



BUSINESS MANIFESTO FOR A COMPETITIVE EUROPE: RESPONSE TO MULTIANNUAL STRATEGIC PROGRAMME

BritishAmerican Business Inc and the American Chambers of Ireland, Austria and the EU have warmly welcomed the Multiannual Strategic Programme, which is an historic, joint initiative from the Irish Presidency and the governments of the Netherlands, Luxembourg, United Kingdom, Austria and Finland. These four local business organisations have come together to agree three key priorities for the business community in support of their Governments' 3-year agenda. They wanted to show their commitment and enthusiasm by working on a complementary agenda, as this 6-government initiative is the first of its kind to be adopted by the European Council.

The Chambers have highlighted three priorities for the coming year:

- Making Europe more competitive through less and better regulation
- The Single Market
- Employment

The Strategic Programme as set out by the governments will steer the European Council's work by setting milestones and specific objectives. The achievement of the set of objectives will be part of the drive for economic competitiveness, full employment, social inclusiveness, environmental improvement and internal and external security, which are at the forefront of people's concerns in all Member States. The objectives will underpin the Council's annual programmes over the next three years.

Making Europe more competitive through less and better regulation

In order to promote Europe as an attractive place to conduct business, the number of laws must be reduced dramatically and new legislation should be examined for its economic, as well as environmental and social, impact before being adopted. It is vital that the newly formed Competitiveness Council takes a full and active role in any decision-making that could affect European competitiveness. A recent study by a Swiss business school revealed that most European countries are, in fact, becoming less competitive, so it is vital that we work together to reverse this trend, for example, out of countries or regions with populations over 20 million the UK has dropped from 5th place in 2003 to 8th in 2004, and countries with populations under 20 million Finland from 2nd to 5th and Luxembourg from 1st to 6th.

The four key priorities for enhancing European competitiveness are:

- Completing the internal market
- Better regulation
- Higher rates of Research and Development
- Effective institutional arrangements

To promote competitiveness, the EU and Member States should ensure legislation is clear, easy to implement and beneficial to society as a whole.

The local business organisations will urge for independent impact assessments and stakeholder input to ensure agenda's success.

The Single Market

The Internal Market cannot be realised until legislation is implemented and enforced correctly. The EU must ensure that Member States comply with legislation that can benefit the completion of the Single Market and create more employment and economic growth. The free movement of goods, services and especially people between Member States must be made as easy as possible. With efforts needing to continue to achieve smoother functioning of products, services, capital and labour markets.

The Chambers highlight the following areas as their key concerns:

- Services - they are currently highly fragmented, need more competition to require efficiency and also to increase output and employment;
- Financial Services – need to complete Financial Services Action Plan;
- Tax – continue efforts to tackle harmful tax measures and remove barriers;
- Data Protection – need consistency in application;
- International Accounting Standards – ensure that access to the European capital market by third country issuers are not delayed or hampered by continuing uncertainty over the equivalence of US Generally Accepted Accounting Principles (GAAP) rules.

Employment

Social policy has a major influence on competitiveness. Legislation restricts labor market flexibility and should therefore should be kept to a minimum. A flexible, highly skilled and motivated workforce is key to business competitiveness in Europe.

The Chambers highlight the four key issues as:

- increase the adaptability of workers and enterprises, i.e. boost their capacity to anticipate change;
- attract more people to the labor market;
- encourage more effective investment in human capital; and
- improve the implementation of reforms through better governance.

The Multiannual Strategic Programme is a key initiative to take forward parts of the vast agenda of the Lisbon Strategy of 2000, which committed to making the European Union “the most competitive and dynamic knowledge-based economy in the world by 2010”. Progress so far has been limited but these business organisations believe that by working together and focusing on some common key issues they can influence and contribute to advancing the targets set in Lisbon. These four organisations look forward to launching their manifesto after the recent EU-US Summit in Ireland.