that a constructive relationship has been created and been eager to actively involve more and more partners from east and south European countries in its endeavour.

4. How can we discuss the “flexicurity” issue

The current debate on flexicurity is at the centre of the growth and jobs strategy. I will not go deeper into the concept as such on this occasion. Let me just say that I strongly believe that well-conceived flexicurity policies will improve Europe’s capacity to anticipate, trigger and absorb change and thereby enhance Europe’s performance. The reason is simple: Better responsiveness of EU economies to change requires finding new ways of combining social protection and economic flexibility. The concept of flexicurity is at the heart of efforts to restore a positive link between competitiveness and social protection.

The conjunction of the Green Paper on Labour Law consultation, the upcoming Commission Communication on flexicurity and the social partners’ joint analysis of key challenges facing Europe’s labour markets provides a unique opportunity for European social partners and public authorities to deliver labour market modernisation, thereby contributing to the success of the European growth and jobs strategy.

Let me now say a few words about the joint labour market analysis. While employers do not believe in the generalisation of national “models” across Europe, we are convinced that the European social partners would make a real difference if they were able to agree on the key components of flexicurity. BUSINESSEUROPE



therefore very much hopes that the ongoing discussions with ETUC will succeed and that we will be able to present results that are relevant not only for social partners but also for policy-makers, both at the national and European level.

If EU social partners are to arrive at meaningful conclusions, we should not shy away from those issues which might be difficult or sensitive for one side or the other. In this respect, it is often claimed that, in the context of the flexicurity debate, too much emphasis is being put on flexibility and this mainly to the benefit of companies. But let me be clear: employers do not want to limit the debate on flexicurity to the issue of hiring and firing. We insist that, in a fast changing world, flexibility of labour markets is necessary to allow the creation of new higher productivity jobs to replace old low-added value activities. But we fully accept that providing new forms of security to workers is part of flexicurity.

Europe is at a turning point. Europe has now 27 Members but continues to function as if almost nothing had changed. The economic situation is in up-turn but reforms have to be urgently taken to sustain the situation and win the fight against unemployment in Europe.

The European social dialogue has a role to play to modernise our European social model and to help bring the European project forward. But we all know that the European social dialogue cannot be a substitute for national social dialogue and national reforms.

I think that we all can be proud of the successes of Europe and of its transnational social dialogue which is unique in the world. But, to demonstrate the value of our social model, we must improve our efficiency when it comes to create growth and jobs.

5. What are companies achieving in the EU and expecting from the EU

Business contributes daily to a stronger EU. They make efforts to remain competitive, innovate and identify new technological solutions, provide jobs and



training and increase the wealth of the regions where they operate. And they achieve results!

In 2006, Europe created around 3 million new jobs, and a similar outcome is predicted for 2007.

Thanks to European companies and their employees, the EU remains the world's largest exporter, well ahead of the US and Japan. Our share of world exports is around 19% and worth 950 billion euros. This is much higher than the 14% the US holds or Japan's 9%. The EU is first in 10 of the 20 largest exporting sectors.

Notwithstanding these bright results, companies are convinced that Europe can do much more to help them unlock their potential in this ever more global and fast-changing environment. This is why business demands actions to reinvigorate the European Union.

On 23 January 2007, BUSINESSEUROPE presented a declaration for the 50th anniversary of the European Union. In that declaration we call for a boost to Europe by concentrating its future actions on six priorities:

- Implement the reforms for growth and jobs
- Reinvigorate integration of the internal market
- Complete the reforms of EU governance
- Fight national protectionism
- Take advantages of the opportunities of enlargement
- Reform social systems to make them sustainable

I would like to end by saying that we, business people, are proud of our European social culture. It is supported transpolitically from Christian democrats to social democrats.



It can be defined in short by the fact that it is accepted in our 27 countries that part of the growth is to be allocated to solidarity, to the protection of workers and citizen against the main risks of life : unemployment Ill-ness and ageing. Yes we are proud of our European social culture and would like Europe to be able to politically present it to the rest of the world and defend it. This is why we call for an urgent solution to the European political crisis and believe that EU social partners have a vital role to play in the coming times to address the major challenges facing Europe.
