



2 March 2020

**BUSINESSEUROPE Day 2020  
Prosperity, People, Planet**

**Opening session**

**Thursday 5 March 2020, 09h00  
Cercle de Lorraine**

**Speech by Pierre Gattaz**

Duration 15 minutes

**\*\*\*Check against delivery\*\*\***

Dear President von der Leyen,  
Dear Presidents, dear Directors General,  
Dear friends,  
Ladies and gentlemen,

It is a real great pleasure for me to welcome you all at this fifth BUSINESSEUROPE Day.

We are extremely pleased that President von der Leyen accepted to do the opening speech. And the fact that you are here with us in a week full of issues requiring your urgent attention shows the importance you give to talking to the business community.

➤ *Applause*

Dear President von der Leyen,

The role of the European Commission is absolutely central in building a successful Europe. Four crucial initiatives have already been sketched out: The Green Deal plus the digital, the gender equality and the Africa strategies.

Another two essential strategies that your European Commission is putting together will be published next week: on industry and SMEs.

BusinessEurope wants to contribute to the success of all these initiatives.

Economic times are not getting easier. The OECD warned that the coronavirus outbreak could slash global economic growth to 1.5 per cent in 2020 (compared to 2.9. percent in its previous forecast). Europe will not be spared. But we can make it.

We have a strong basis on which to build!

**Our European model is unique.**

European companies do not only care about **prosperity** but also about **people** and the **planet**. This is why Europe is one of the best places in which to live in the world. But if we want to fulfil our social and environmental ambitions and show to the world that our model is the best one, we must prove that it works economically.

We chose to focus BusinessEurope Day 2020 on the three pillars of our success: "Prosperity, People, Planet". Under this slogan, we propose an ambitious agenda for the European Union in 2019-2024. And today, we want to have in-depth discussions on how to create a virtuous circle between our European economic, social and environmental policies. A discussion on how to make sure that all the policies of the European Union contribute to establishing a business-friendly environment, thereby ensuring the economic success of our continent.

And there are 5 key messages I would like to pass on the occasion of BusinessEurope Day 2020.

## **1. My first message is about the Green Deal**

The question is not about whether this deep societal transformation is needed – on this we all agree. The key question is how to make it a success. The 23 million European companies are at the core of this success. Only competitive and profitable companies will bring technological solutions, sustain jobs and generate the wealth required to finance this transition.

We share the objective of moving as fast as possible to a climate-neutral economy. European business has already contributed significantly to this. We are committed to accelerate this transition.

And we also see the enormous opportunities for European companies if we get this transition right in a world where we hold a 31% share of global trade in clean tech.

But we must not forget that there are also concerns in the business community about HOW to get to this objective.

Compared to our prosperity, people, planet agenda for the EU, which tackled the three dimensions of the sustainability debate, the public debate around the Green Deal tends to narrow down the notion of sustainability to its environmental dimension.

And there are many questions still to be solved around the societal, economic and technological feasibility of such a profound transformation. The transition will have jobs and purchasing power implications. The cost on the energy bill of individuals will increase. And for companies too, with profound implications for Europe as an investment location!

We must not forget that the growing ambition will increase the risk of carbon and investment leakage in the absence of comparable ambitions by major trading partners [which we don't see right now]. It is essential to have a toolbox of measures that safeguards the competitiveness of industry. This includes the debate around carbon



boarder adjustments, but this is certainly not a silver bullet. We also need an adequate allocation of free allowances and continuous compensation for indirect carbon costs.

BusinessEurope wants to support you in making the Green Deal a success. But we also need to raise the necessary questions and ask for the necessary reality checks. We insist on the need to carry out proper impact assessments, not only for the EU as a whole but also for its different Member States. And having a stable and predictable policy environment is key to foster the investment necessary for this unprecedented transformation of our economy.

## **2. My second message is about industrial strategy.**

The best way to ensure that the green transition has a strong public support and does not lead to de-industrialization is to closely connect the Green Deal with a strong industrial strategy.

Our major competitors all have sharp industrial strategies. BusinessEurope has been for a long time advocating for a much more strategic European approach to industry policy. We very much welcome that your Commission will be coming up with a new industrial strategy next week.

A strong industrial strategy is only as strong as its implementation. To ensure that - this time - it really makes a difference, we propose the establishment of a “sounding board” of high-level business representatives and an annual report to monitor industrial competitiveness based on a very short list of key performance indicators - KPIs (such as e.g. global market share of exported manufactured goods). This board should also look at the impact of other policies (competition policy, trade policy, social policy, environment policy, etc.) on industrial competitiveness. And it should propose corrective measures if necessary.

We will also need to make European competition policy fit for a world with increasing global competition while maintaining its strong role for the functioning of our single market.

Level playing field has become a critical issue as European companies increasingly face unfair competition around the world. Many of the distortions are created by foreign

subsidies and by state-owned enterprises. The implementation of the FDI screening regulation is therefore crucial and we are currently working on suggestions for improving the International Procurement Initiative. And we will need to come up with a mechanism that mitigates the impact of these distortions created by foreign subsidies and by foreign state-owned enterprises in our Single Market.

### **3. My third message is about trade**

We need progress on three fronts:

1. rebalancing our relationship with key partners such as the US and China,
2. preserving and reinforcing the multilateral framework, and
3. advancing the ambitious bilateral agenda with agreements like the EU-Mercosur.

We count on you, President von der Leyen, to persuade the US Administration that we have every interest in preserving the transatlantic partnership and working together to tackle common challenges such as digitalisation and China.

We want a trade agreement with the US but not the deal that President Trump has in mind: including agriculture in trade talks with the US without balancing this by including sensitive issues for the US, like public procurement! In the absence of appetite on the US side to solve the crisis of the WTO Dispute Settlement mechanism, we must work together to achieve an ambitious outcome on e-commerce negotiations and convince others that we need more effective rules for industrial subsidies and state-owned enterprises.

If we want a stronger and fairer economic relationship with China and address the systemic challenge that China poses to us, we must focus on four key objectives:

1. Securing a level playing field between China and the EU
2. Mitigating the impact of China's government-induced market distortions
3. Reinforcing the EU's own competitiveness
4. Ensuring fair competition and cooperation on third markets.



And BusinessEurope has made 130 concrete recommendations to achieve this.

Moreover, we want as close as possible future relations between the EU and the UK after the end of the transition period. EU-UK trade must remain tariff and quota free. Non-tariff barriers must be minimised. We also need ambitious provisions on trade in services, investment, data flows and government procurement. And continuous regulatory cooperation and mutual recognition will be crucial to mitigate disruption in the long term. Divergence in rules should be avoided to maintain barrier-free trade!

Time for negotiations is very short. The transition period needs to be used efficiently to finalise, ratify and implement the agreement in time. However, if it becomes necessary, both sides should be open to find pragmatic solutions that prevent cliff edge by the end of 2020.

#### **4. My fourth message is about the Single Market and digitalisation.**

We are concerned that rising national protectionism could undermined the jewel in the crown of the European Union. We count on the Commission to strongly defend its four freedoms and put the development of the Single Market back at the top of the EU agenda. There is significant scope for improvement in the compliance with Single Market legislation, especially in the area of services. We count on the action plan on implementation and enforcement in the Single Market of next week to reinforce compliance and improve the market surveillance system.

And we must accelerate the digital transformation of our Single Market. This is a necessity. Digitalisation has already brought economic and societal benefits through improving efficiency and making our day-to-day lives easier. The roll-out of cybersecure 5G will usher in the next stage of development. This will enable innovations such as Artificial Intelligence, with opportunities to improve security, mobility, energy, healthcare and education, etc. The investment gap in our digital infrastructure alone stands at around 65 billion Euro per year and implementing reforms and stepping up investment in this field could add 14% growth by 2030 according to latest Commission estimates. Legitimate

concerns regarding AI must be addressed but we must maintain favorable conditions to research and innovation. We are faced with a simple choice: get this balance right or lose out on this next technological race. In this sense, it is beneficial the Commission recently unveiled its digital masterplan. While digital is international by design, Europe needs its own strategy to lead within this context: supporting European values will be critical in this venture.

### **My fifth message is about skills and social policy**

Economic convergence is the foundation of social convergence, and economic and social progress must be "financed" by growth and productivity gains. Without this we will not be able to ensure the sustainability of our social protection systems.

The tools of social policy remain largely within national competence. But Europe has a role to play in:

1. Europe has a key role to play in making sure that member states fulfil the commitments they have made regarding reforms on their labour markets, education and training and social protection. The efficiency and financial sustainability of national social systems is essential, not only for long-term social welfare but also for the proper functioning of the Economic and Monetary Union!
2. Europe has a key role to play in improving education and training. Our companies face recruitment difficulties, even in countries where unemployment remains high! We need exchanges of good practices and learn from the best performers on how to address skills shortages or mismatches. And the European Union can offer financial support for the development of apprenticeships in countries that are lagging behind in this respect.
3. Europe has a key role to play in facilitating the mobility of workers – whether employed or self-employed. For example, Europe has to organise mutual recognition of qualifications. And it must ensure that Member States do not impose excessive administrative burden for simple business trips. This is very important.

Dear President von der Leyen,

I really appreciated the exchanges we had so far. And I know you are determined to take the European Union forward and build a stronger and better Union. You can count on the support of the business community in this endeavour.

Europe needs successful companies and companies need a successful Europe. Your success will be our success. Our companies' achievements will be your achievements. We look forward to working with you to deliver a better Europe for all.

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