

SPEECH BY ALAN JOHNSON SECRETARY OF STATE, DEPARTMENT OF TRADE AND INDUSTRY TO THE HEADS OF REPRESENTATION OF THE EUROPEAN COMMISSION IN ST HERMINS'S HOTEL LONDON SW1, 20TH JUNE 2005

Introduction

I'm delighted to have the opportunity to address you all today.

Perhaps I can introduce myself to those of you who don't know me. I have been the UK's Secretary of State for Trade and Industry since May and am enjoying my new responsibilities.

Not least, as a former postman, I'm particularly pleased to have become the major shareholder in the UK's postal system.

But more seriously, my experience as a committed Trade Unionist, and head of the Communication Workers' Union, has given me a valuable perspective on the competitiveness agenda.

National Context

I'm here to talk to you today about the UK's plans for its Presidency of the EU. I hope, that for a moment, you will allow me to take off my Presidency hat and talk to you about the UK and how it works with Europe.

I'm proud of my Government's achievements in office so far. A national minimum wage, a comprehensive set of employee protections, and improved rights for parents and carers. This has been achieved together with rising living standards and sustained economic growth.

When I was a trade union representative I always rejected the notion that to be pro-business was to be anti-union, and to be pro-union was to be anti-business.

I believe that by helping workers we help business - and vice-versa.

I couldn't claim to help business if I didn't go on breaking down barriers in the labour market. Or help people keep their skills in the workplace and be a parent too. Or remove discrimination so everyone can contribute to Britain's economic future - and enjoy the full benefit in return.

I couldn't claim to back workers if I didn't make it easier for business to sustain jobs and create new ones. Or give individuals the freedom to work the hours they want. Or work to attract more inward investment.

It's on this basis that, at a national level, I want to build on our competitiveness - making sure the UK remains a great place to do business. And a great place for employees too.

Presidency Plans

Of course, all these things also apply to the EU.

I'm looking forward to the opportunity of working with you to improve EU competitiveness during the UK's EU Presidency. Driving forward economic and regulatory reform will be key to this agenda.

We have high hopes for Cardiff and the formal councils, and are keen to see progress on key issues.

I will outline our plans (as they currently stand) for the work we will be taking forward.

Lisbon Agenda

We will aim for a clear focus on creating growth and jobs. I am personally convinced that the interests of employers and employees can and should go hand in hand in the 21st century economy. The best form of social protection is a job. So it is vital that the Lisbon Agenda delivers its objectives of more growth and more jobs.

For most of the post-war period, Europe could pursue its own economic and social policies, without really worrying about its international position. Its achievements were remarkable: peace and prosperity in a continent that had been nearly destroyed by war.

But today, Europe can no longer afford to only look inwards and to its past achievements. The volume of world trade has grown twenty fold since 1950. The world's stock of Foreign Direct Investment has grown thirteen fold since 1980. And emerging and developing countries have increased their share of world trade by a third since 1990.

Europe needs to adapt to the changing balance of global economic activity and the rise of fast-growing economies, notably China and India which, respectively, aspire to be the global manufacturing and services hub of the 21st century global economy.

We need the EU to evolve from an organisation designed to tackle Europe's internal problems to one that helps Member States confront the challenges and opportunities of globalisation.

This was recognised by European leaders when they met at Laeken in Belgium at the end of 2001. That meeting of course led to the Convention on the Future of European and the Inter Governmental Conference that produced the Constitutional Treaty.

Naturally the recent votes in France and the Netherlands raise questions about the future direction of Europe. It's too early to say what impact these developments will have on our plans. Clearly we need to be realistic – an ambitious agenda needs consensus. But we're equally determined not to blur the necessary focus on economic reform.

And that's why we need Lisbon more than ever.

There has been real progress 2000.

- More than 6 million jobs created since 1999.
- The employment rate up by 2% in the last 4 years
- Long-term unemployment down by 4%.
- Competition policy reformed and modernized.
- Key markets completely or partially liberalized (telecommunications, rail freight, postal services, and by 2007 electricity and gas).

But continued close partnership between Council and Commission will be important if we are to get ourselves on track to achieve the goals we have set for 2010. This means a new level of relationship between the UK and Commission – and we hope to build on this at the 1 July launch event.

We see our priority as promoting employment through continuing the focus on the Lisbon Strategy's drive for jobs and growth, by opening markets and maintaining labour market flexibility.

Opening markets – both inside the EU and externally – because trade barriers cost us all.

Maintaining labour market flexibility because the most successful economies will be those that can adapt quickly to change, promote entrepreneurship and innovation, and move quickly up the value chain. This means a priority to increase skills and productivity, and expand participation in the labour market, rather than introduce legislation.

To ensure open and sustainable markets in an outward-facing Europe, we need to ensure that EU Policy making is focused on international competitiveness. In particular, we will be seeking to make further progress on the Services Directive negotiations. With the services sector representing around 70% of EU GDP, reaching a conclusion on the Directive should be of enormous benefit to business and consumers alike.

Regulation

We want to make significant progress on EU Better Regulation agenda, to deliver real benefits for business and job creation. It's a priority for us to implement the six-presidency agreement on EU regulatory reform, focussing on intelligently-designed regulation. This means more robust competitiveness testing, stronger impact assessment procedures, and a programme of simplification of EU law.

We will also be seeking consensus on the Chemicals Regulation, REACH, which protects human health and the environment, but is also consistent with Better Regulation principles and does not damage the EU's international competitiveness.

Doha Development Agenda

But of course the EU's economic success must not come at the expense of other countries. And it doesn't need to. We will work with the Commission, EU and International Partners towards a successful outcome at the Hong Kong Ministerial in December, helping globalisation to work for the many and not the few. We all know the potential rewards - the World Bank estimate that a pro-poor DDA outcome could reduce the number of people living on less than \$2 a day by 144 million.

If we do not create the conditions to ensure that, in the long term, all countries have the capacity to benefit from trade, we will all lose.

Energy

Equally, it's essential to address the factors that underpin Europe's economic success - including secure supplies of sustainable energy. We therefore want to focus our Presidency on ensuring we have open and competitive energy markets across Europe; identify opportunities to enhance relations with energy producers and identify areas for closer collaboration, in particular with Russia. We also want to make progress on the vital question of climate change by taking forward an EU initiative on energy efficiency and by ensuring climate change is a focus for third country Summits with Russia, China and India.

Research / Framework Programme 7

Finally, we want to ensure that the EU remains competitive in the global economy, by boosting innovation and research, in particular by taking forward negotiations on the seventh Framework Programme. The Prime Minister has often spoken of the need for Europe to invest in this area if it is to compete. We look forward to FP7's contribution to the long-term goal of ensuring that Europe is not only the best place to do business, but also the best place to invest in research and development. We need to build further on our strengths in terms of a strong science base, a highly skilled workforce, a supportive regulatory framework - and developed knowledge transfer networks which mean that European firms can derive the full benefit from new ideas and discoveries.

In addition we hope to see agreement on the innovative i2010 initiative for 2006-2010, stimulating competitiveness through better use of ICT.

Conclusion

We have an excellent opportunity to drive up EU competitiveness, better equipping us to face the rigours of the global economy and ensuring highly-skilled, highly-paid jobs for the future. By working together we can make the most of that opportunity.

Happy to take any questions.