



INTERVIEW WITH MARKUS BEYRER, DIRECTOR GENERAL OF BUSINESSEUROPE

- 1. Mr. Beyrer, since January you are the new face of European business in Brussels, confronted with fundamental changes in Europe and a still not too encouraging economic forecast. What are your first thoughts in your new capacity?**

The challenges, sadly, are still there. Over 4 years have passed and almost 30 European Council meetings were held since the outbreak of the financial crisis yet Europe remains unable to return to a path of sustained growth.

EU member states still urgently need to commit themselves to significant measures to restore business confidence, increase competitiveness and kick-start growth. At the same time the Euro area needs to take concrete steps towards economic and political integration, avoiding diverging messages at national and EU level.

So we have a lot to do. There is a saying that the end of an era is also the dawn of a new age. Of course I want to build on the good achievements and foundations of BUSINESSEUROPE but I also want to make sure that the interests of European companies are put even higher on the EU's agenda, their voice gets louder, heard better and what we, as BUSINESSEUROPE are doing in Brussels serve the needs of our member federations even better.

- 2. BUSINESSEUROPE has already defined its 5 key priorities in a strategy "Growing out from the crisis". Facing new circumstances both at European and global level would BUSINESSEUROPE need new approaches to promote business interests?**

First of all: in the post-crisis world there will be no longer "business as usual" . Global economic growth is not driven mainly by developed countries anymore. Emerging economies play an increasingly important role; they are Europe's partners but also strong competitors, even in high value-added products.

We must understand that Europe's return to a sustained growth and job creation depends on its competitiveness in the world. During the economic crisis many European companies have remained strong and are looking to expand into global

markets. But even the most innovative, well-run company can't compete internationally for long in an uncompetitive regulatory environment. This, coupled with the continuing uncertainties about the future of their investments and the integrity of the Eurozone is not boosting business confidence.

The crisis has worsened the economic and social situation in many Member States and exacerbated the impact of pre-existing competitive weaknesses. Sadly, we have seen Europe's share of global manufacturing output decline over the last decade. Manufacturing output is now over 10% lower than before the crisis, with manufacturing accounting for a falling share of GDP in most EU countries. This decline puts the prosperity of Europe at risk.

If we want to see the EU economy return to sustainable growth and employment we must reverse this trend. This decline has been left unaddressed by policy-makers for a too long time; even though lessons from the current crisis show that countries which have managed to keep their industry and related services strong and competitive are recovering fastest.

If we prioritise well and competitiveness will really drive our policy agenda, Europe will not be left behind in the global economic recovery.

This is something I want to work for with the support of all members of BUSINESSEUROPE.

- 3. Companies are monitoring very carefully the developments in the Eurozone, particularly the Pact for Growth and Jobs and the banking union proposals. Our common goal is to save euro, but don't you think that the different involvement of the member states in the process could negatively influence the unique voice of European business?**

Regarding the Euro, BUSINESSEUROPE's position has always been very clear. A stable Euro is key to the success of European businesses and the future prosperity of Europe. We must use all means possible to safeguard the euro.

We have faced a period of great concern, but Eurozone leaders are starting to demonstrate their strong commitment to safeguard the common currency.

For example, we have strengthened economic governance through the so called '6 pack', sharpening the rules for Member States to put in place balanced budgets. Through the strengthened European Semester, which must now help ensure that Member States, supported by the Commission and the Council put in place ambitious structural reform programmes. And the Euro Area now has its own fund, the European Stability Mechanism to help it deal with crisis management.

In some of the programme countries we are starting to see real progress on structural reforms that can help reverse the build up of imbalances that led to the crisis. For example, in Spain and Ireland, unit labour costs have fallen significantly – in Spain, it is boosted by labour market improvements. This has led both countries to improve their export performance.

Also, as it has been well documented, we are seeing an improvement in financial conditions, with bond yields decreasing in those countries facing greater difficulties. Hopefully that can lead to a broader increase in business confidence.

But the crisis is far from over. The real danger is, indeed, that policy makers become complacent and stop forcing through reforms. For example, we have taken the first steps towards a banking union, but there is much more to do to both implement the Single Supervisory Mechanism in an effective way and strengthen bank resolution frameworks. We also support the proposals to develop a comprehensive roadmap, with further specific proposals for strengthening EMU, which leaders failed to agree at the December European Council.

4. Europe puts new emphasis on its approach to industrial policy and its contribution to recovery of growth and jobs. “Back to real business” is a right step forward, but is it not too late to bring Europe back on track?

I wouldn't say too late but I'd say it is high time!

Arguably, industry is the most important contributor to Europe's return to sustainable growth and job creation. Having a strong industrial base is vital for the European Union. It generates around 16 % of European GDP, 80 % of Europe's exports and combined with the related service sectors the share is even higher. Industry accounts for 35 % of Europe's workforce as each job in industry is linked with at least two high quality jobs in the related service sectors. Industry is also a key driver of technological progress: 80 % of private sector R&D investment comes from manufacturing.

Fortunately there is a renewed attention today to the importance of a strong and competitive European industry. The European Commission rightly recognized the role industry can play in a quick recovery from the crisis by driving growth and creating jobs. To increase the manufacturing share of GDP from its current level of around 16% to 20% by 2020 shows the intention to put industry back to the centre of EU's economy.

BUSINESSEUROPE strongly stands for the objective of increasing the contribution of European industry to the EU GDP. With the right policy framework conditions European companies will be in a position to bring more growth and more jobs in Europe. But – as mentioned earlier - the re-industrialisation of Europe cannot be achieved without increasing our industrial competitiveness. What we need is a strong political commitment at European level as well as ambitious follow-up action and implementation at national level.

We must make EU and national legislation business friendly, need to protect intellectual property rights better and boost access to capital markets and investments. There is still a lot to do in terms of industrial and social policies in order to improve labour competitiveness of Europe. We must also have an appropriate state aid framework in the single market as well as smart public procurement rules if we want to restore growth and job creation fast.

- 5. Bearing in mind the Commission's work programme for 2013-2014 it seems that the biggest danger for business is coming from initiatives in the field of energy and climate policies. New proposals of the European Commission could easily undermine the already mentioned re-industrialisation effort in Europe. Do you share these concerns?**

European companies inevitably are suffering from the negative effects of „green tape“. The European Commission is still inclined to develop unnecessarily burdensome legislative instruments in climate, energy and environment policies. This is why BUSINESSEUROPE is continuously urging the Commission to move towards a technology-driven and competitiveness- friendly approach to fight climate change, improve energy efficiency and, at the same time, to protect the environment.

Let's never forget that Europe is not the only player in this game. European companies are carrying a lot of burden when Europe's share of the total global greenhouse gas emissions is only 10-11%. The ever more costly EU climate policies and our unilateral approach have not led to the success of the "leadership by example" role that the European Commission had promised. It is more important than ever to see more ambition from all major economies to reach a comprehensive climate agreement and create a level playing field for business across the globe.

I can only confirm here that European companies remain committed to the fight against climate change, but in the light of the lacklustre results from UN climate negotiations, the EU must rethink its own energy and climate policies. Technology should be the driving force to deliver on energy cost-competitiveness, security of supply and climate action with the ambition of maintaining a strong industrial base in Europe.

6. BUSINESSEUROPE is one of the European social partners. There is a big challenge to overcome labour market shortages and bring education closer to the world of work. Do you think that the much promoted "dual learning system" is the best way to solve the problem?

Not the only way but one of the best ways, which is working well in some of the EU member states like Germany, Austria or Denmark. Let me give you an example: in 2015, the estimated shortage of qualified ICT staff in the EU will be up to 700,000. If we look at the projected skills shortages in ICT and science, technology, engineering and mathematics more broadly, it is easy to understand how important it is to widen the appeal of these subjects to young people, for example through dual learning systems.

European companies are convinced that with an EU youth unemployment rate of 22.8%, priority must be given to all possible means- including dual learning - that can help get young people into work. BUSINESSEUROPE has already made concrete proposals to this effect. Apprenticeships are important tools for helping to prepare young people for working life and they must therefore be recognised and promoted as a key aspect of education.

7 A few months ago, the Anti-Counterfeiting Trade Agreement (ACTA) has prompted a very emotional debate at EU level. Are you worried about the impact of these discussions on the intellectual property protection framework in the EU?

We are worried about the fact that the EU is lacking a coherent and strategic approach towards intellectual property (IP) but rather deals with it in a piecemeal way with negative results. Let me give you a recent example: in the latest Commission communication on industrial policy, IP is almost presented as an obstacle rather than a driver of innovation. This needs to change. We want to see a clear, more direct and positive link established between intellectual property, innovation and its impact on growth and job creation. This has been recognised for a long time by some of our main trading partners and has been put into practice in their policies but in the EU this is not very obvious.

This is why we plan to engage in the next months in a number of educational and awareness-raising activities to make the business case for IP. We want to reset the balance that has been distorted, ensure that the EU develops a real IP policy and makes a strategic use of it.

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