



Under the Patronage
of Mr Nicolas Sarkozy,
President of the Republic

HEC EUROPE SYMPOSIUM

WHITE PAPER

A market for citizens

Chantilly, 1-2 February 2008

affiliated to



Chambre de commerce
et d'industrie de Paris



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HEC Europe Symposium

Rethinking Europe

Since its creation in 2004, the HEC Europe Institute has aimed to be at the forefront of the debate on Europe. HEC Paris, as one of the world's finest academic institutions, with top rankings in Europe, could not remain on the sidelines of this reflection, particularly at this point of time when the European Union is rebuilding on a continental scale.

The construction of Europe is a unique accomplishment. Since the Treaty of Rome over half a century ago, its foundation stone has always been the market. The idea was to implement, in Robert Schuman's words, 'de facto solidarity' among states, economic operators and citizens, thereby forging irreversible bonds which would secure peace. This objective has been successfully reached. Nonetheless, the combination of globalisation and the hastening development of emerging countries, along with the skyrocketing of raw material prices have given rise to new challenges. Europe must strengthen its competitiveness and its ability to innovate, and must find remedies to its demographic deficit. Europe knows it needs to rethink its growth model in order to make it truly sustainable, and subsequently provide all of its citizens with work and well-being.

In light of this essential issue for the common future of Europeans, the 2008 edition of the HEC Europe Symposium was entitled 'A Market for Citizens'. The reflection was organised in three parts focusing respectively on Competitive Europe, Social and Political Europe, and Sustainable Europe. But the Symposium was intended as more than a place for mere discussion. Political and economic leaders from ten different countries got together for two exceptional days of dialogue and exchange in the 'Château des Fontaines', the prestigious Capgemini campus located in Chantilly. Their task was to define the key priorities which seemed most urgent for Europe, and you will find their conclusions in the present report.

The 2008 Symposium, which was granted High Patronage by President of the Republic Nicolas Sarkozy, was a first of its kind. Such a Symposium will be held each year on a different topic, but always towards the same end: outlining the key priorities at that point in time, thereby contributing to the advancement of this entirely unique adventure called European integration.



Noëlle Lenoir
Chairman of the HEC Europe Institute



Bertrand Moingeon
Director of the HEC Europe Institute

A MARKET FOR CITIZENS: 14 ACTION PROPOSALS...

...for a competitive Europe

Creating a “Competition and Consumers” Council

Competition should not be considered an end in itself but a means to an end. A competitive market aims at providing citizens, in the long term, with benefits in terms of price, services, quality and choice. Furthermore, companies’ ability to compete for citizens’ attention is an excellent driving factor for creativity and innovation.

Nevertheless, one of the reasons why the competition policy –a policy which is crucial to the smooth running of the European market– has failed to mobilise the support of European citizens is that the benefits of this policy have not been communicated to the consumers clearly enough. In addition, the integration of the European market has, for far too long, been presented from the sole angle of trade liberalisation. It is therefore necessary to adopt a new language and a new narrative for Europe. The European Union must efficiently communicate on the objectives and results of its action; in particular making citizens aware of the benefits of competition.

The reformation of the Council, jointly dealing with issues relating to competition and consumers, would guarantee a fair debate, taking into account the interests of companies and citizens. This measure would also demonstrate that the purpose of the competition policy is not only to create a new Europe focused on the market but above all to create a new Europe focused on its citizens. Consumers must be at the

“One of the major challenges is to better communicate the benefits of competition to European citizens.”

**Dick Roche,
Minister for European
Affairs, Ireland**

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heart of the policies implemented by the Union and improving quality of life must be its core concern.

OPINION

43% of French people believe the European market has had a positive impact on business competitiveness*

*according to an IFOP survey carried out on 18 January 2008 on behalf of HEC's Europe Institute and Touteurope.fr

“The European Union must put in place the resources and options necessary to attract the best researchers to Europe.”

Bernard Ramanantsoa
Dean, HEC Paris,
President, CEMS

Conducting an in-depth reform of research funding methods

The functioning of the European Union's framework programmes for research and development (FPRD) is far too bureaucratic, which considerably limits their scope and efficiency. While research and innovation rank amongst the priorities of the European agenda, in particular the Lisbon strategy, the urgent in-depth reform of the research funding system is becoming vital to control the use of these resources and enhance efficiency. The objective is also to enable our top researchers to remain in Europe rather than move to the USA, for example, where conditions are far more favourable. In this context, the priority is to implement an individual allocation system so that researchers can benefit directly from this funding. The creation of a new “Research leaders” programme would have the dual advantage of granting targeted funds and promoting excellence.

In addition to this quality-oriented effort, the European Union should simultaneously invest more in those research programmes which are most likely to encourage innovation. The Commission's initiative to create the equivalent of the American MIT (Massachusetts Institute of Technology) in Europe – the European Institute of Technology (EIT), which should be launched in 2008 – must be supported by the member States and act as a model for the development of research in Europe. European funding should concentrate on this type of programme and structure based on partnerships between university institutions, companies and other stakeholders. Establishing links between research and companies is crucial to the development of innovation in Europe. The idea is also to create competence and excellence centres in Europe capable of attracting the best researchers. In light of the emergence of countries such as China and India, already producing more highly qualified engineers than



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Europe, the EU would lose its competitive edge if it failed to attract more researchers and engineers. This is an extremely strategic issue.

Promoting employment, competitiveness, excellence and European citizenship via mobility

The free movement of people constitutes one of the major foundations of the establishment of the Common Market. Mobility must become one of the key assets of the European market as well as a reality for all citizens.

The Erasmus programme, which constitutes one of the greatest successes of the European Union in terms of visibility and impact, must be enhanced and extended. One of the first measures could be to impose a study period abroad for all students on a Master's course. This measure, already in place in certain countries and universities, would promote excellence, competitiveness and creativity.

The professional integration of young people represents a major challenge for our societies. In addition, experience abroad is increasingly required by employers. Europe must therefore enable young people to train in another country. The European social fund could finance these mobility programmes. Language education, a key factor for the professional integration of young people, should be a priority. All students should be capable of speaking three languages by the end of their studies.

Promoting mobility gives true meaning to the notion of European integration, by combining economic objectives and citizenship. The feeling of belonging to the European Union will result from concrete European experience. In order to encourage mobility, each young person could be given a "European citizen booklet" by the time they turn 18.

Mobility programmes such as Erasmus should also be extended to the business world. The idea is to meet the dual

“It is essential to implement programmes which will enable individuals to train throughout Europe.”

Nicolas Schmit
Minister for Foreign affairs
and Immigration,
Luxembourg



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challenge of competitiveness and employability in Europe. With regard to skills, the European Union should provide its citizens with the possibility of benefiting from training or reorientation programmes throughout Europe, thereby giving them full access to the single market. While for the moment these education and training programmes remain within the national scope, this measure would give Europe more visibility. European institutions should draw inspiration from the creation of globalisation funds to develop these programmes.

“European careers” must be encouraged and facilitated, notably by promoting workers’ mobility in Europe within the same or different companies. The objective would then be to turn these “European careers” into model professional careers in order to make them genuinely attractive to citizens. This would also be the opportunity to enhance the feeling of European citizenship.

Finally, mobility should not be the prerogative of the elite; it should concern all socio-economic categories, including the least skilled workers.

“Europe should encourage the development of a cluster network, bringing together companies from the same sector.”

**Pierre Simon,
President of the Paris
Chamber of Commerce and
Industry,
President of Eurochambres**

Setting up a cost-effective and legally sound “European patent”

The European Union’s ability to stay at the forefront of scientific and technological innovation in the next 50 years should be one of the major concerns of European politicians. The EU is not efficient enough in the way it tackles the issues which will be at the heart of competitiveness, such as research on stem cells, cloning, GMOs etc. While the number of worldwide patent registrations is soaring, Europe is significantly behind, with Japan, South Korea and China now accounting for one third of patent registrations. It is therefore urgent to re-examine and implement the European patent project which has been on the Commission’s agenda since 2000, in order to give inventors the possibility of obtaining a single patent legally valid throughout the EU.



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Due to the lack of agreement within the EU Council, notably on the issue of patent application translations, this patent is yet to see the light of day. However, the cost of patents in Europe is currently two to three times higher than in the USA or Japan, due to translation costs of the invention to be patented and also due to complications relating to the necessity of working with very different national legal systems. Thus, the absence of a European patent constitutes a major obstacle for the development of research and innovation in Europe.

“The absence of a European patent is a major obstacle to innovation and a factor driving research out of Europe.”

David O’Sullivan
Director General for External Trade, European Commission



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...for a social Europe

Focusing the Union's economic and social policies on the concept of employability

The concept of employability is a key concept for the future. It would enable Europe to meet the demographic and globalisation challenges while retaining and defending the European social model. Along with the estimated decrease in Europe's population within the next 40 years, the over-64-year-old age category should double while the younger population will considerably drop. Unless the European Union faces up to this demographic challenge, the European social system cannot be preserved. The healthcare systems and pension schemes will no longer be guaranteed.

To meet these challenges, education and training must be at the heart of Europe's priorities.

On the one hand, more people must be attracted onto the employment market and on the other people must be allowed to work longer. In this perspective, the employment of senior citizens is a crucial issue. Senior citizens constitute a significant labour force, capable of contributing to economic development, but they are too often left out of the employment market. Europe must invest in its human capital. Programmes must be developed so that senior citizens can benefit from training or reorientation. Those who wish to work beyond retirement age should be encouraged and supported. This measure would also change mentalities, putting work in a more favourable light as it would no longer be considered an obligation.

“Europe must constantly aim for more cooperation, cohesion and solidarity.”

Vaira Vike-Freiberga
Former President of the
Republic of Latvia

Specific programmes, for example in computer science, must be developed for disabled people in order to make them “employable” and enable their integration into the labour market. To bridge the demographic gap, Europe will need an



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immigrant labour force. Education and training programmes should therefore facilitate the integration of immigrant workers into the labour market. A new immigration policy based on qualifications, training and integration must be devised. To optimise their efficiency, all these programmes should also be accompanied by structural reforms. The labour market must be more flexible to adapt to change and give workers greater employment mobility.

Finally, the method must be revised. In order to give the Lisbon Strategy more impact and efficiency, the open coordination method and “benchmarking” have somewhat contributed to undermining the credibility of the European Union’s action. If the union wishes to develop a genuine employment and growth strategy, it needs to go beyond the mere definition of objectives or parameters and above all establish tools to implement these measures.

Placing healthcare at the heart of the objectives of the European market

In the long term, health-related issues are largely underestimated throughout Europe, although the demographic trend will result in an ageing population. It is vital that healthcare be considered a strategic issue in Europe.

Reference systems of the health policy must be modified. Health should be promoted as added value rather than an expenditure item. Promoting health rather than care would involve, for example, targeting structures or populations among whom awareness campaigns will be most efficient, for example children or employers.

The watchword of European health policies should be to “live longer and in better health” so that the European Union can make substantial savings in terms of health expenditure. Estimates show that this policy reorientation could lead to a 2.7% decrease in expenditure. The idea would be to

“The Lisbon Strategy must be reformed. Its lack of efficient tools and resources for implementation greatly undermines the EU’s credibility.”

Noëlle Lenoir
Chairman of the HEC Europe
Institute,
Lawyer,
Former Minister for
European Affairs, France



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“European citizenship is based on a form of economic democracy.”

Guy Canivet
Member of the French
« Conseil Constitutionnel »

simultaneously increase benefits, which would constitute a fundamental action to give true meaning to a social Europe.

Finally, the European Union must develop common indicators of best practices in terms of healthcare and health, compare the results, share knowledge and technologies. To turn social Europe into a reality, the citizens must be able to discuss and compare health policies and systems in Europe, which is why these European comparison systems must be communicated to the citizens at local and national level.

Instituting “Class Action” proceedings at European level

Instituting “Class action” proceedings at European level, i.e. collective legal actions in the European Union, would place the consumer, in a very concrete manner, at the heart of the Union’s competition policy, as the main beneficiary and driver of this policy. So far, consumers have not been integrated enough into the mechanisms of competition law, although this is an essential measure since a significant aspect of European citizenship is based on a form of “economic democracy”. The consumers’ interests are currently represented by the competition authorities. The objective of Class Action in relation to this system is to guarantee a more direct and less conceptual representation of these interests. These actions would also ensure the greater involvement of citizens in the development of the European market and competition policy.

This Class Action system at European level should provide consumers with the financial resources to carry out collective actions. The efficiency of this system has been demonstrated in European countries such as Portugal, Germany or Great Britain; it must now be uniformly instituted throughout the European Union. The adaptation of these proceedings to the European legal tradition should also prevent certain forms of abuse such as excess litigation, observed in particular in the American Class Action system.



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Promoting the pride of belonging to the European Union through affirmed policies and improved communication

In order to respond to the indifference or disaffection of European citizens with regard to the European Union and its policies, the Union should focus on projects likely to arouse a feeling of pride in its citizens. The pride of belonging to Europe is essential to establish the legitimacy of the policies carried out by the Union and to mobilise citizens' support of the European project.

Sustainable development is a fantastic opportunity for Europe to unite its citizens. By asserting its position as worldwide leader in sustainable development, by promoting a new form of development and a new way of life for its citizens, the European Union would attribute a number of positive values to the integration project, combining the idea of a consumer-oriented market and a Europe for its citizens. The consolidation of European citizenship is a strategic issue which must become the focus of the Union's objectives and policies.

Economic issues relating to globalisation are a cause of great concern and expectation for European citizens. The European Union must adopt a new rhetoric and assert its policy. The European economic development model, based on justice, social rights, equality and the well-being of its population, should be a source of pride for European citizens and economic players. This model must be vehemently defended by the European Union, notably when dealing with new partners such as China, India or Russia. The Union must show its citizens that it is willing to fight in this global economy, in a spirit of openness and dialogue, while defending its specific characteristics. In these conditions, the European market will yield results and the European project will gain support.

OPINION

Less than one in three French people (31%) consider themselves well informed on the functioning of the internal market of the European Union*

*according to an IFOP survey carried out on 18 January 2008 on behalf of HEC's Europe Institute and Touteurope.fr



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...for a sustainable Europe

Reinforcing environmental standards inside Europe

The traditional approach of European institutions to sustainable development is to create norms and standards. This approach has proven its efficiency and should be extended mostly to the sectors and industrial domains operating within the limits of the European market. This is notably the case for the construction sector, in which more stringent standards should be implemented to reduce energy consumption and CO₂ emissions. The High Environmental Quality label (HEQ) should be standardised for new constructions in the public and private sectors. Europe must be a role model in this domain. However, with regard to sectors open to international competition, the institution of standards should not hinder the competitiveness of European companies.

A CO₂ label, similar to energy consumption labels for household appliances, could also be applied to consumption products in order to raise the consumers' awareness of the ecological impact of their purchase. This label, initially optional, would promote responsible purchasing behaviours in Europe.

Reforming the European CO₂ emissions trading system

Europe is committed, via the Kyoto Protocol, to reducing its greenhouse gas emissions, opting for an emissions trading system. Based on a national plan defined by the member States, the European Commission has been granting CO₂ emission allowances since 2005 (one allowance = the equivalent of one ton of CO₂). In three years, 12,000

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European plants have purchased and sold these allowances, for the benefit of the most virtuous companies and penalising the most polluting ones.

This system, representing the foundation of the European policy in terms of CO2 reduction, is an innovative tool making the most of market mechanisms to fight against climate change. However, there are some major obstacles: certain sectors with traditionally high CO2 emissions such as transport and construction are outside its scope; the price for a ton of CO2 is very low and the number of allowances distributed is too high. Thus, most major countries such as Germany have failed to use their credits. Only Great Britain has exceeded its allowances and had to purchase 30 million tons on the market.

The European CO2 emissions trading system must therefore be toughened, with higher prices and fewer exceptions.

Appointing a person in charge of Sustainable Development at European level

Sustainable development should be dealt with in a cross-sectional manner, not from the sole angle of environmental protection, energy, agriculture, etc.

Europe is currently a leading player with regard to studies and innovation in terms of environmental protection. The emergence of eco-business, ranging from wastewater management to anti-pollution systems and the production of solar panels, currently accounts for €350 billion on the global market.

Studies on sustainable development are no longer restricted to awareness of the impact of industrial activities on the environment; they take the form of an emerging market on which Europe needs to be competitive.

In order to embrace these new issues while giving them visibility and coherence, Europe could appoint a charismatic

“Environmental Europe must be established at local and individual level.”

**Philippe Maystadt,
President of the European
Investment Bank,
Former Minister, Belgium**

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Sustainable Development representative, supervising the political, economic and agricultural sectors. Europe's action in terms of sustainable development would therefore be more rational and transparent.

Developing a Carbon Plan

There are two sorts of emissions: carbon dioxide emissions and pollutant emissions (CO₂, nitrogen oxides and particles). The idea of a carbon tax on polluting fossil fuels sparked off a strong reaction from certain States as it was perceived as an obstacle to economic growth. In the automobile sector for example, the competitiveness of European companies could be affected if a carbon tax were to be implemented at European level: Japanese or US car manufacturers, for which the European market only represents 5% of the turnover, would be far less affected than European manufacturers who sell half of their cars in Europe. Furthermore, the very word "tax" triggers hostile reactions among citizens.

However, carbon dioxide emissions are a major issue for the years to come. A system should therefore be developed to offset the difference between the companies which comply with the Kyoto protocol and those outside its scope. An adjustment mechanism could be implemented to internalise the costs currently outsourced by the companies. The reality of pollution would therefore be integrated into the price definition mechanism and made more transparent for the consumers. The idea being to encourage a greater number of countries to unite in the fight against climate change, this Carbon Plan would be put in place at international, not just European level.

OPINION

The existence of the internal European market is mostly considered beneficial in terms of environmental protection (58%)*

*according to an IFOP survey carried out on 18 January 2008 on behalf of HEC's Europe Institute and Touteurope.fr

Assessing the ecological footprint of local authorities

In the private sector, sustainable development is a response to a purely economic logic, the main idea being to produce



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more with less. Companies have rapidly integrated the necessary evolutions because they perceive ecologically responsible investments in a medium to long-term perspective. In this respect, the effort towards sustainable development can even contribute to the competitiveness of European companies.

On the other hand, the public sector, in particular local authorities, often has a short-term vision and tends to favour immediate financial savings. This is why local authorities should be encouraged to be more responsible in this domain. Not only should European local authorities be systematically subject to a carbon assessment, their more global ecological footprint should also be assessed. The creation of a specific label could help raise local authorities' awareness, thereby encouraging best practices.

“The fact that Europe is at the forefront of these issues guarantees its credibility at world-wide level.”

**Louis Schweitzer,
Chairman of the Supervisory
Board, Renault & Astra
Zeneca,
Chairman, HALDE**

Promoting eco-technologies amongst citizens

The eco-technology sector is the easiest sector in which environmental protection and commercial logic can combine, as this is a booming economic sector. Companies should therefore be encouraged to invest in this sector, for example via incentive measures (such as tax incentives, European funds or less stringent procedures). In addition, this sector is currently under pressure due to lack of qualified personnel. Europe should therefore create specific high-level training courses in this domain in order to generate new jobs and establish its worldwide supremacy in eco-technologies.

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