

Brussels, 2 March 2007

## Spring Summit: no time for complacency, warn European business organisations

The Heads of State and Government will meet on 8-9 March to assess progress on the reviewed Lisbon Strategy for Growth and Jobs.

European business organisations BUSINESSEUROPE, EUROCHAMBRES, EUROCOMMERCE and UEAPME wish to use this opportunity to take stock of the effects of progress made and put forward priorities for action.

They consider that some Member States are not sufficiently taking advantage of the current economic upturn to carry out structural reforms, especially concerning budgetary consolidation. In doing so, those Member States are creating today the hurdles of tomorrow. They will not be sufficiently prepared in a case of an economic downturn, let alone ready to tackle challenges such as global competition and demographic change.

Reviewing Member States' national reform programmes, we witness serious progress in some policy areas such as research and innovation. However, other areas such as fiscal and regulatory burdens or labour market overregulation have not been sufficiently targeted in a number of important Member States.

BUSINESSEUROPE, EUROCHAMBRES, EUROCOMMERCE and UEAPME would like to put forward their common views on and expectations from the Spring Summit on five key policy areas related to the Lisbon Agenda. Serious efforts and clear commitments on these issues are needed, both at EU and Member States levels.

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### ***Better regulation: unleashing business potential***

We welcome the target, also at national level, to reduce administrative burdens by 25% in the next five years and the underlying strategy recently proposed by Commissioner Verheugen. However, these ambitious goals cannot be reached by simply setting mere targets. A relevant contribution must come from all actors involved. While progress is being made, it is currently too slow to bear any concrete benefits for businesses. Furthermore, the European Commission has to fulfil its responsibility to ensure the coherence of the legal framework.

We believe that simplification efforts should be targeted not only at Directives and their transposition into national legislation, but also at stand-alone national regulations and less evident pieces of EU policy such as the rules set up under the "comitology" process. Moreover, a fast-track decision making procedure, constant monitoring and interim targets will be necessary to achieve the Commission targets. As regards the adoption of new legislation, we call for more independence in the task of assessing potential impacts of legislative proposals.

### ***Deepening the internal market***

The internal market is a cornerstone of the EU and one of its most evident assets, for citizens and businesses alike. It is extremely worrying to see a lack of mutual confidence between Member States and increasing national protectionism standing in the way of its completion, at a time when enlargement and globalisation call instead for its strengthening and improvement.

Action should concentrate on completion of the main economically relevant legislative gaps; better law-making relying on efficient and technology-friendly standards; timely and correct implementation of internal market laws; and effective enforcement including better market surveillance and application of the mutual recognition principle for both goods and services

The effective and coherent implementation of the Services Directive is a clear priority in this area, as it will ensure that the benefits of a streamlined services market are transferred to individual businesses and consumers. The Commission's proposals to improve the internal market for goods are equally welcome.

We call for a stronger partnership between the Commission and Member States as the only operational framework to achieve a workable, dynamic internal market. This requires both a genuine political commitment particularly in Member States as well as adequate resources at all levels.

### ***Towards a comprehensive innovation policy***

Enhancing innovation is the key to increasing business productivity and competitiveness. Adequately and effectively protecting intellectual property rights is a must in this respect. We believe it is high time to address - with tangible steps - the issue of patent costs and to simplify the current litigation patchwork in Europe. We urge Member States to renew their efforts and to make concrete progress on the European Community Patent.

Moreover, Member States should take full advantage of the existing legislative instruments, such as the recent State Aid Framework for R&D and Innovation, and build on forthcoming initiatives such as the creation of Joint Technology Initiatives and the European Institute for Technology. All initiatives must, however, foresee adequate business involvement. A wider approach on innovation is needed beyond the traditional technology-driven R&D. It should include access to existing technologies, foster the development of clusters and provide innovation support services, all of which are particularly important for smaller businesses. The existing Competitiveness and Innovation Framework Programme and the possibilities within the Structural Funds should be used to its full.

### ***Job creation by improving the functioning of labour markets***

Labour market reforms should be taken to the next level, above all when it comes to increasing flexibility, in particular in regular employment contracts, and the reduction of non-wage labour costs. Moreover, effective actions are needed to integrate categories such as young people, women, elderly and low qualified workers into the labour market.

A good policy mix on labour markets must ensure labour costs are in line with productivity. Social security and tax systems must be designed to provide incentives to enter the labour market and discourage undeclared work.

### ***Putting the international trade agenda back on track***

The suspension of the Doha Development Agenda (DDA) talks in July 2006 has brought serious concerns for the future of the negotiations. This threatens the credibility of the multilateral trade system to negotiate further trade liberalisation and improved trade rules. European business organisations are committed to supporting the EU efforts to get the round back on track and to achieve real progress on agricultural, industrial and services trade as well as trade facilitation and anti-dumping/anti-subsidy rules. European businesses urge all WTO Members to secure the benefits of a successful conclusion of the Doha Round and work together to overcome remaining differences as soon as possible.

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We are confident that Member States will act responsibly at the European Spring Summit and will deliver on the abovementioned issues, in order to keep the EU economy in line with the targets outlined in the Lisbon agenda. We call on Member States to leverage the current economic upturn to introduce long-term, far-reaching reforms to make growth sustainable. It is not time to sit back and relax.

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