



SVENSKT NÄRINGSLIV  
CONFEDERATION OF SWEDISH ENTERPRISE

# 6 STEPS FOR EUROPE



The Confederation of Swedish Enterprise was founded in March 2001, as a result of the merger between Swedish Employers' Confederation and the Federation of Swedish Industries.

The Confederation of Swedish Enterprise is a pro-business, non-profit organization representing close to 55 000 Swedish companies, of which 98% are SME companies.

The Confederation consists of 50 trade and employer association members, representing 70 % of the Swedish private sector. The Confederation's member companies employ roughly 1.7m people.

The role of the Confederation is critical in protecting and supporting the interests of businesses as well as creating broad popular support for the value and importance of enterprise. A key Confederation position is that businesses are crucial for the enhancement of the quality of life in Sweden.

The Confederation of Swedish Enterprise has its headquarters in Stockholm, Sweden, 21 regional offices all over Sweden and an EU office in Brussels.



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Svenskt Näringsliv  
Confederation of Swedish Enterprise  
SE-114 82 Stockholm, Sweden  
Phone: +46 8 553 430 00  
[www.svensktnaringsliv.se](http://www.svensktnaringsliv.se)

Peace, democracy and a free market economy cannot be taken for granted. They must be safeguarded and promoted constantly, especially in times of crisis and economic recession. The role of the private sector is essential. It is only through a business climate which stimulates production, trade and investment that we can create the growth and the jobs necessary for peaceful coexistence, stability and prosperity on our Continent.

A successful and dynamic Europe must be based on a well-functioning internal market, openness to the rest of the world and the diversity of solutions and ideas that is Europe's strength. During its presidency of the EU, Sweden must defend these fundamental values and work actively to implement the changes required to strengthen Europe's long-term competitiveness.

The Confederation of Swedish Enterprise has jointly with its sister organisations in France and the Czech Republic, presented a reform programme to the three governments of the Trio countries. In the programme, we emphasise the necessary measures to ensure that the EU is competitive and is better prepared to meet the challenges of the future.

This paper highlights six areas that should be given special priority during the second half of 2009. Focusing on these, the Swedish Presidency in 2009 can be the starting point for a Europe with sustainable competitiveness and prosperity.

Signhild Arnegård Hansen  
President  
Confederation of Swedish Enterprise





# 6 STEPS FOR EUROPE

THE PRIORITIES OF THE CONFEDERATION OF SWEDISH ENTERPRISE  
FOR SWEDEN'S EU PRESIDENCY 2009

A hand is pointing at a document with a blue speech bubble overlay. The document contains faint blue sketches of a car and a house. A keyboard is visible in the top right corner.

**REFORM  
THE  
STRATEGY  
FOR JOBS  
AND GROWTH**

In the deepening economic crisis, Europe needs more than ever a vigorous growth and jobs strategy. During the Swedish Presidency of the EU, the foundation will be laid for the follow-up to the Lisbon Strategy after 2010.

A renewed growth and jobs strategy will be a decisive factor when the recession bottoms out and recovery begins to accelerate. Rather than increased protectionism and subsidies to companies leading to stagnation, the European economy needs measures which will encourage openness and dynamic growth. Europe and many of its leading regions are well-placed to develop the innovative strength in the knowledge economy, in the service sector as well as in manufacturing. The centre of gravity of the EU's efforts must be in the completion of the internal market, and in combating protectionism in all its forms.

The Lisbon Strategy has put growth and jobs policies at the core of the EU's agenda, and has provided for systems for comparisons between member states. But it has not succeeded in its goal: to make the EU the world's most competitive economy. This is due largely to the lack of national reforms and of political will. But it also reflects an inability to re-examine and innovate at European level. This is seen not least in EU directives and other legislation which are not in tune with the times or with the need for a budget reform to promote growth and competitiveness.

The European service sector is a particularly serious challenge. Here, we find a wide range of areas with strong growth potential, but which have been lingering behind the USA. The service sector also has the greatest political barriers to the full completion of the internal market. Education, research, medicine and health care are areas often subject to stringent national regulation, and should be opened up.

If Europe is to become the world's most competitive and knowledge-based economy, its citizens must also become the world's most competitive individuals. Europe must compete at a high level in the value-chain in an innovative and knowledge-based economy. This involves high-quality research, innovation and dissemination of technology, knowledge-based manufacturing and service sectors where companies and people are allowed to grow. Greater ability to think outside the box and to adapt changed attitudes and regulations, as well as schools and an educational system that deliver the knowledge required are also important. A vital component of this is to give Europe a better patent system, which provides effective protection for the results of research and development.

- **Increase focus.** Fewer and clearer goals and guidelines are essential. The focus must be on completing the internal market and on other measures to promote competitiveness in both the service and manufacturing sectors, and the competitiveness of the individual.
- **Refine the tools for comparison between states and regions.** Give a clearer role to the Commission to stimulate growth-promoting national reforms
- **Increase national ownership.** The national interest can be strengthened through better follow-up procedures and clearer comparisons between member states. The Lisbon Strategy must be seen to be effective and realistic.



**AIM FOR  
A GLOBAL  
AGREEMENT  
ON CLIMATE  
CHANGE AND  
COMPETITIVENESS**

The EU has taken a leading role in combating climate change, and has developed an ever more ambitious agenda for a common energy and climate policy.

This was evident in the adoption by the EU Heads of State and Government meeting in March 2007 of a commitment to reduce total greenhouse gas emissions by 30 percent by 2020, compared with the 1990 levels. This commitment is dependent on industrial countries outside the EU committing to comparable reductions through a global climate agreement. In the absence of an international agreement, the EU will commit to a unilateral reduction in emissions of 20 percent by 2020, compared with the 1990 levels. In January 2008, the European Commission unveiled its energy and climate policy package to clarify how the EU would meet its targets.

In December 2008, the EU Heads of State and Government agreed on the main areas of this energy and climate package. The EU thus demonstrated that it is possible for 27 nations to reach a common decision on ambitious targets and guidelines for emission reductions and on increasing the share of renewable energy. The EU is now taking its policy into international negotiations with the aim of achieving a new climate agreement in December 2009.

Business supports the EU's energy and climate targets, as it takes seriously the threat of climate change and understands the necessity for rapid action. The EU currently has the world's most stringent regulations on greenhouse gas emissions, and a unique system for trading emission rights which sets a price on carbon dioxide.

The threat of climate change is global and, therefore, requires a global solution. If the EU unilaterally introduces the most stringent regulations, the costs for European companies will rise while other countries' production (with higher emissions) will become more competitive. Neither Europe nor the climate will benefit from this. It is absolutely essential that the EU succeeds in ensuring that an international climate agreement is reached.



**Think and act globally.** Real and global emission reductions can only be achieved through all developed economies meeting equivalent emission standards. All significant emission sources and all sectors must reduce their emissions. An effective level playing field can only be guaranteed for Swedish and European companies by signing an international climate protocol at the Copenhagen Climate Conference 2009. Emerging economies must also adopt clear emission targets before 2020 and begin to report their emission levels in a transparent way.



**Growth is a sine qua non.** A successful climate policy requires both economic growth and access to modern technology. Cost-effective ways of reducing energy consumption must be promoted, with particular emphasis on improving energy efficiency. Investment in R&D in energy-saving technology must increase. Innovations in all types of climate-friendly energy production and consumption should be encouraged within the EU, and special attention should be given to Carbon Capture and Storage technology.



**Expand and develop cost-effective and flexible mechanisms for effective emission reduction.** The EU's emission trading scheme, EU ETS, must be developed further and the final goal should be to establish a global price for carbon dioxide. In the absence of a global system, emission rights should continue to be issued free of charge to manufacturing industry in accordance with a benchmark procedure. To combat climate change, it is vital to establish a ceiling and not simply an allocation procedure. Established mechanisms such as the UN Clean Development Mechanism (CDM) and Joint Implementation (JI) must be developed and expanded. Cost-effective and climate-effective solutions must be prioritised.



**WE NEED  
BETTER AND  
MORE EFFECTIVE  
EU REGULATIONS**

The internal market is a main pillar in the building of Europe. It is crucial for Europe's competitiveness and growth.

The aim of EU regulation should be that common regulations have a clear added value, i.e. that they are necessary to guarantee and develop the free movement of goods, services, capital and people. For this purpose, regulation must have to be well-designed and effectively implemented. Benefits must exceed costs, both in respect of administration by companies and application and control by the authorities. It is in this area that there are major shortcomings and need for reform. The EU cannot become the world's most competitive economy without world-class decision-making and world-class legislation.

The ongoing efforts to simplify existing legislation, to reduce the administrative costs of regulations and to improve new regulations by raising the standard of impact assessments are welcome. But the speed and scope of reform must increase.

The EU's institutions must work continuously and consistently to improve the regulations. Regulations must be harmonised, clear and easy to understand. The administrative burden on companies in administering the regulations is far too high. Unnecessarily expensive and complex regulations have a direct negative impact on growth. The work on better regulation must be widened to include all types of regulatory costs for companies. New or amended regulations should be preceded by impact assessments which measure all the costs for companies and assess the effect of the regulation on competitiveness. Regulation should also be followed-up to ensure that they achieve the desired effects.

Further measures are, however, required to improve the quality of the EU's regulatory framework. It is essential that the whole legislative process be reviewed. The institutions must cooperate with each other and with stakeholders to ensure that the regulations are necessary, proportional and effective.

Business fears that the principles of the internal market are still being evaded and that the implementation at national level differs. This undermines companies' ability to grow and compete on equal terms. Protectionism and special national demands must be rejected. Each individual member state must take responsibility for the common legislation and ensure that it is implemented in time and in a way that can guarantee harmonisation throughout the EU. It is of critical importance for the functioning of the internal market that member states provide sufficient resources for market surveillance. The EU's scoreboard for the internal market should be used more effectively, with a greater degree of detail and analysis. Existing trade barriers and special national requirements can be more easily identified and eliminated if the SOLVIT database is used for analysis.

» **Widen the Better regulation agenda to cover all costs.** Introduce check-points to ensure that all proposed legislation is necessary, proportional and effective.

» **Reform the EU's legislative process.** Increase the level of cooperation between the institutions and the stakeholders involved with the aim of achieving a more efficient internal market. Introduce impact assessments throughout the legislative cycle to encompass also changes proposed by the European Parliament and the Council, as well as an overall impact assessment when the legislation has been in force for two years to ensure that the regulations are necessary, proportional and effective.

» **Develop new tools and support member states** in the implementation so that the regulations can create a level-playing-field across the EU. It is of critical importance for the functioning of the internal market that member states provide sufficient resources for market surveillance.

A photograph of a lighthouse with red and white horizontal stripes, situated on a pier by the water. The lighthouse has a red top section and a white body with red bands. In the background, there are modern buildings and a clear blue sky. The water in the foreground is dark blue and reflects the lighthouse and buildings. A large, semi-transparent yellow speech bubble is overlaid on the right side of the image, containing the text.

**ESTABLISH  
A TRANS-  
ATLANTIC  
FREE TRADE  
AREA**

The external dimension of the EU's internal market and its link to the Lisbon Strategy for growth and jobs is a major challenge facing Europe.

An efficient and dynamic internal market is a prerequisite for European companies to grow and eventually move onto the global arena.

A failure in the WTO's Doha Round to achieve increased global trade liberalisation would have a negative impact on all countries which are heavily dependent on foreign trade. Swedish business would obviously like to see an ambitious multilateral agreement at the WTO. In the short term, it is essential that the negotiating results already achieved are implemented as soon as possible. If this is not possible, a credible way forward is for a small core group of willing countries, within the WTO framework, to agree on mutual market liberalisation to which other WTO countries could sign up at a later stage.

While awaiting multilateral solutions and the EU's negotiations with certain third countries for preferential market access (free trade agreements, FTAs) to achieve results, transatlantic relations should be strengthened. Continued and intensified regulatory cooperation with the USA (under the auspices of the Transatlantic Economic Council, TEC) will be decisive, as will the efforts to achieve trade liberalisation between the EU and NAFTA. The EU currently has a free trade agreement with Mexico, and will soon start negotiations for a similar agreement with Canada. There is, however, no agreement with the USA. Either a bilateral agreement should be entered into with the US, which is so important for the EU, or a broader EU-NAFTA agreement should be reached.



**Explore the options for a broad transatlantic free trade area within the EU-NAFTA framework.** Strong transatlantic cooperation should be seen as a first step towards increased global market access within the WTO framework. EU-US cooperation on regulatory questions (TEC) should be developed and intensified.



**Bring the Doha Round to a successful conclusion,** focusing on increased market access for goods and services. The negotiation solutions reached when the negotiations were broken off in July 2008 should be applied as soon as possible. Willing WTO countries must also be able to go ahead and conclude plurilateral agreements and sector agreements within important areas. The EU's bilateral and regional agreements with third countries (FTAs) must be expedited.

A woman wearing a dark jacket and red headphones is working in a cold environment, surrounded by large white bags. The scene is dimly lit, suggesting an industrial or construction site. The text is overlaid on a pink, jagged-edged shape.

**MOVE  
TOWARDS A  
MORE DEMAND-  
LED LABOUR  
MIGRATION  
INTO EUROPE**

The EU has adopted a European Pact on Migration and Asylum. This emphasises a strengthened common policy on migration, including greater dialogue with countries of origin.

The political process of developing conditions for legal migration will continue. The French, Czech and Swedish Presidencies favour rapid adoption of the directives controlling the conditions for the admission and residence of highly-qualified workers (the Blue Card Directive), persons on temporary transfer by their companies, paid trainees and seasonal workers. The three last-mentioned proposals will be presented by the European Commission in autumn 2009. The same applies to the general directive on Migrants' Rights.

European business would have preferred a general regulation through a horizontal directive rather than the current directives, which refer to special groups of workers. It is essential that the work on these directives takes its starting point from individual companies' needs for labour, and focuses on the cross-border aspects of migration policy within the EU.

Migration policy within the EU and in many member states begins far too often from macro-economic considerations based on the average situation, and not from the reality which individual companies are facing. Migration policy is far too focused on combating illegal immigration rather than bringing about efficient labour immigration which meets companies' requirements for skills.



**Work towards a comprehensive, more demand-led European migration policy remains a fundamental priority.** European legislation (individual directives) must be based on individual companies' demand for labour, and must be adapted to implementation in countries with general migration legislation, i.e. which does not include special rules for various groups of workers.

A close-up photograph of a microscope's objective lenses. The lenses are metallic and have some text on them, including "Plan-APOCH" and "3X". A large, semi-transparent red shape, resembling a speech bubble or a stylized arrow, is overlaid on the right side of the image. The text "AGREE ON A MODERN GROWTH-ORIENTED EU BUDGET" is written in white, bold, uppercase letters within this red shape.

**AGREE ON  
A MODERN  
GROWTH-  
ORIENTED  
EU BUDGET**

A competitive Europe must be the goal when the EU's financial perspective is set in 2014. This requires a substantial reform, which includes a total overview of the common regional and agricultural policies.

Today, spending on EU's agricultural support directly hampers the well-functioning of the internal market. Instead of being a means to achieve the goals set out in the Lisbon Strategy, it acts as a barrier to more important investment and leads to ineffective allocation within the budget. It also makes it more difficult to reach multilateral free trade agreements. The losers are both the EU and the developing countries whose agriculture is exposed to distorted competitive conditions.

During 2008, the Commission held an open consultation on the current financial perspective. Among the responses, there was broad support for a reduction in agricultural spending in favour of research and technical development. EU money spent on R&D and innovation is an investment which is far better suited to meet the challenges Europe faces.

It is not enough to redistribute funds from the first pillar of the common agricultural budget to the second; i.e. reducing direct support in favour of increasing support to sparsely-populated areas. This will not solve the EU's budget problem. The re-evaluation of what the whole cohesion policy can and should be used for, will demand a great deal of political courage.

»» **Focus the EU's budget on growth instead of redistribution.** During 2009, a decision should be taken to reform the whole EU budget in a growth-oriented direction.

»» **Restore confidence in how the EU budget is used.** The open consultation must be followed-up properly so that it influences the new financial perspective.

»» **Reduce the EU's agricultural budget and increase investment in research and innovation.** A redistribution from direct support to support for sparsely-populated areas is not a sufficiently large step in reforming agricultural policy if the Lisbon Strategy's goal of a competitive knowledge economy is to be achieved.