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JOINT ARTICLE BY TONY BLAIR AND COSTAS SIMITIS

Building a Strong Europe: A Call to Enlargement Countries

The European Council in Lisbon last year agreed a radical programme for economic reform in Europe. The goal was ambitious: to secure more and better jobs for our citizens by making Europe the world's most competitive and dynamic knowledge-based economy by 2010.

The Stockholm Council is the first opportunity to measure progress. The EU's heads of government must be judged on our record. We need to make a hard-headed assessment of what the EU has delivered so far and the concrete steps needed to achieve our goal. We need action in many areas, in order to create jobs, enrich the skills of our people, improve competitiveness in relation to other developed economies and tackle the problem of social cohesion. This agenda offers tremendous benefits, not only for existing Member States, but for all of Europe's citizens; and we look forward to the candidate countries to join us as partners in this venture.

Britain and Greece share common interests in economic reform. We both want to tackle unemployment by making Europe more competitive and attracting investment in new jobs. We both want to ensure opportunity for all and see a job as the best guarantee against social exclusion. There are, of course, differences in the structure of our economies and the progress we have made in liberalizing our economies and privatising public sector organizations. But economic convergence is becoming a

reality – as shown by Greece's success in joining the single currency – and we can both learn from each other's experience. This was underlined at our bilateral conference at Hydra last autumn, which focused on a number of essential issues covered by the Lisbon agenda, including, employment, education, the social agenda and competitiveness. Sharing best practice and open co-ordination of policy are essential tools for moving forward.

The challenge of job creation

Our starting point is the need to provide jobs for our citizens. It is no longer feasible for governments to create or subsidise jobs as a tool to tackle unemployment. Today, it is increasingly obvious that the creation of new jobs is the outcome of the expansion of the business sector and its capacity to exploit new technologies and strengthen productivity. The role of governments is to establish the right environment in which enterprises can thrive and, thereby, increase employment opportunities.

Governments should regulate the markets and promote competition. Governments have a responsibility for the education of their people and the acquisition of skills needed for quality jobs in the knowledge-based economy. Governments should build inclusive societies with opportunities for all, so that growth and employment are further reinforced in a virtuous circle.

We need to encourage enterprise, through lighter, more transparent and better regulation; through exposing monopolies to competition and through removing barriers to trade and promoting

new technology. Our governments need to be sensitive to the needs of citizens and businesses by measuring the impact of new regulations and improving the quality of public services, issues on which the UK and Greece are already working together.

Small businesses are the main driver in creating new jobs in both our countries. They already create two-thirds of all new jobs across Europe. That is why the Feira Council adopted a Charter for Small Enterprises with the aim of creating the best possible environment for innovation and entrepreneurship. For example, small businesses will compete, expand and take on new employees faster if they have fewer forms to fill in and fewer irrelevant regulations to comply with. It is, therefore, essential for governments to make it easier, faster and cheaper to set up new companies. It takes an average of three months to start a new business in the EU against a week in North America. And in Europe, the process is more expensive and more complicated.

We must ensure that investors are not put off generating new jobs by old-fashioned bureaucratic procedures that involve too many separate steps with different authorities. At Stockholm we should commit ourselves to making it easier to set up a business in the EU than anywhere else in the world, while respecting an efficient framework for employee safety and health.

Entrepreneurs also need easier access to finance. Lack of venture capital inhibits change and prevents the introduction of emerging technology. The establishment of regional or national venture capital funds is one way to tackle this problem. Europe needs to offer a unified capital market able to provide the funds

successful companies need to invest and expand.

Companies also need investment to respond to the challenges of new technology. The link between innovation, research and enterprise is a vital element in the new economy. It is also the key to higher productivity. The advent of the Internet and e-business gives firms new opportunities to win orders elsewhere in Europe. This fact is especially important for outlying regions and islands: whether you are based in the Aegean or the Scottish Hebrides, the world can be your market place at the click of a mouse.

Making Europe more competitive

Competitiveness is vital for prosperity. There is, therefore, a need to open up and liberalise areas of the economy that have traditionally been regarded as monopolies. Electricity, gas, telecommunications and transport are all areas where greater competition will reduce the underlying costs of producing the goods services offered by business. The progressive diffusion of competitive rules into these sectors, privatisations and transparency are essential building blocks in the long-term task of making our economies more competitive.

The process of market opening is not easy and needs to be done with great care for the consumer and for the workers employed in those areas of the economy. But in the long-term, there are real benefits both for individual consumers and companies: greater choice, lower prices and improved service. There are also potential benefits for workers as investors enter sectors, which were previously closed to competition, establishing

new companies, generating growth and creating new job opportunities.

Education, skills and social cohesion

There are two further areas where governments have a vital role: education and social cohesion. The link between education and employment in a knowledge-based economy is clear: the education systems in Europe must produce people with the skills that are required for quality jobs in the new environment.

Nowadays, more than ever before, education is a requirement for improved productivity, competitiveness and wage remuneration.

The digital society should be an inclusive society, a society for all the people. The need to adjust the skills base of our citizens not only applies to young people. Older workers too must have the chance to up-date and up-grade their skills to meet the new job opportunities on offer. To get this right, business needs to identify the training and education skills that the European knowledge-economy needs so that governments provide the right opportunities for life-long learning and vocational training for all their people.

Higher employment participation rates by women and older people will also relieve some of the pressure on public finances by the ageing European population. We need to focus on the working environment, the supportive social structure and the incentives that make the trade-off between working and early retirement or staying at home tilt towards working and contributing to our economies' productive capacity.

Governments must also ensure that the modernisation and restructuring of Europe's economy is inclusive. The social policies must be in place to ensure that no-one is excluded and that those who feel threatened by change can believe that they have a stake in the future. We need to work hard to convince people that making Europe more competitive will release the energies and abilities of all our citizens, will give people a better quality of life and the wider education opportunities for the future. And, above all, that it will equip them with the skills they need for the workspace of the 21st century, creating high quality jobs and striking a massive blow against long-term, structural unemployment.

The challenge for enlargement

The benefits from making Europe's economy more competitive do not only apply to the EU. They are an essential part of what the EU can offer the countries of Central and Southeastern Europe and the Eastern Mediterranean. The enlargement process is essential, not only for political stability in Europe but also for the prosperity of the people of Europe.

The EU can lead the way, but delivering on a dynamic knowledge-based European economy is as central to the future prosperity of the rest of Europe as it is to existing Member States. Many of those countries have themselves made major steps towards economic reform, and we can all gain from sharing experience.

We want to see the candidate countries take part fully in the

massive task of making Europe a real competitive force in the world economy and guaranteeing the future prosperity of our people.

Europe is on the right road. We commit ourselves to arriving successfully at our 2010 destination.

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