

Dr Wolfgang Schüssel
Federal Chancellor of the Republic of Austria
and President of the European Council
Ballhausplatz 2
1010 Wien
AUSTRIA

17 January 2006

THE PRESIDENT

Dear Chancellor,

The Austrian Presidency of the EU is taking off in an improving political and economic climate. The compromise found in the December European Council on the Financial Perspectives has rebuilt confidence in the EU's ability to move forward. In addition, the business climate has been improving slightly, especially in Germany. The expected EU growth rate of 2.1% in 2006 is still much below what is needed to sustain Europe's future prosperity, but it provides a better basis for tackling the policy challenges that lie ahead.

On behalf of the European business community, which has given me a unanimous mandate to do so, I call on you to seize this window of opportunity to tackle the EU's most important challenges.

First, economic reform efforts in the EU, by breathing life into the renewed Lisbon Strategy for Growth and Jobs. Europe needs growth and employment more than anything else, and in Spring 2005 the European Council rightly decided *"to relaunch the Lisbon Strategy without delay and re-focus priorities on growth and employment"*. Therefore we expect this year's Spring Summit to be more concrete than the previous ones and to engage in a real monitoring of national reform action. The ground for this has been prepared: Member States presented National Reform Programmes last autumn, which generally offer a good overview of what reforms Member States need to implement to keep Europe's competitive edge in the face of globalisation, technological change and population ageing. Now the good intentions need to be translated into action. From their side, UNICE Member Federations will scrutinise delivery of reform in their respective countries.

Second, we ask you to treat important Growth and Jobs challenges at the EU level with the necessary urgency. In particular a Council agreement should be found on the Services Directive during your Presidency that will create a real internal market for services. This could create up to 600,000 new jobs across the EU.

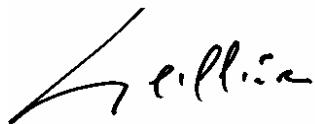
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There is obviously an urgent need to find a way out of the current institutional crisis in the European Union. As we will very soon be 27 members, it is even more urgent to fight an inefficient decision-making process. Without coherent institutional governance even the most remarkable achievements of the EU such as the internal market, the common trade policy and monetary policy including the Euro could be threatened. Therefore, we consider that we have to urge you to make progress in this area.

At the June European Council, we really expect you to make a clear-cut assessment of the current situation, and to agree on a method and a timetable for improving European governance.

You will find our more detailed views on these and other issues annexed to this letter. Confident that you will live up to your Presidency's motto, "Innovation and Excellence", I wish you and your government every possible success in the coming six months.

Yours sincerely,



Ernest-Antoine Seillière