

**EUROPEAN BUSINESS EXPECTATIONS FROM THE COMPETITIVENESS
COUNCIL ON 25 AND 26 NOVEMBER 2004**

**UNICE BACKGROUND NOTE IN VIEW OF THE MEETING BETWEEN LAURENS JAN
BRINKHORST, DUTCH MINISTER FOR ECONOMIC AFFAIRS AND PRESIDENT OF THE EU
COMPETITIVENESS COUNCIL, AND JÜRGEN STRUBE, UNICE PRESIDENT,
ON 18 NOVEMBER 2004**

As the mid-term review of the Lisbon Strategy is being prepared, your confirmation that you are “wholeheartedly convinced that the Competitiveness Council has a crucial role to play in respect of the Lisbon Strategy”¹ is becoming ever more valuable. The Competitiveness Council must become the guardian of competitiveness in Europe.

UNICE is highly grateful for all the efforts you have made to enhance the powers of the Competitiveness Council, as its President, and we are particularly looking forward to your participation in the UNICE Competitiveness Day on 9 December.

UNICE also appreciates the opportunity to discuss items of concern to the European business community ahead of the last Competitiveness Council of the Dutch Presidency:

Economic situation and competitiveness (agenda item 3)

UNICE is concerned by the economic situation in Europe. The recovery is modest and lacks momentum: high oil prices and the surge of the euro exchange rate could have significant detrimental effects as the recovery is still mainly export-driven. To broaden its base, consumer and investor confidence should be built up. The capacity of policy-makers to carry through structural reforms and the potential of the internal market to provide for profitable opportunities are essential.

Lisbon mid-term review – Kok Report (agenda item 4)

At the Tripartite Social Summit on 5 November 2004, UNICE commended Mr Kok on the excellent analysis in his report on the mid-term review of the Lisbon Strategy, but confessed that the European Business Community is disappointed by the lack of focus in the recommendations of the report, to pull the European economy out of its lethargy and to bring it back on to a sustainable growth path. The Lisbon Strategy will only work if European policy-makers focus first on competitiveness in order to obtain more growth and jobs, which is the pre-requisite to live up to Europe’s social and environmental ambitions. UNICE strongly supports the report’s emphasis on the need to create national ownership of the Lisbon Strategy, but regrets that the Competitiveness Council is not mentioned in the report, as it should play a key role in the revitalisation of the Lisbon Strategy and the peer pressure and benchmarking process advocated for by the Kok report.

Please find enclosed the speech President Strube held at the Tripartite Social Summit on 5 November 2004.

Better Regulation (agenda item 5)

UNICE appreciates the continuing attention which the Council gives to the topic of better regulation. Political support from the highest level is essential for achieving results in terms of real legislative changes. Concrete action plans to simplify existing red tape must be put in place with ambitious and quantitative targets, deadlines and controls, and UNICE welcomes the Council’s contribution to this in establishing a

¹ Foreword of “Competitiveness Council priorities paper, Dutch Presidency 1 July – 31 December”, p.5

shortlist of specific acts of Community legislation. UNICE in particular appreciates the Council looking whether a simplification would directly relieve burdens for business and not merely mean consolidation or codification of existing legislation.

Regarding the issue of impact assessments, it is vital that all new legislative proposals are properly assessed for their potential impact on Europe's competitiveness. The criteria used in impact assessments should be improved to render the business impact of legislative proposals clearer and take better account of the consequences for competitiveness. UNICE also thinks that the credibility of impact assessments would gain if they were entrusted to an independent body.

REACH (agenda item 6)

UNICE has always argued that the design of the October 2003 REACH proposal did not reflect the objective of achieving environmental and public health results on the most economically effective basis. Indeed the red tape associated with the current REACH provisions are disproportionate to the objectives, will have serious negative impacts on competitiveness, and therefore will undermine the effectiveness of the system and its ability to deliver health and environmental benefits. If the REACH regulation is to meet its objectives, some basic elements of the proposal have to be changed, with a view to rationalising the scope, simplifying the process of pre-registration/registration and introducing a mechanism for setting priorities.

In particular, UNICE welcomes the conclusions of the Dutch Presidency workshop on REACH Impact Assessment, which underline that the costs of REACH to business were too high and needed to be curbed, and called on the European Commission and the governments of the European Member States to do all they can to limit the negative effects for business while maintaining the benefits. UNICE urges the Competitiveness Council to follow up these conclusions assiduously and recommends that every amendment to the REACH proposal is accompanied by a cost-benefit assessment. In addition, the results of the further work on impact assessment of REACH will have to be taken fully into account for revising EU chemicals policy. (We refer here to the results which will be generated by the multi-stakeholder process launched jointly by the European Commission, UNICE and Cefic in March 2004).

With regard to the "One Substance One Registration" proposal (OSOR), industry remains opposed to mandatory consortium formation. Furthermore the ability to opt out of consortia and register directly should be included in the OSOR proposal. Finally, UNICE would like to highlight that any decision on the information requirements for the 1- to 10-tonne production range should be deferred pending a clear orientation discussion and further agreement on the prioritisation process.

Directive on services (agenda item 7)

UNICE has recently reacted to the Commission's proposal for a directive on services in the internal market. The creation of a strong services sector in Europe is essential for Europe's ability to create growth and employment. In particular, UNICE welcomes the principle of country of origin to abolish unnecessary administrative obstacles to cross-border trade in services which have been proven to be a serious restriction to Europe's economic development.

However, some derogations from this principle are necessary. Moreover, distinctive clarifications are needed in some areas. This concerns in particular the articles referring to matters covered by the posting of workers directive, as the current drafting could be misinterpreted as seeking to undermine its practical implementation.

Please find enclosed the UNICE press release "Services in the Internal Market: Adopt Improved Directive Rapidly to Help Fulfil place City Lisbon Promises" issued on 11 November 2004.

Directive on cross-border mergers (agenda item 8)

UNICE would like to highlight that the latest compromise proposals concerning workers involvement in the directive on cross-border mergers remain unsatisfactory and put at stake the whole added value of the directive. The only acceptable solution is to refer to the national rules of the newly created company resulting from the merger.

Science and technology (agenda item 13)

UNICE welcomes the Commission's communication "Science and Technology – the key to Europe's future". However, innovation and competitiveness should be incorporated into all of the six major objectives of the Commission's initiative. In particular, UNICE believes that industry participation in the various EU research programmes needs to be increased, particularly with a view to the 7th Framework Programme. We also believe that the effective development of the European Research Council (ERC) is only possible if industry has a role in directing the Research Council's attention to research in broad areas where Europe faces significant challenges. This can best be achieved if the board of the ERC is sourced as widely as possible from European society including representatives from industry.