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**"Unlocking opportunities for growth and competitiveness"
Keynote opening speech by
President of the European Council Herman Van Rompuy
at the European Business Summit 2013**

Speaking today at the opening of the European Business Summit in Brussels, President Van Rompuy reiterated that reviving job creation and growth was Europe's foremost political priority: *"Right now, nothing could be more important than focusing on tangible steps and concrete results for growth and for jobs. Unlocking opportunities, fast, for companies, for investors, for industry."*

Referring to the Union's comprehensive strategy to exit the crisis, the President told the audience: *"I've said it already and I'll say it again: there are four "keys" to unlock our way to recovery. Four keys that we need to use simultaneously. First: preserving financial stability. Second: improving the resilience of our economies, through sound public finances – focussed on structural efforts – and improved competitiveness. Third key: fighting unemployment and supporting growth in the near term. And fourth: strengthening our economic and monetary union. Working on all four, making sure we don't neglect any : it's the only way forward."*

Turning to the agenda of upcoming European Council meetings, President Van Rompuy explained: *"At the June European Council, we will focus on two issues: access to credit, and jobs for young people. We are working very hard on concrete proposals, and of course all ideas coming from member states and social partners are welcome."*

At its next summit on 22 May, the European Council will also debate the issues of taxation of energy. Commenting on the latter theme, the President underlined: *"The world is in the midst of an energy revolution. So it's important to discuss those questions. We won't necessarily have all the answers right away, but we need to feed and grow that common debate."*

P R E S S

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It's a pleasure to be joining you today for the opening of this year's European Business Summit.

Over the years, this forum has established itself as a central platform: a place where problems can be debated, where ideas can be put forward, where solutions can emerge, and – most importantly – where these solutions can gain the traction, the backing necessary for their success.

Right now, nothing could be more important than focusing on tangible steps and concrete results for growth and for jobs. Unlocking opportunities, fast, for companies, for investors, for industry. For we are engaged in a race against time.

Exhausting years of fire fighting are starting to pay off: market tensions have abated, and we can finally safely say that the existential threats of the financial crisis are behind us. But we are not there yet, far from it.

For Europe, this is a moment of "in-between" – after the violence of the storm, but before the darkest clouds have cleared. But our countries are still caught in a deep economic crisis. Today, high unemployment and slow growth are the greatest worries.

Growth projections (like the Commission's annual spring forecast) confirm what a difficult period this is – for companies, for households. How hard it is to get the economy going again. They also show that, on average, limited growth should be slowly returning already this year, to further pick up in next year.

We need to find ways to shorten that time, to support and accelerate the recovery and bridge the period between the return of financial stability and that of economic growth.

Part of the reason why this is no easy task lies in just how severely our economies were shaken by the financial crisis. How serious the industrial and economic problems were in some countries. And how deep the confidence of consumers and companies was destabilised when first the banks and then the integrity of the eurozone, two pillars of our system, came under threat.

The consequences are far from over. The crisis laid bare structural fragilities that had been long neglected:

Slipping competitiveness.

Staggering debt levels.

Loopholes in our tax systems.

Gaps in how the eurozone was designed.

Had those problems been addressed earlier, our countries would not be in the situation where they are now. We now have to make up for lost time. For the complacency, the lack of courage and foresight of the last decades.

The cracks run deep, and they need fixing – in a solid, lasting way. And we need to work to fix these structural problems at the same time as we work to restart our economies. Managing to do so is far from easy, but it's the only way to truly heal our economies.

I've said it already and I'll say it again: there are four "keys" to unlock our way to recovery. Four keys that we need to use simultaneously:

- First: preserving financial stability;
- Second: improving the resilience of our economies, through sound public finances – focussed on structural efforts – and improved competitiveness;
- Third key: fighting unemployment and supporting growth in the near term;
- and fourth: strengthening our economic and monetary union.

Working on all four, making sure we don't neglect any: it's the only way forward.

Huge efforts are already under way, in all member states, to bring back our economies onto sound bases. The first results are undeniable.

Aggregate deficits in the eurozone are down by half compared to the start of the crisis. And countries are not just focused on keeping expenses in check, but also on improving their effectiveness, at the same time as we put renewed emphasis on tackling tax evasion, tax avoidance and tax fraud – an issue I placed at the top of the agenda for next week's European Council.

Competitiveness is improving: between 2010 and 2012, real unit labour costs have gone down in ten member states, including Ireland, Greece, Spain and Portugal, but also countries like Denmark or Poland.

Exports are on the rise again, and should be the main engine for growth in 2013. Exports in both goods and services went up in twenty-one member states last year. As a result current accounts balances are also improving.

The downturn in industrial production is still severe, but there is ground for being cautiously positive. Net increases in physical assets (what we call gross fixed capital formation) are set to rebound in the second half of the year, and investment in equipment is already recovering.

These are encouraging signs. And the efforts that have brought them about must continue. But the truth is that it will take time before their full effect is felt on the economy. Before these results eventually start to translate into more growth, and then into new jobs.

Which is why in parallel with these efforts, we need to use all the other levers we can mobilise to speed up the recovery. At the June European Council, we will focus on two issues: access to credit, and jobs for young people. We are working very hard on concrete proposals, and of course all ideas coming from member states and social partners are welcome.

Unlocking access to credit, to start with this first issue, is indeed a major concern. Especially in the eurozone, there are clear bottlenecks in some countries, which are seriously hampering economic activity, and therefore hurting growth prospects.

Making sure investments can happen is important in the short run, to spur economic activity. It's vital in the long run, to make sure our economies can keep up with the needs of tomorrow. And for that, businesses like yours need access to financing.

The European Union plays its part when it comes to supporting investments. It accompanies national governments in their own actions – through our common European budget and through the action of the European Investment Bank, which has seen its lending capacity massively increase after a decision by the European Council in June 2012.

But in several European countries the problem runs deeper. For those countries, even when spreads have gone down for their governments to borrow, interest rates for companies haven't followed.

It's a problem many of you know well. Today it's much more expensive for a Portuguese or Italian business to borrow money than for a similar company based in Austria or Belgium. And it's not only more expensive, it's also often more difficult given tougher credit standards applied by banks, especially for small and medium sized enterprises.

Financial fragmentation, resulting in unacceptably tight lending conditions in some countries, is a real threat to growth. Putting an end to it is a huge priority – for all the national governments, for all the European institutions, including the European Central Bank. When it comes to unlocking opportunities: access to financing is one of the keys.

It's particularly important for small and medium enterprises – which represent about three quarters of all jobs in the eurozone. So it's also vital for employment.

Fighting unemployment is the highest priority today. Not only is unemployment soaring across the Continent, it is also becoming more entrenched. For individuals, for households, the earlier and the longer unemployment hits, the more devastating its effects. The deeper the scars on individual lives, on societies, on our economies as a whole. So doing our utmost to fight unemployment, against the economic cycle, is vital not only for recovery today, but also for the longer-term health of our economies. There's no higher priority. We need measures with an immediate impact, targeting the unemployed, especially young people.

Member states are in the lead, and the European Union is right by their side. So we all have to work hand in hand: businesses, local and national authorities, European interlocutors, we all need to play our part.

The European Union is doing its utmost to help, and we need to do more. We've reallocated unused EU funds in support of national initiatives to fight unemployment. Six billion euro have been set aside in the new seven-year EU budget for a youth employment initiative by leaders in the European Council. The European Parliament is currently discussing this budget and I hope it can come to an agreement as soon as possible.

Now we need to look at how we can speed up the impact of this initiative, how we can maximise its reach. I've already started mobilising leaders, and at our summit in June, we'll put forward some more actions to support jobs for young Europeans.

Governments have committed to setting up a Youth Guarantee: every young person should be in school, in training or in work within four months of leaving school.

This can only become reality if business leaders like you are fully engaged. Only with your involvement will we be able to bridge the divide between the classroom and the work place. You don't just recruit employees: you also help develop skills, you nurture talent, you spread opportunities. Making sure your needs are matched can only happen with your support.

And I call upon you as business leaders, just as I call upon all social partners, to be creative, to leave old divides behind, and to work with all your partners to find solutions, both within your countries and within Europe. It would be a great moment for Europe if social partners can agree on a job plan before the June European Council.

In my discussions with national leaders, here in Brussels and during visits to national capitals, I insist that immediate measures on growth or employment, whether national or collective, should always come together with structural reforms that improve the business climate by removing unnecessary barriers to businesses and creating the conditions for companies to invest, expand and create jobs.

Because investments don't just flow from sudden tax rebates or cheap money. If the overall business environment isn't good, if red-tape and unpredictability reign, well... entrepreneurs won't follow.

A stable, predictable business environment is key for confidence, and amongst the most important factors when it comes to unlocking investment decisions. Especially in the world of industry.

And that's another reason why it's so important to keep working with a longer-term perspective in mind, setting the direction for our economies beyond the crisis, for the decades ahead. Investments in infrastructure, in innovation, need that long-term view.

Precisely with that in mind, I've made sure that, at each European Council summit, leaders devote some of their time together to key issues for competitiveness. And not looking only at what immediate measures we can decide, but also at where we want to go eventually.

Before the end of the year, we'll review the engagements of our growth compact and hold an initial exchange of views on industrial policy (in June), we'll look at innovation and our digital agenda (in October), and at the competitiveness and economic role of our defence industry (in December). At several points in the year, we also look at our trade relations with key partners – the negotiations with the United States naturally get much attention, but there are also many other deals on the go. Next year, a comprehensive overview of industrial competitiveness is on the agenda for our February 2014 summit, ahead of a review of the Europe 2020 objectives in March 2014.

And already next week, along taxation matters, the European Council will focus on an issue of utmost importance for businesses and industry: the question of energy. And it's an issue on which I would like to say a little more before concluding.

You know it better than anyone else: affordable energy is key to keep industry – and jobs – in Europe; it is key for growth; and it's crucial for households too. High energy prices generally mean high prices full stop. Energy prices for industry have gone up by 27% in real terms between 2005 and early 2012, more than in most other industrialised economies.

Just last year, industry gas prices in the European Union were four times higher than in America. Thanks to its new "energy boom" the United States is set to become a net gas exporter. And others, like China will follow.

It's now becoming clear: eventually Europe may well be the only continent in the world to depend on imported energy. Already by 2035 our dependence on oil and gas imports will reach more than 80%. This will have an impact on the competitiveness of our companies, and of our economy as a whole.

It is this energy dilemma that I want to put to European Council members next week. What should be done by our Union on energy, to foster competitiveness and fuel growth in Europe? Where does action by our Union bring the most added value?

There are four key questions on which I want to focus.

- First, energy efficiency. After all the cheapest energy will always be the one we didn't need to consume in the first place.
- Second, our common energy legislation. We have agreed on tools to open up and integrate our energy markets into a truly single market. Actually using these tools could save us each year up to 30 billion euro for gas, and up to 35 billion for electricity. Why isn't this happening? How can we speed up implementation?
- Third question: facilitating investments, both to modernise our energy infrastructure and to make sure every single Member State is well connected to our single energy market. By 2020, we'll need around one trillion euro in investments. And investors are ready to invest. But what they do need, is a predictable energy framework: the industry needs to know where the goalposts are. For our energy – and I should add – for our climate policy. It makes sense ecologically, but also economically.
- Fourth and final question: the diversification of energy sources. Both in terms of geographical choice for our imports, but also in terms of indigenous energy resources. We need to carefully weigh the potential of all conventional and unconventional energy sources present on our continent. Not to forget renewable energy of course, where we have set ourselves an ambitious target of 20% of our total energy by 2020 (and overall we are on track). There is still a huge potential, also in terms of job creation. And we should take full advantage of it, especially now that these technologies are becoming more and more mature.

The world is in the midst of an energy revolution. So it's important to discuss those questions. We won't necessarily have all the answers right away, but we need to feed and grow that common debate.

Because ultimately, our global competitiveness depends on our capacity to deal with challenges such as that of energy together. Taking advantage of our collective size, weighing our full weight in the world. It matters for European businesses and European jobs. It matters for European innovation and European industry. And ultimately, it matters for our common future.