Reform to perform: Europe is our Business

EUROPEAN BUSINESS SUMMIT: briefing notes 15 MARCH 2006

Education: moving from job protection to job creation

Workshop1 (prepared by BUSINESSEUROPE)

A. Improving education and productivity: the challenge

Europe is lagging behind in terms of education and creation of high productivity jobs.

Two million jobs were created in 2006 but not enough high productivity ones. Low productivity jobs in the US shrank by around 1.8% annually between 1995 and 2000 while high or medium productivity work was rising by 10% on a yearly basis. During the same period, Europe was bearly achieving 1.2% annual growth for high productivity jobs while low or medium productivity job growth was at 3.4%.

Around 150 million EU citizens have not achieved a basic level of secondary education and only 20% of working-age population attains tertiary education, compared with 39% in the USA. The average EU adult is significantly less educated than counterparts in other industrialised countries. He or she has spent some two years less studying than the average American citizen and one year less than the Japanese. 25,000 MBA students graduate in Europe each year compared with 100,000 in the US. In the field of science and technology, Europe has 860 science graduates per 10,000 students while the US has 936 and with 50% of foreigners among PhD students while Europe suffers from a brain drain. With 10.2% of people of working age engaged in lifelong learning in 2005, further efforts need to be made to meet the target of 12.5% by 2010.

To remain competitive Europe needs to increase educational attainment levels, modernise universities and develop lifelong learning. Together with the need to invest more, a stronger effort needs to be made to increase the effectiveness of spending on education and training.

Improving and updating workers skills is the best way to ensure their protection in a knowledge-based economy but education and training as such do not create jobs. It is therefore necessary to include education and training measures in a wider flexicurity policy agenda.

The essence of the flexicurity approach is that policies focus on facilitating the creation of new jobs as opposed to trying to preserve existing ones. Flexicurity aims at achieving labour market flexibility in order to improve employment security.

Each country has to find its own route to improve education and productivity starting from different situations but three types of ingredients lie behind successful policies:

- flexible labour law with job protection legislation which does not hamper recruitment under indefinite duration contracts + a choice between various types of flexible employment contracts to answer diversified needs + a commitment to fight undeclared work,
- cost effective active labour market policies + education and training systems closely attuned to labour market needs to allow the development of lifelong learning,

- employment-friendly social protection systems and in particular an unemployment insurance which links rights and obligations for the unemployed as opposed to giving unconditional income support.

B. Education and job creation in the EU agenda

Alongside activities related to the implementation of the European guidelines for growth and employment, several EU initiatives aim at improving education and training on the one hand and facilitating cross-border mobility on the other hand or a combination of both goals.

- Member States work to bring higher education into line with the requirements of the Bologna process aimed at improving the quality of higher education and mobility of students.

- Commission communication of 10 May 2005 on the modernisation of universities focusing on the interlinked role of education research and innovation and subsequent proposal to establish a European Institute of Technology.

- Commission communication on the efficiency and equity of European education and training of 8 September 2006 demonstrating that a free of charge system of education is not in itself equitable, pleading for introduction of a culture of evaluation within education and training systems and highlighting the importance of pre-primary education.

- New action programme on life long learning bringing together the well known Erasmus programme for students mobility, Leonardo da Vinci programme for vocational education and training, complemented by the Grundwig programme for adult education and Comenius programme for upper secondary education.

7th framework programme – what's in it for (SME) business

Workshop 2 (prepared by EurActiv.com)

EUROPEAN BUSINESS SUMMIT 15 MARCH 2007

A. EU research policy

- Research, innovation and technology policy is essential for economic development and competitiveness.
- Because high-level research is increasingly interdisciplinary and costly, the EU has developed an EU research policy to prevent fragmentation of European research efforts.
- In March 2000 (Lisbon Council), the EU decided to create a European Research Area (ERA) in order to structure and promote the concept of European research
- In order to coordinate, stimulate and support European added-value research the EU works since 1984 with a special instrument: the "framework programme for research and technological development"
- One of the main objectives of EU research policy is to increase investment in research to three percent of the EU's GDP by 2010 (two thirds of this 3% has to be delivered by business and one third by the public authorities). This is the **"Barcelona objective"**

B. EU's 7th Research framework programme

- The Council adopted the 7th research framework programme on 18 December 2006.
- FP7 will run from 2007 to 2013 and has a **budget of 50.5 billion €.** This is an increase of 41% compared to FP6 (2004 prices).
- FP7 is very much focused on strengthening the EU's **competitiveness and employment** objectives.
- In the **thematic priorities** of FP7 Information and Communication technologies takes up the biggest chunk of the budget (9 billion €), followed by Health (6.5 billion), Transport (4.2 billion), Nanotech (3.5 billion), Energy (2.3 billion), Food, farming and biotech (1.9 billion), Environment (incl. climate change) (1.8 billion), Space (1.4 billion), Security (1.3 billion) and Socio-economic sciences (610 million).
- FP7 focuses more than in the past on the **needs for industry**, through the work of "**Technology Platforms**" and "**Joint Technology Initiatives**".
- FP7 will establish a "**European Research Council**", a body that will act as the first pan-European funding agency for frontier research.

C. Issues – challenges - questions

- *Added-value of European Research programmes?*
  - How can one measure whether EU research projects have really delivered?
  - In December 2004, an expert panel led by Erkki Ormala did a five-year assessment of the EU's framework programmes and concluded that they have made a major contribution to Europe's innovation potential, but that more resources and more industry participation is needed.
  - Is there enough coordination between national programmes and European programmes?

- *Bureaucracy and simplification:*
  - The administrative and financial rules for European research projects are so complex that lots of small companies do not have the means to participate. Although the rules were simplified for FP7, will they deliver for SMEs?

- *Does FP7 have its priorities right?*
  - Energy and climate change policies rank very high on the Commission's and member states' political agenda. Why then are they so low in the FP7 priorities list?

- *Is EU research policy well enough communicated?*
  - In December 2001, the Commission proposed an Action Plan "Science and Society" to promote scientific education and culture of EU citizens and to bring scientific policy closer to the citizens.
  - There is an enormous amount of information on EU research policies but is it going beyond the stakeholders who are interested in getting R&D funding? Does this information reach the citizens?
  - Are the citizens involved in defining the priorities of EU research policies? In a 2005 Eurobarometer, citizens expressed an interest in being informed better with information about medical discoveries and the environment as their main interests?

Access to capital

Workshop 3 (prepared by Roland Berger Strategy Consultants)

A. Access to capital – a problem for the majority of European companies

1. Some facts

> 99% of businesses in the EU are small and medium-sized enterprises (SMEs)[1], comprising 23 million enterprises and 75 million employees. They produce 70% of the EU's GDP.

> But only 6% of the EU's SMEs export goods or services and 18% import them; 63% are not internationalised.

2. No growth without capital

> Equity capital: European companies tend to have a relatively low share of equity capital. In Germany, for example, only 20% of SMEs provide enough equity, while in the US 40% do.

> Access to capital: SMEs need better access to debt finance, especially when seeking a loan or a microcredit for their next project. Since Basel II, banks' attitudes towards SME financing have changed in most EU member states.

- Problem: different taxation in member states that favours debt to the detriment of retained earnings and new equity has been recognised as an obstacle to building stronger balance sheets

> Venture capital:
- European venture capital markets are still not exploiting their full potential
- The lack of seed investors is partly due to low returns. The 10-year return on overall venture capital investments was 6.4% in Europe compared with 24% in the USA
- But investment is increasing – in 2005, almost the same proportion was invested in Europe (43%) as in North America (40%), while Asia Pacific received 11%. By contrast, some countries experienced considerable decreases in investment, like Germany (-28% from 2004 to 2005) or Belgium (-35%) or Hungary (-51%)
- The total amount invested in 2005 was equivalent to 0.3% of the world's GDP. There were wide variations between regions, with North America and Europe investing 0.36% and 0.37% respectively, and Asia investing 0.13% of each region's GDP
- But the gap in early stage financing inhibits SME growth in the EU. Looking at total 2005 investment by stage, buyouts accounted for 68%, with replacement capital 5%, expansion 22%, start-up 4.8% and seed capital only 0.2%

> Europe is risk-averse:
- In comparison with the US, there is considerable scope for improvement. As many as 67% of US citizens would prefer to be self-employed (2002) versus an EU average of just 45%

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[1] SME: Fewer than 250 employees, annual sales of up to EUR 50 million, or total assets of up to EUR 43 million.

- Therefore, the promotion of entrepreneurship, especially among small and medium-sized enterprises, is one of the aims of the current Lisbon SME policy

B. Investment funds in the EU

> Capital markets in the EU:
- Assets under EU industry management have grown four-fold over the last decade
- Cross-border fund sales represented some 66% of the total net industry inflows in 2005
- The "UCITS" model is considered a '"gold standard" both inside and outside the EU. With EUR 5500 billion under management – equivalent to more than 50% of the EU gross domestic product – "UCITS" represent 74% of the investment funds market in Europe, the hedge funds represent 4% and private equity 2% and 20% non-UCITS (2005)
- But: Not yet a fully integrated financial market. Capital managers cannot invest across borders without incurring unfavourable tax treatment or requiring extensive legal documentation of EU-27

> Hedge funds: Main issues discussed by experts:
- Cost effectiveness: Divergences in national approaches cause delay, expense and prevent Europe-wide distribution
- Transparency and rating: Recommendation for more transparency in the policy of hedge funds and a rating by Standard & Poor's or others (proposed by some EU governments)
- "Code of Conduct": Developing a "Code of Conduct" that includes aspects of corporate government, risk management and rules of transparency (proposed by Deutsche Bundesbank)

> Private equity
- Private equity is important in providing funding for new companies
- For 2007, private equity firms have encountered some resistance in parts of the EU because of a combination of nationalist sentiment against foreign ownership suspicion about the desirability of private equity firms as asset owners, and regulations affecting foreign investment (tax and company law barriers)
- Cross-border capital raising still not meeting its full potential

C. Several actions by the EU to improve access to capital for European companies

1. 2000 – Lisbon: Growth and employment are the primary goals. It highlights the importance of promoting a more entrepreneurial culture. SMEs are the most important driver of the EU economy. The "Think Small First" approach was therefore established. Almost every EU policy should have an SME dimension.

2. 2005-2010 White Paper on Financial Services

3. 11/2006 White Paper on Enhancing the Single Market Framework for Investment Funds

4. 2007-2013 Competitiveness and Innovation Framework Programme (CIP)
> EUR 1 billion through its financial instruments

> Providing support for banks to package and sell off portfolios of SME loans
> Providing guarantees for debt finance, mezzanine finance and microcredit
> 350,000-400,000 SMEs are expected to benefit between 2007 and 2013

5. 2007-2013 JEREMIE (Joint European Resources for Micro to Medium Enterprises)
> Combining grants from the ERDF with loan capital to support innovative SMEs
> Improving the availability of microcredit

6. 2007-2013 Seventh Research Framework Programme
> Providing risk-taking capacity for EU lending for research investment

7. Cooperation with the European Investment Bank (EIB) and the European Investment Fund (EIF) to realise different programmes.

8. State aid
> New *de minimis* regulation (comes into force in 2007).
- Doubling of the *de minimis* amount from EUR 100,000 to EUR 200,000
- Safe haven covering guarantee schemes as long as the guaranteed part of a loan does not exceed EUR 1.5 million

9. Autumn 2007: The European Commission plans to propose changes in cost-effectiveness and in investor protection in amendments to the current directive on investment funds.

10. Oct 2006 – Dec 2008: Expert group to identify ways to overcome obstacles to cross-border investment.

11. May 2007 – December 2009: Expert group to analyse the availability of seed finance.

12. By Dec 2008: Improve SME bank relationships.

D. Issues and challenges

1. To achieve the Lisbon goals of jobs and growth, action needs to be taken in several areas:

> Venture capital
- The EU needs to overcome the fragmentation of the venture capital market
- Easier cross-border investment to raise capital without incurring unfavourable tax treatment or encountering too much red tape
- Business angel investment needs to be encouraged
- The objective of the European Commission is to triple annual early-stage investment to EUR 6 billion by 2013

> SMEs
- Cooperation between SMEs and banks on finance must be improved, especially the scope for long-term banking

- Smaller companies doing cross-border business spend up to 2.5% of their turnover on compliance costs. These costs are a major barrier to doing cross-border business. Bigger companies with dedicated taxation units, on the other hand, often benefit from differences in taxation schemes

> Entrepreneurship:

- Entrepreneurs need to become more growth-seeking and willing to invest

> Member states:

- Must improve legal systems and judicial processes affecting capital markets and continue their efforts to reduce red tape in the different member states
- Even in cases where there are common EU rules, as is the case with value-added tax, implementation differs greatly from one country to another
- But: Sometimes different taxation creates cross-border investment

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e-Europe: cheap talk or performing profit?

Workshop 4 (prepared by Roland Berger Strategy Consultants)

1. Introduction

B. E-Europe at a glance

- The European ICT industry has a crucial role, both as a major industrial sector as well as a driver of overall productivity : ICT accounts for 40% of Europe's productivity growth and for 25% of EU GDP growth

- Europe's competitiveness heavily depends on ICT innovation and the wide-spread adoption and efficient deployment of ICT infrastructure and solutions

- Despite recent efforts, Europe is lagging behind other major OECD countries, both in ICT R&D spending, as well as in ICT investment.

- "E-Europe" is highly fragmented. There is no common governance of the European ICT markets, the performance of the individual EU 25 states in terms of ICT innovation and adoption varies significantly

B. ICT on the European political agenda

- In mid-2005, as the first concrete action under the relaunched Lisbon agenda, the European Commission set out "i2010 – European Information Society 2010", a strategic framework for the Information Society.

  i2010 rests on three pillars:

  - The Single European Information Space: mainly a regulatory framework for promoting an open and competitive internal market for information society and media services. Technological convergence is to be supported by "policy convergence"

  - Investment and Innovation in Research: World class performance in research and innovation in ICT by closing the gap with Europe's leading competitors. Under the 7th Framework Programme, EU investments in ICT Research will be increased by 75%.

  - Inclusion, better public services and quality of life: Promotion of an inclusive European Information Society, supported by efficient and user-friendly ICT-enabled public services

C. Issues and challenges

- Overall capital investment in ICT is **substantially lower** in Europe than in the US [The Economic Impact of ICT, OECD, 2004]
- ICT capital investments in Europe **contribute significantly less** to overall GDP growth than those in the US [Source: EU: Effects of ICT capital on economic growth, Staff paper, Brussels, 2006]
- **ICT R&D intensity in the EU is low.** While some European countries are ranking top of the line in ICT R&D expenditure, the **EU as a whole is outperformed** by its Asian and American competitors. The share of ICT R&D spend on total R&D spend in EU is below 20% , in the other major OECD countries it represents more than 30% on average
- **ICT innovation and adoption varies widely** among the EU-25 states. A **digital divide** is opening within Europe
- **Entrepreneurship** is crucial for ICT innovation and adoption. However, **regulatory barriers** in many EU member states are hindering a fast market entry
- The European **ICT market is fragmented,** mainly as a result of **incoherent regulatory systems** in the different member countries. The missing common framework is an **obstacle to European competitiveness**
- Education policies: **ICT scientific and technology skills** are crucial for Europe's competitiveness. However, **the supply** of these all-important skills **is declining in Europe**
- There are **very few European companies** among the global leaders in ICT
- New **competitors** from Asia are **successfully entering the global ICT market**.

Reform to perform: how to boost business in Europe

Plenary session (prepared by Federation of Enterprises in Belgium)

1 Introduction

The theme of this plenary session is very broad and embraces a lot of topics. "How to boost business in Europe?" is an easy question but the answers are complex and diverse. Nevertheless the business community believes that the goals of the (renewed) Lisbon Strategy remain a valid solution to boost business in Europe.

1.1 History of the Lisbon Strategy

In 2000, the Lisbon European Council set a strategic goal for the European Union, namely *"to become the most competitive and dynamic knowledge-based economy in the world, capable of sustained economic growth with more and better jobs and greater social cohesion"*. The Göteborg European Council (2001) added an environmental dimension to the Lisbon process for employment, economic reform and social cohesion.[2]

1.2 Midterm Review

The Spring Summit in March 2005 (Midterm review) decided to renew the Lisbon Strategy and refocused it on growth and jobs, with the aim to create stronger ownership at national level. On the basis of integrated guidelines, the member states drafted national reform programmes in the autumn of 2005.

1.3 2006-2007

In 2006 the Commission presented 4 Priority Action Areas for which European leaders were asked to take additional measures (national and European):

1) Investing more in knowledge and innovation
2) Freeing up SME's and unlocking business potential

[2] To avoid vagueness, it is useful to summarize the **main objectives of the Lisbon Strategy in the three pillars**. The **key economic goals** are : 1) the opening of the markets; 2) a better climate for enterprises; and 3) the promotion of the knowledge economy. The **key social goals** are : 1) more and better jobs; 2) modernizing the social security systems and 3) education and training. The **key environmental goals** are : 1) sustainable development; 2) the battle against climate change and 3) the preservation of natural resources and biodiversity.

3) Getting people into work
4) Efficient, secure and sustainable energy.

In December 2006, the Commission assessed the National Reform Programs on these 4 priority action areas. Moreover, and this wasn't the case last year, it established country-specific recommendations to each Member State.

2 Reform to perform: how to boost business in Europe

Until now, the results of the Lisbon Strategy are too little. If Europe wants to play a role in the global competition, further reforms to boost business in Europe are needed. The Commission plays its catalyst role but it is the task of the Member States to commit themselves in the framework of their National Action Plans in order to reach these objectives. Following the 4 above mentioned priority action areas the European Commission wants to reinvigorate Europe's economy.

2.1 Investing more in knowledge and innovation

Improving research and innovation offers the best hope of finding solutions to many major problems, such as climate change and demographic challenge. Creating a more innovation friendly Europe is vital for future growth. The 2002 Barcelona European Council set the goal of raising overall research investment in the EU from1.9% of GDP to around **3% by** 2010. 2/3 of this 3% has to be delivered by the private sector and 1/3 by the public sector. The role of the public institutions is of key importance to support the R&D activities in Europe and it is currently not sufficient. **But setting targets for greater R&D investments is not enough as such.** What matters is converting R&D investments into new products and services. **Therefore the Commission foresees numerous initiatives:**

- **Joint technology initiatives (JTI's)** to ensure Europe's lead in strategic technology areas.
- The **European Institute of Technology** should be a flagship for excellence in innovation, research and higher education.
- Europe urgently needs a clear and **coherent framework for intellectual property protection**, based on high quality, affordability, convergence and a balance between users and right holders so that ideas can circulate easily in a dynamic information society.
- European **standard-setting** must be speeded up, particularly in fast-moving markets, whilst ensuring inter-operability.
- Europe needs a **lead markets strategy**, i.e. public authorities must try to ensure that markets are, as much as possible, ready for emerging technologies and business models in order to help European enterprises to become global leaders in these sectors.

2.2 Unlocking the business potential, especially of SMEs

Recognising that SMEs are the major source for future employment, the 2006 Spring European Council agreed to **improve regulation** to make it much easier to start up, run and transfer a business. The costs for businesses of complying with **administrative requirements** resulting from both EU and national rules are estimated at 3.5% of GDP in EU-25. It has been estimated that a reduction by 25% of these costs would over time increase EU GDP by up to 1.5% (or 150 bn euro).

Therefore the Spring Summit is invited to set a joint **25% target for reducing administrative burdens** as a political objective to be achieved jointly by the EU and Member States by 2012;

The assessment of the national implementation reports shows that a **lack of competition** remains a concern, hampering innovation and productivity growth. The Commission intends to conduct an analysis of key goods and services markets to identify specific obstacles. The European Council is invited to urge Member States to consider the early and effective implementation of the Services Directive as a top priority and to work closely with the European Commission to facilitate and coordinate this process of implementation.

Member States should ensure that:
- start-up time for a new business is no more than one week;
- start up fees are low, reflecting only administrative costs;
- one-stop shops for start-ups enable companies to fulfill regulatory obligations in a single location and/or electronically;
- administration relating to the recruitment of the first employee can be done through a single contact point;
- entrepreneurship education is included in school curricula.

2.3 Getting people into work

It is widely recognised that European **labour markets must be modernised** to adapt to changes resulting from increasing global competition, the ageing of the population and life-style choices.

The Commission will present a Communication on **flexicurity** summer 2007 as the basis for an agreement, by the end of 2007, on a set of common principles. As Member States' starting positions vary and in order to facilitate implementation, it will set out a range of policy pathways towards greater flexicurity, depending on the economic situation and available financial resources of the Member States.

Moreover Member States should by the end of 2007:
- Ensure that every school leaver is offered a **job, apprenticeship, additional training or other employability measure** within six months after becoming unemployed (four months by 2010);
- Increase the availability and affordability of **quality childcare** in line with Member States' own national targets;

- Provide targeted incentives to **prolong working lives** and increase participation in training for workers over age of 45.

The **high taxation on labour** is in many countries also a key element to explain the lack of dynamism of EU companies compared to other parts of the world. It hampers the possibility of development of EU companies.

2.4 Efficient, secure and sustainable energy

Climate change is high on the political agenda. In order to limit global average temperature increases to two Celsius degrees, we need decisive global action now. Heads of State are expected to adopt at the Spring Summit a prioritized **energy action plan** based on a series of strategic Commission proposals (10/1/07).

On **climate change**, the business community thinks it should be the priority of the EU to convince other countries to enter into a **global agreement** taking up this global challenge. A unilateral decision by the EU to reduce its emissions, will lead again to a deterioration of the competitiveness of the European companies, particularly of the energy intensive companies. One may not forget that the EU only stands for 14% of the emissions of the whole world. Fixing a unilateral (the Commission uses the term "autonomous") objective of 20% reduction should therefore remain dependant on whether this encourages or retains other nations from joining a future global agreement.

On **the energy mix and alternative energy**, the criterion has to be **economic efficiency**. This means that the geographical situation of some countries should be taken into account in the calculation of the capacities of each country. Moreover, BUSINESSEUROPE should mention that the approach chosen by the Commission, which is "national reduction targets", has the risk to lead to distortions in the Internal Market as is the case with the Kyoto protocol. We would like BUSINESSEUROPE to stress that the strategy for renewables should not have negative effects on a well functioning European energy market and on fair competition within this market. Moreover it is important that the option for **nuclear energy** remains open.

The **completion of a good working internal energy market**, is not only an unbundling discussion between supply and transport. It also implies the introduction of a **European regulator** so that the same rules are applicable in all the Member States. In any case, a **protectionist reaction** by some Member States on the further development of the internal market for energy **has to be avoided.**

On the **external energy policy**, it is now totally clear that Europe has to speak with **one voice** with Russia and other energy suppliers. The growing dependence from a few countries could be dangerous in the long term. The EU, with more than 500 million inhabitants, should have a coherent view on energy supply from abroad in order to exert enough pressure in this kind of negotiations.

As regards the **whole energy debate**, a **European approach** based on an **equal distribution of efforts** by the Member States and bearing in mind the **realities in each country is crucial.**

3 Issues and challenges

The impact of the Lisbon Strategy could be important if the Member States commit themselves to reach the goals of this strategy. A study carried out by G. Gelauff and A. Lejour[3] shows that the achievement of the Lisbon Strategy goals by 2010 could lead Europe to a GDP increase between 12 and 23%. Moreover, the employment rate in EU would increase by 11%. That means a 0,8 % annual growth and jobs rate increase till 2025.

The current key challenge is the implementation of this strategy which is based on Member States commitment to undertake reforms.

[3] GELAUFF, George, LEJOUR, Arjan, "*The new Lisbon Strategy – An estimation of the economic impact of reaching five Lisbon targets"*, Industrial Policy and Economic Reform Papers No. 1, January 2006 (see annex)

Demographic challenge: (baby) booming Europe's workforce?

Workshop 5 (prepared by EurActiv.com)

D. Europe's demographic crisis

- Europe's population grew from 500 million after WW2 to more than 700 million these days. According to the UN's Population Division, Europe's population peaked around 2000 and is now in decline.
- Most Europeans also live longer and have fewer children.
- The current fertility rate in the EU is 1.52; that is below the threshold needed to replace the population (2.1 children per woman).
- According to the EU's green paper, the demographic dependency ratio will rise from 49% in 2005 to 66% in 2030.
- It is generally claimed that falling birth rates lead to economic decline as less young people will be entering the labour market and the "baby boomers" of the 60s get older and will make health and pension bills go up.

E. EU policy developments

- In March 2005, the Commission presented a Green Paper on the demographic change, calling for a new solidarity between the generations.
- The Commission presented a follow-up to the Green Paper in October 2006 with the communication "The demographic challenge - a chance for Europe" .
- In the same month (Oct 2006) the Commission organised its first European Forum on Demography.

F. Issues and challenges

- *Possible solutions:*
  - More immigration, but the migrants will also get older at some point in time and weigh on security systems; problems of immigration and racisms
  - Higher productivity, longer working life and later pensions; acceptable for unions? In line with wish of Europeans for more leisure time?
  - New birth policies: which ones have worked in the past?

- *Academic research on fertility is not sure what the future course of fertility is with and without public intervention*

- *Will new birth policies be compatible with Lisbon objectives to have more women in work? How will these affect gender equality?*
  - Stimulating having more children should not send women back to the kitchen; role of men in raising children?

- *Decoupling social security systems from labour taxes and revert to energy taxes?*

- The reversed age pyramid is only problematic because our whole social protection system is based upon labour contributions. Maybe it is time to rethink this, especially in an age where shortage and insecurity of energy has replaced the labour issue.

- *Population growth and the ecological footprint?*
  - Groups worried about the "ecological footprint" of our economies and the "carrying capacity" of the Earth have raised concerns about population growth policies. See e.g. the Forum on Religion and Ecology of the Harvard University.
  - But others have accused these groups of falling into the Malthusian trap.

- *Ageing as a business opportunity*
  - An ageing and healthy population can also create new business opportunities, not just societal costs

Towards one European health market

Workshop 6 (prepared by Federation of Enterprises in Belgium)

1. introduction

A European health market implies:

- patient mobility and mobility of health professionals: the movement of patients and professionals (facilitated by rulings of the European Court of Justice) is a fact and will increase on a European and international level;
- tele-medicine :new medical technologies and techniques are developed in Europe and circulated through information technology;

2. A European health market on the European political agenda

- European legislation and juridsprudence have removed the financial barriers for European citizen to receive medical treatment in another member state by obliging the state of origin of the citizen to pay/reimburse the costs of the treatment under certain conditions.
- As a result of a process of reflection on patient mobility and health care developments in the European Union by ministers from the Member States and representatives of civil society, the Commission adopted a Communication on patient mobility and healthcare developments in the EU (COM (2004) 301 of 20 April 2004) and established a mechanism for taking forward the work set out in the Communication: a High Level Group on health services and medical care.
- This High Level Group started work in July 2004 and it brings together experts from all the Member States to work on practical aspects of collaboration between national health systems in the EU.
- The Commission's proposal for a directive on services in the internal market in 2004 included applying free movement principles to health services. Parliament and Council, however, invited the Commission to develop specific proposals in this area.
- The Commission therefore undertook in its 2007 Annual Policy Strategy to develop a Community framework for safe, high quality and efficient health services, by reinforcing cooperation between Member States and providing certainty over the application of Community law to health services and healthcare

3. Opportunities and challenges

- *Opportunities of promoting patient mobility*

- guarantee a permanent offer in medical care by using overcapacity and undercapacity in hospitals in different member states
- promote Europe as a region of medical excellence towards non-European patients (cfr. a medical hub in Singapore)

- *Challenges of patient mobility*

- guarantee legal security
- develop a system to circulate medical data
- guarantee financial sustainability of national social security system
- guarantee patient rights
- provide cross-border insurance contracts

- *Opportunities of promoting tele-medicine*

- create networks of competence within Europe;
- promote Europe as a region of excellence in tele-medicine ;
- guarantee a permanent availability of medical staff;
- improve the quality of life for medical professionals;

Business and European Society: ethics or profits?
Workshop 7 (prepared by EurActiv.com)

G. Europe's debate on corporate social responsibility (CSR)

- The European Commission started the debate on the corporate social responsibility of businesses with the **2001 Green Paper** "Promoting a European Framework for Corporate Social Responsibility"

- The **definition** of CSR used in the Green Paper: "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".

- CSR is about integrating social and environmental concerns into the strategy and operations of companies.

- In 2002, the Commission presented a first Communication on CSR aimed at increasing knowledge about the positive impact of CSR on business and society and at developing the exchange of good practices on CSR between companies.

- In October 2002, the Commission launched the European Multi-stakeholder Forum which produced a final report in July 2004.

- In March 2006, the Commission published its second Communication on CSR calling for making Europe "a pole of excellence on CSR" and creating a new European Alliance on CSR. The Alliance is a loose platform which companies can join on a voluntary basis to commit themselves to CSR practices. There are no binding commitments for any participants whatsoever. Therefore, NGOs rejected this voluntary approach.

- In a recent report "Accountability Rating 2006", Vodafone Group ranked number one, with BP and Royal Dutch/Shell on second and third place.

H. Issues and challenges

- *Companies' participation:*
    - Although there are some major CSR champions, there is a "long tail" of companies that have a low CSR performance, according to the "Accountability Rating 2006"

- *Voluntary or mandatory CSR?*
  - Much of the EU debate on CSR has focused on the question whether CSR should be voluntary or enforced by legislation and international standards.
- *Negative spillovers from CSR?*
  - Companies committed to CSR take a reputation risk when things go wrong.
  - Is there a trade-off between CSR and hard competitiveness?