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ADDRESS BY BUSINESSEUROPE PRESIDENT, ERNEST-ANTOINE SEILLIÈRE

“BRITAIN AND EUROPE – THE BEST OF BOTH WORLDS”

INTRODUCTION

Thank you for inviting me to speak to you today.

When an enthusiastic European from continental Europe such as myself crosses the English Channel, he can never be sure what sort of reception he is going to get. Such is the British reputation for euroscepticism!

As I pondered what I should say to you, I briefly thought of preparing three speeches and then testing the water when I got here.

A sort of Goldilocks approach to giving a speech: a question of not blowing too hot or too cold, but getting it just right. However, I am sure that this audience needs no convincing that the European project has been beneficial for Britain in many respects. That is certainly the case for your financial services sector, but also for other areas of economic life. So I will concentrate on how Europe can help businesses to do better, with some prompting from business organisations such as the CBI and BUSINESSEUROPE.

BUSINESSEUROPE PRIORITIES

Europe must seize the opportunity of the current business cycle upturn to complete reforms for growth and jobs and must not stop short, thereby repeating the mistakes of past recoveries. To do that the message I pass on to European policy-makers on behalf of BUSINESSEUROPE's 39 member federations is that we, European businesses, call for:

1. Implement the reforms for growth and jobs

BUSINESSEUROPE urges all national governments to act and adapt their policies in order to be able to face global competition, technological challenges and an ageing population.



After last year's Spring Council, we carried out a successful project with our national member federations, including CBI, to evaluate progress in economic reforms in each country. We asked national business federations a number of concrete questions to evaluate progress in public finances, business environment, research and innovation, internal market implementation, labour market, and education. I am convinced of the interest of this exercise and proud of the responses from each federation which were not afraid, on the contrary, to voice the areas where member states have to make reforms: in the UK, you (CBI) were fairly satisfied with the overall progress in reforms to improve the efficiency of research and innovation policy, as well as in the transposition and enforcement of internal market legislation, the functioning of the labour market and education and training systems; but on the other hand, quite some progress still has to be made on sustainable public finances and the competitive business environment: both areas clearly shows the need of the government to work closely with business representatives to move this forward.

2. Reinvigorate the integration of the internal market

The integration of the European market creating one single market for people, goods, services and capital is essential. It creates synergies companies need, it offers a wider choice to customers, it is an appropriate answer in global competition.

Further integration of the single market must be a top priority for both the EU and national governments. It is key to the European economy's competitiveness. National governments must also live up to their responsibilities and increase their efforts to improve enforcement of single market laws and principles. It is at national level where the single market takes shape.

The services directive is a perfect example of the need to ensure effective implementation of the internal market rules: I know about CBI's particular interest in this dossier: we regretted the reduced scope of the directive and the legal uncertainty of certain provisions on cross-border provision of services. But now it is up to the Member States to transpose and implement it correctly, avoiding delays and respecting the spirit of the text. We must not forget that service activities represent 70% of the EU economy, a key sector for growth and jobs.

3. Complete the reform of the EU governance

The challenge today is to solve the EU's institutional problems arising with 27 members today, and more tomorrow. I know the sensitivity for CBI on this issue, but I am sure you share with me the view that a solution is needed.

Yes, the German Presidency has made progress in recent months but the June Summit has to define a clear mandate for the intergovernmental conference on the future of the Constitutional Treaty, in order for a conclusion to be reached by the end of 2007. A simplified treaty?, the Nice provisions?, it is not up to business to answer these questions but is up to us to ask for a concrete road map; BUSINESSEUROPE will continue to make an active contribution in the debate on the future of EU institutions.



4. Fight national protectionism

The fight against national protectionism is part of the internal market strategy. It is important to underline this, especially because we have seen some attempts from larger countries to protect their companies against mergers and acquisitions coming from outside. The concept of “national champions” is not the answer, nor is the intervention of governments in business mergers.

5. Take advantage of the opportunities of enlargement

Enlargement has breathed new dynamism into the internal market. This is a major opportunity to sustain European competitiveness in the face of fast globalisation. From a business perspective, enlargement has been a genuinely positive contribution to growth and jobs in Europe.

6. Reform social systems to make them sustainable

We do not need to debate whether there is more than one social model in Europe, what is important to accept, also for business leaders, is that, when there is economic growth, when productivity improves, part of it must be used to create more solidarity and to support social welfare.

I count on the “savoir faire” of Mrs Merkel and the whole German government for a successful end to the German Presidency, in order to restore companies’ and citizens’ confidence in the European project.

Following this short overview on the priorities, I would like to touch on two issues of most interest for business: A) Transatlantic Relations and B) Energy and Climate Change.

A. TRANSATLANTIC RELATIONS

The enormous size and importance of the transatlantic economic relationship is well known to policy-makers and business people on both sides of the Atlantic. The latest figures released suggest that the two economies continue to become ever more enmeshed: in the first half of 2006 alone European investment into the United States totalled €47 billion – more than three times the amount for the same period a year previously. US firms invested €39 billion in Europe and the EU exported €251 billion in goods to the US in 2005 (*N.B. UK exports (goods) to the US in 2005 = €39bn*) and €117 billion in services (*N.B. UK exports (services) to the US in 2005 = €33.6*).

The EU-US Summit on 30 April agreed a new framework for advancing transatlantic economic integration, creating a new Transatlantic Economic Council which will oversee and ambitious programme to remove barriers to trade and investment. Proper implementation will be the key to ensuring that this agreement makes a real contribution to freeing up the transatlantic economy. Previous such efforts have been too short on results.



BUSINESSEUROPE for its part is firmly committed to doing what is necessary to ensure the new framework is a success and calls on both the EU and the United States to step up to the plate.

B. ENERGY AND CLIMATE CHANGE ISSUES

CBI has helped a lot to put this issue forward in the best interest of European competitiveness.

We believe that the European Union is at a key juncture in energy and climate change issues. It has become crystal clear that simply juxtaposing twenty-seven national energy policies cannot deliver the integrated and balanced solutions called for by the key challenges of the competitiveness of European companies; security of energy supply and climate protection.

The completion of the internal market for energy remains a top priority for business. It is a sine qua non for increased energy efficiency and, consequently, emission saving. A fully integrated energy market will enable us in Europe to optimise our available resources and thus present a win-win situation for the environment and competitiveness.

We have to clearly raise our position with a single voice, pointing out that improving cooperation between national energy regulators presupposes a strengthening of their independence and greater formality in the cooperation process that exists in the current Regulators Forum.

On renewable energy sources, the EU target is extremely ambitious. We are supportive of a general increase in the use of renewable energy, but meeting this binding target must not threaten an energy supply at competitive prices. Implementation must leave all other energy options open, in particular the use of nuclear energy. In the enlarged EU, nuclear electricity already saves the emission of nearly 600 million tonnes of CO₂ a year. For an equivalent saving in the transport sector, the current use in motor vehicles in Europe would have to drop by 80%.

Huge research and innovation efforts will have to be undertaken in the next years on energy technologies, and business expects substantial support from the public sector in this respect.

On climate change, we have to be very united. Companies are key players in finding solutions to the challenge, and many of them have incorporated tackling climate change into their long-term strategies. A global approach remains essential in order to tackle the issue and maintain Europe's competitiveness. Europe should engage in international negotiations on that issue to share the burden. We are willing to cooperate and contribute to achieving this goal and we expect other international players to do the same.



CONCLUSION

One of the European Union's major strengths is its diversity. This enables its members to retain their identity while pooling their efforts in a wide number of areas. In this respect, the United Kingdom enjoys the best of both worlds. A freedom to set your own policy mix, but also the benefits of the internal market, for instance. Your country has also been very valuable in showing its neighbours alternative ways of dealing with policy issues.

I count on CBI to maintain close relations with BUSINESSEUROPE and to participate in all debates in the pipeline on the European agenda; discussions which remain essential for the welfare and the prosperity of all of us.

I wish you a very successful General Assembly. Thank you for your attention.
