

Introductory remarks by Coen Teulings, Chairman of Merifin Capital, hosting an AECA Conference Luncheon with Speaker Ernest-Antoine Seillière, President of BUSINESS EUROPE (Confederation of European Business), in Brussels, Belgium, on 9 May 2007

Ladies and Gentlemen,

When the President of the French Republic walks out on you, you must be somebody of importance because otherwise Mr. Chirac would not have bothered to walk out. So did Thierry Breton, the French Minister for Economics, Finance and Industry. He should know and does know better but there you are, in politics people seem to act differently. Ironically, Monsieur Seillière, nothing has made you more famous than this incident in “lingua franca”. You should be admired as you are a role model of how civil society should behave. Politicians have a short-term agenda and are largely preoccupied by being re-elected, especially nowadays where we mostly have professional politicians. Democracy with its delicate fabric can easily be disrupted by manipulation or demagoguery sometimes by those politicians themselves. Civil society therefore needs to nourish and protect democracy by an active involvement and speaking out on important issues. Monsieur Seillière, you are independent, and you can afford to do so, but you do speak out - and that makes all the difference - and you have done so on numerous occasions for which we can only be most grateful. Looking over the Headlines of Business Europe there are many subjects which you may wish to raise but let me add a few points which I hope may provoke some discussion.

1. Tax Havens

The European Union needs tax havens. A tax haven is a low tax territory through which international capital markets flow. I do not refer here to the proverbial Belgian dentist but to many billions in any currency representing a large portion of world capital flows. We are talking big business. Rather than trying to eliminate tax havens under a perceived suspicion that they might be bad, it is much smarter to facilitate them within the European network and use them for our own benefit. Countries should be allowed to compete on tax rates anyway. Money centres such as New York and Singapore will be more than happy to oblige and take the business if tax havens in the European Union were to disappear. As it stands today it can only be hoped that Switzerland will stay outside the European Union as long as possible in order to provide an anchor for current tax havens such as Luxembourg, Channel Islands and not to forget, London.

2. Management fees

We are confronted by ever escalating management fees in private equity and golden parachutes and other compensation packages in industry. Executives are led to believe by 24-year-old investment bankers, that they are worth it: it is “market”, and otherwise we will lose our executives to America. This argument is a load of baloney. Let those executives go to America and most will find that they are not wanted. Moreover, the same problem exists in America too. It is simply unacceptable that compensation packages and management fees bear no longer a relationship to work done or a contribution made and have become vastly out of line with compensation on the shop floor. The result is that top executives are losing rapidly respect in society and are increasingly seen as fat cats sitting upstairs filling their own pockets as fast as they can.

This is bad news as corporate leaders are supposed to be leaders in society too. Is it too much to ask that compensation also be defined in terms of prestige in society which should justify a certain moderation in monetary terms? A comparison with the compensation of government ministers may not be appropriate but it still makes you think. The question really is: how do we get basic decency back into the board room?

3. Turkey

The European Union has started negotiations with Turkey about a possible membership to be decided over a period of some 10 years. It would be a monumental mistake and a historical tragedy for the European Union to close the door on Turkey. It can be easily argued that Turkey belongs to Europe. The roots of our European civilisation which some of us still have learned at school in Greek and Latin, are not just in Greece but also largely in Turkey. Ephesus and Pergamon are witnesses of our own European civilisation. Istanbul has been at the crossroads of European history for a long time and who visits Istanbul today will find a sprawling cosmopolitan city.

Turkey has a growth rate of some 7-8% per annum and who believes that millions of Turks today will move to Western Europe with its growth rate of some 2% must be misguided. If anything, it might be the other way around: we will go to Turkey looking for opportunities.

It could be difficult - some would say too difficult - to manage Turkey as a new member within the European Union. But we already have 27 members which we are learning how to manage every day. This is a continuing process. It should not be forgotten that in 10 years' time the European Union will be very different, and Turkey will be very different too. We will have to learn how to manage a Turkish membership over time as well. This is not to say that we should give in to fundamentalist Islamic tendencies which surely are not confined to Turkey alone. No cultural capitulation. Freedom and tolerance belong to our European heritage and should apply to all. It is however important that we do not deny Turkey a perspective of hope within the European Union, leaving other geopolitical considerations aside. You don't want to close the door on your own family. And no one wants to be a second-rate citizen.

The conclusion therefore may be: let us not jump to conclusions today but 1. the possibility of full membership of Turkey should remain open and 2. the European Union and Turkey should continue to talk to each other. Talking means that we should start listening to each other first. Very important.

Let us now listen to our guest. I am delighted to host this Conference-Luncheon for a great Frenchman and a great European, the President of Business Europe, Ernest-Antoine Seillière.

Thank you

Coen Teulings

9 May 2007