

BUSINESSEUROPE



THE DIRECTOR GENERAL

Mr José-Manuel Barroso
President
European Commission

B- 1049 Brussels

11 September 2009

Dear Mr Barroso,

The single market is a tremendous success of the European Union which has brought benefits to companies, workers, citizens and society in general. It has proved to be a very efficient driver of change towards more sustainable and competitive economies, reinforcing social cohesion in the European Union, while being an instrument of convergence in the standards of living between the Member States. Over the period 1992-2006, the estimated gains of the single market amounted to 2.15% of GDP and 2.75 million extra jobs.

Just as was the case with previous rounds of enlargement, the Member States from Central and Eastern Europe that have recently joined the European Union are narrowing the prosperity gap. The development of cross-border services and of worker mobility within the single market has helped to make this possible. Between 2004 and 2008, average GDP growth in the new Member States amounted to 5.5%, compared with 3.5% in the preceding five years, while growth in the EU-15 remained at around 2.25%. The stronger growth performance enabled them to catch up in terms of GDP per capita from some 40% of the EU-15 average five years before enlargement to 52% in 2008. Many new Member States have also experienced double-digit wage increases over the same period.

Whatever problems arise, it is clear that the advantages of the single market exceed implementation difficulties.

In parallel with the process of European integration, European social policy has developed gradually, building on national systems. Intense legislative activity accompanied the single market programme. Social Europe today is a combination of highly developed national systems complemented at the European level by approximately 70 directives, which establish EU wide minimum standards on issues such as health and safety, working time, information and consultation and non-discrimination.

In addition, the Posting of Workers Directive ensures the application by cross-border service providers of core national rules of the host country, often going beyond the existing EU wide minimum standards. If host Member States were allowed to impose working conditions over and above these core national rules, many companies would no longer be able to provide services in the European Union. This would be detrimental

to economic growth and job creation. Therefore, there is no need to revise the directive as it already prevents unfair competition and ensures upward convergence in the single market.

However, we see no reason to avoid the issues raised by the 2007-2008 ECJ rulings in the Viking, Laval, Rüffert and Luxembourg cases, whether legal or practical, and acknowledge that they deserve an analysis by social partners. European social partners are currently analysing the legal, economic and social consequences of the ECJ rulings. In doing so, it is important to separate purely national issues from issues with a cross-border dimension.

Our commitment is serious. We are investing time and resources in this work with a strong desire to come to a shared analysis. The internal market can become stronger when its benefits are understood by all parties. This was the message conveyed to the European Commission and to the trade unions during our discussions on 30 March and 5 June 2009. We hope that with a joint analysis, we will increase confidence in the single market, without damaging what has been already achieved.

In view of press reports on your meeting with the EP groups on 9 September, I trust that you will consider this ongoing work carefully and remain at your disposal should you wish to discuss the subject further.

Yours sincerely,

Cordula

Philippe de Buck

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