

16 March 2016

Speech

Tripartite Social Summit

*A strong partnership for job creation and
inclusive growth:*

Taking stock of the new start of social dialogue

Dear President Tusk,
Dear President Juncker,
Dear Prime Minister Rutte,

A hundred years ago, in 1916, 700.000 European soldiers died in Verdun on the battlefield. The European Union is here because after two bloody world wars, we have decided to build on what we share in common, rather than let nationalisms divide us.

This is as important today as it was 60 years ago. European unity is confronted with several threats. But the truth is that, in order to be strong we need to be united. Divided, our influence will decrease, and our prosperity will be undermined.

We have seen during the last months how difficult it is to agree on a common European approach to deal with the **refugee crisis**. And because of this, our free of internal borders Europe is now in danger.

Two weeks ago, we had a very successful BUSINESSEUROPE day. The urgent need for European solutions to face this migration challenge and several other difficult issues facing Europe was strongly underlined by all our members.

The main take away from our discussions shaped our message to this Spring European Council meeting.

Let me underline our key expectations about the European Council starting tomorrow.

Message N° 1, the European Council must ensure that all the necessary actions are taken to tackle the refugee crisis and safeguard Schengen.

We support the EU's strategy to strengthen Europe's external borders, including both immediate contingency actions and measures requiring more time to be fully implemented.

We are fully aware that securing our external borders in a smart way is a large-scale project which necessitates public investment. And, in this specific case, we support increased EU means because better protecting our external borders is a common European good. Private industry can help by providing the technological solutions.

This can also then become a win-win for all sides, triggering investments into relevant technologies. Of course, securing external borders is a core public task.

Message N°2: A **strong economy** is an indispensable basis to tackle this challenge and the numerous other challenges facing us.

Yes, we expect the EU's economic recovery to continue in 2016 at roughly the same pace as in 2015. However, the slowdown in emerging markets, the bleaker outlook for global growth and continuing volatility on financial markets are clear downside risks.

And we are very concerned that political instability could further slowdown the pace of reform in some European countries during 2016.

BUSINESSEUROPE's reform barometer 2016 (you all received a copy around the table) shows that the rhythm of structural reforms in Europe is not increasing, on the contrary. With only 20% (after 23% and 22% in the 2 previous years) of the country specific recommendations satisfactorily implemented according to our members, we are taking much longer than other advanced economies to regain the ground lost since 2008.

Yes, employment is picking up. However, it remains 2.5 million lower than pre-crisis levels in the EU. By contrast, the US has managed to create 3 million of additional new jobs over that period.

Yes, companies are an essential part of the solution. And they are willing to do their part of the job. But they need a supportive environment. It is therefore absolutely essential that the European Union and all Member States step up their efforts to deliver better investment environment.

The agenda of our Tripartite Social Summit today rightly refers to "*A strong partnership for job creation and inclusive growth*".

This is very important and there are encouraging recent developments in our partnership with ETUC which I would also like to underline.

You have also found on your table this morning three joint messages on important issues for Europe:

- On EU industrial policy: Back in 2012, the EU has set itself the goal of raising the share of industry in the GDP from 16% to 20 by 2020. However, over the years, the situation has deteriorated. The manufacturing sector with employment declining by 16% and production by over 9% between 2008 and 2014. Europe has not yet

found an exit to its de-industrialisation. This puts our economic recovery and jobs at risk. BUSINESSEUROPE and ETUC urge the European Union to bring industry back to the core of the EU policy agenda.

- On digitalisation: The EU social partners call on the European Commission to plan its employment policy agenda in a way that underpins the digital transformation of our economies and labour markets. We are prepared to play our role and help to ensure that those policies make sense for enterprises and employees.
- On the refugee crisis: The economic and social partners are united on the need to do more to manage the external border, and at the same time propose a number of actions to support the inclusion of refugees into work and society.

This shows that there is common ground on which to build in order to devise effective solutions to deal with these 3 crucial challenges.

To conclude, a few words on the progress made to follow on President Juncker's appeal to **restart the social dialogue**.

After one year of intense work and sometimes difficult discussions with the trade unions, Commission and some Council representatives, we have sent with ETUC in February a draft declaration on a "new start for a strong social dialogue" to the Commission and Council (distributed today).

For us, there is no doubt that this draft declaration is an excellent basis to reach an agreement on a **quadri-partite declaration with the Commission, Council, employers and trade unions before the summer**.

We really hope that the Commission and the Council do not backtrack and broadly endorse this declaration, which was prepared with them.

And beyond this declaration, what is of crucial importance if one really wants to support further development of the social dialogue, is that the Commission puts words into actions.

The Commission proposed last week to **reopen the posting of workers directive**. It did so despite several clear messages of the European social partners asking to give more time to a social partner consultation.

We know of course that we start from different views on this sensitive issue.

But we genuinely wanted to give ourselves a chance to bridge the gap between the employers and trade union vision on the way forward because we both saw the dangers of opening yet another divisive debate at a time where restoring trust and unity is the priority for Europe.

This is now spilled milk and each side will lobby the Council and the European Parliament on the basis of its own views. For BUSINESSEUROPE, it is very clear, the proposed revision is unnecessary and harmful.

In the future, it is important that the Commission brings more coherence between its good intentions concerning the social dialogue and real actions to give a chance to social partners to try and devise solutions accepted by both sides.

Less linked to social dialogue but we have a similar concern on taxation and country-by-country reporting.

We share the objective to fight tax fraud and evasion but only around 5% of corporate tax revenues are currently misallocated between countries. The agreement made at the Ecofin Council last week to make country-by-country available amongst tax authorities to implement BEPS (Base Erosion and Profits Shifting) is designed to tackle that problem. The ink on this agreement is not even dry and the Commission is already preparing another proposal on public reporting, which will harm companies and damage the EU attractiveness as an investment destination. This is simply wrong.

But let me finish on a positive tone. Be assured Presidents that social partners stand united to strongly support adequate European solutions.

Thank you for your attention.