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COMMISSION RESTRUCTURING FORUM “RESTRUCTURING AND THE CRISIS” 12-13 NOVEMBER 2009

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Dear Commissioner,
Dear Ministers,
Ladies and Gentlemen,

I would like to thank the European Commission for the invitation. I believe it is timely to discuss restructuring in the context of the economic crisis.

Let me start by recalling that restructuring became a daily activity of companies globally before the crisis. Tougher competition stemming from globalisation and technological change but also new market opportunities have led to an increasing pace of restructuring. Timely and effective restructuring decisions have become a precondition for the success of European companies.

Indeed, I want to stress that restructuring should not be associated with failure. This obviously does not mean that it cannot have social consequences. A high level of restructuring in the last years contributed to good economic results. During this period 10 million new jobs were created in Europe.

Restructuring and the crisis

Today, the situation is different. Many companies are still struggling for their survival, even though we are seeing signs of a fragile economic recovery. They face a double challenge: Access to finance is limited. Worldwide demand for goods and services is still weak.



Many companies therefore have no other option than to restructure. They do it to overcome the downturn and prepare for recovery.

But the efforts of European companies to limit job losses have been remarkable in this crisis. Even 'The Economist' highlighted this last week. Europe has shown a greater talent for dealing with recession than the United States. Unemployment in the euro area has risen by 30% from its pre-crisis levels, while America's jobless rate has boomed by more than 100%. Employers across the EU have done whatever they can to keep their workers. They were helped by a constructive attitude of workers and their representatives. In many cases, governments have been of a good support. The reasons are: Companies wanted to avoid losing their workers in which they had invested. They wanted to avoid having to compete after the downturn for skilled workers. They wanted not to be confronted with high costs for hiring and training new workers.

We acknowledge that social dialogue has been instrumental and a success factor. It has been an effective channel to explain the reasons for change. And thanks to that, it has achieved broader support for company decisions. This was - and is - even more so when the decisions to be made have an impact on employment. Social dialogue has ensured that social consequences of economic decisions are taken into account. It has been the main factor to limit social unrest. This notwithstanding the importance of the downturn.

Even in times of crisis, we continue to see restructuring cases leading to job creation. Among the many examples listed by the Dublin Foundation, the Belgian company Colruyt announced recently the creation of 4,000 new jobs, notably in Belgium and in France.

**Beyond the crisis**

Restructuring will not disappear, rather the contrary! Competition at global level - notably from USA, China and India - will intensify. Technological change related for instance to the transition to low-carbon economies will force companies to adapt.

What should be the priorities for the European Union? And what are the goals to be achieved in the post-Lisbon strategy?

First and foremost to speed up structural reforms of our labour markets and social systems. Our future successes depend on our capacity to boost employment and achieve higher productivity.

Also in difficult times, flexicurity is the right framework to guide labour market reforms in the Member States. European social partners contributed in 2007 to a balanced flexicurity concept with their Joint Labour Market Analysis. The workers' chances on the labour market depend on their adaptability and employability. It also depends on their capacity and willingness to change.

This poses the issue of skills. Availability of skilled workers will be the main challenge. The EU's ability to innovate and to become more productive relies on its capacity to ensure a sufficiently strong skills base. This is a prerequisite to achieve sustainable growth.

There will not only be a quality issue. There will also be a quantity issue. Europe is facing a shrinking workforce. Demographic change is a long-term challenge for which action cannot be postponed. The Swedish Presidency is therefore right to consider labour market inclusion as a priority for action. It is therefore that we are currently negotiating the conditions for inclusive labour markets. I really do hope that we can conclude our negotiations in the coming two months.



The role of the EU

There is an existing EU legislation. Several directives are particularly relevant in case of restructuring. The most recent example is the recast directive on European works councils. European social partners have facilitated the adoption of the recast directive.

But we do not need new regulations that put unnecessary burden on companies. There is no need for a revision of the directive on information and consultation at national level. By the way the European Parliament agrees with this position.

But the EU can play a valuable role in organising an exchange of good practices. The “checklists on restructuring processes” recently developed by the European Commission illustrate this role. But it is not at European level that measures must be considered as relevant to cope successfully with change. It is at national level. The Commission should not establish a framework for restructuring activities. This would be counterproductive.

We started in 2005 a joint study with ETUC on restructuring. All national seminars were held in the Member States. We have collected, presented and discussed a vast array of information and data. We have focused on the role of social partners in facilitating, anticipating and managing change and restructuring. We have looked at different conditions and contexts. We have analysed many different kinds of mechanisms, practices and experiences in each of the countries. We have looked at concrete case studies.

What came out of all that joint effort so far? The cornerstone to effective anticipation and management of change is a shared understanding by social partners of the issues of each company involved. And - based on clear information - of the remedies that should be implemented.

The outcomes of our joint work will be presented in a final conference. It will be held in Brussels at the beginning of 2010. We will, together, draw conclusions from our joint project.



Conclusion

The current crisis has shaken European companies like seldom before. We must as soon as possible create the conditions for growth and job creation. Indeed, we will not solve unemployment and ensure the sustainability of our social systems if our companies are not successful. They create the wealth!

Restructuring has become an almost daily reality. It is fundamental for their competitiveness. We therefore must put in place the right framework that improves the adaptability of our companies and workers. There is no better way to ensure Europe's future economic and social prosperity.

Thank you for your attention.
