

Mr Andrej Vizjak, MSc
Minister of the Economy
Kotnikova 5
1000 Ljubljana
SLOVENIA

Brussels, 20 February 2008

Competitiveness Council, 25 February 2008

Dear President,

Fulfilling the Lisbon Strategy goals is more than ever a priority. The world economy is facing major uncertainties, with the United States on the brink of recession, continued financial market turmoil and rising inflation. For the time being there are no reasons to be overly pessimistic for Europe, but it will need to release its untapped economic potential to keep growing at a sustained pace in coming years.

The Competitiveness Council has a major role to play in this regard, particularly to ensure that an ambitious Community Lisbon Programme produces concrete results and reinforces the actions of member states. In the spirit of the Lisbon strategy, it is equally important that the EU's ambitious climate change policies are better reconciled with growth and employment objectives. We ask the Competitiveness Council to take a lead role to bring this point forward in the debate, as also emphasised by several ministers of the economy in recent weeks.

In more detail, BUSINESSEUROPE underlines the following points as being particularly important.

1. In a letter dated 11 February 2008, we already said that reinvigorating the Internal Market is essential in present circumstances, as it will help boost domestic demand and global competitiveness at the same time. We think the Single Market Review Package will achieve this outcome if governments really take responsibility by committing to clear targets and time schedules for delivery. Regarding better regulation, the second strategic review has shown significant progress in a relatively short period of time, but the Council and European Parliament still need to make substantial efforts to deliver concrete results.
2. Huge growth dividends will also be freed up by reinforcing Europe's research and innovation strategy. According to the Commission, reaching the spending targets on R&D could imply a boost to GDP of close to 5% over the medium to long term. Most of these gains would come from cross-border trade, investment and technological transfer, which provides a strong rationale for European-level actions.

It is therefore high time to bring numerous European initiatives with great potential in this field together in a coherent strategy. We strongly support the European Research Area or the recent proposal for a "Fifth Freedom" - the free movement of knowledge.

But implementation and concrete deliverables will be key to demonstrate that the EU is indeed serious about the knowledge economy. More delays in delivery of the innovation agenda would not be acceptable.

3. BUSINESSEUROPE has supported the European Council's 2007 decision to reduce greenhouse gas emissions by 20% but stressed that any solution should safeguard Europe's industrial competitiveness in global competition. It is crucial that predictable conditions are put in place and that European industry is not affected by unduly large direct and indirect cost increases due to climate and renewable energy policy. The question of which sectors are particularly exposed to the risk of carbon leakage (i.e. relocation of activities which emit greenhouse gases from the EU to third countries) should be tackled in good time before 2010. Pragmatic criteria must be worked out, which give industries concerned a real possibility to be able to access up to 100% free allocation where there is a danger of carbon leakage. Efforts must also concentrate on further elaborating efficiency benchmarking models for the free allocation of certificates.

Much more emphasis should be placed on energy efficiency and energy-saving technologies to reach CO₂ emission reduction targets. BUSINESSEUROPE welcomes the Strategic Energy Technologies Action Plan as an important first step towards improved research, development, demonstration and deployment of energy technologies in the EU. A necessary condition for success is a significant increase in public funding and an integrated approach to enable the market to drive new technologies from basic research to market penetration.

4. Finally, the EU must continue to promote a strong industrial policy which incorporates new global challenges such as climate change or scarcity of raw materials in an integrated competitiveness strategy. EU policies towards sustainable production and consumption should take into account the economic as well as the environmental and social dimensions of sustainability, and the whole lifecycle approach to products and technologies.

We are looking forward to fruitful collaboration with the Slovenian Presidency on an ambitious competitiveness agenda for Europe. I would be happy to meet you at your best convenience to exchange views on these and other issues.

Yours sincerely,



Ernest-Antoine Seillière