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Deputy Prime Minister, Honourable Guests,

A few words on economic reforms or realizing Europe's growth potential: The economic performance of the EU economy in 2003 has underlined the need to pursue the Lisbon Strategy with more vigor. The recovery that started in 2002 proved short-lived. Employment growth has stalled in 2003. The rate of unemployment has slightly risen. Moreover, public finance deteriorated and investment has been a major drag on economic activity and furthermore was held back by the required adjustment in corporate balance sheets and depressed profit margins. At the same time the euro appreciation weight on exports while the sluggish decline in inflation did not stimulate private consumption. These developments have urged policy makers to intensify efforts to design and implement structural reforms in line with the Lisbon targets, the broad economic policy guidelines and the so-called employment guidelines.

Economic reform in Europe should be priority issue with sustainable growth and increased employment the two twin sub priorities. We have to get Europe working! The biggest challenge we face is to boost employment and get Europe working. Since 2001 unemployment has risen in the EU. While some member states are affected more than others the EU unemployment rate is likely to have reached on average of just over 8% for the year 2003. If you put that in human terms I am saying that there are now some 14 million people unemployed in the EU15 as a whole. The European Commission has recently stated that swift action and implementation of comprehensive labor market reforms is urgently needed. We also have to think about increasing competition and basically the two are linked. A regulatory environment that is conducive to the investment is essential to make the EU economy more competitive and more dynamic. Creating a well functioning internal market with an effective competition policy is of key importance. As a further measure to boost regulatory reform in Europe the current Irish presidency and the following three presidencies the Netherlands, the United Kingdom and Luxembourg have agreed to join the initiative which will prioritize regulatory reform in a concerted effort to seek more flexible European product capital and labor markets. As a conclusion as far as the EU is concerned now a larger EU and a more dynamic one can only benefit all actors on the global economic stage which in turn will benefit the daily lives of all our citizens.

Now a few last words on Slovakia: The Slovak economy is on a high growth path driven by growing foreign direct investment inflows attracted by a favorable operating environment. Real GDP is growing at around 4% annual rate, exports are expanding steadily and private domestic demand is robust. The current account deficit has returned to a more easily sustainable level in our view. Wages are rising in line with productivity keeping inflationary pressures and external imbalance in check while core inflation continues to decline. At the same time however the Slovak economy suffers one of the lowest employment rates in the OECD countries. Slovakia is engaged in an ambitious reform process which has a potential to quicken productivity growth increase the employment rate and accelerate the catching up to the per capita income. Short term outcomes may be demanding socially and politically but stimulus to growth and job creation should help overcome the hardship in the medium term. There are more reasons to be optimistic. Thank you very much!