

BUSINESSEUROPE

THE PRESIDENT

Mr José Luis Rodríguez Zapatero
President of the Government
Gobierno de España
Palacio de La Moncloa
28071 Madrid
SPAIN

2 February 2010

Dear Prime Minister,

The President of our Spanish member Confederación Española de Organizaciones Empresariales, Mr Gerardo Diaz Ferrán, and I were very pleased to meet you to discuss your plans for the European Union during the Spanish Presidency.

Placing the economy at the top of the priorities of the Spanish Presidency is a necessity. Strengthening the recovery, and putting in place conditions for lasting growth and employment is the best way to respond to the concerns of citizens. Ensuring adequate follow-up to the Copenhagen Summit and enabling the EU to make its voice in the world heard are also crucial goals.

On behalf of the 40 member federations affiliated to BUSINESSEUROPE, which represents around 20 million small, medium-sized and large European companies, I would like to draw your attention to specific actions we would like to see taken under your leadership.

1. Economy, jobs and competitiveness

There can be no durable return to growth and employment without well functioning financial markets ensuring an adequate access to credit for companies, an investment-friendly environment and sustainable public finances. Agreeing on a reformed European supervisory system, assessing the impact of new legislation on competitiveness and defining a common exit strategy to keep public debt and tax burdens under control are of utmost importance.

As Europe's average unemployment rate has reached nearly 10%, employment is undoubtedly a priority. Europe's future jobs depend to a large extent on its capacity to innovate. Investing in skills and knowledge is therefore indispensable. Keeping labour costs under control, improving labour market flexibility, and increasing mobility in the short run is also essential to tackle unemployment.

An ambitious EU growth strategy with a clear target to double the Europe's growth potential over the next five years must be agreed. EU institutions and member states are collectively responsible for its success. They must be held accountable for their individual contributions. At the EU level, the emphasis on the internal market, innovation, and a truly integrated industrial policy is particularly important. The EU budget must become a more effective instrument of this strategy. This calls for an overhaul of its structure and governance to support competitiveness.

BUSINESSEUROPE counts on the Spanish Presidency to

- reach agreement on a reformed European financial supervisory system and improve capital rules for banks and other financial institutions in accordance with the G20 framework and without stifling investment and entrepreneurship,
- follow on the conclusions adopted by the Competitiveness Council in May 2009 which call on the European Commission to formulate a competitive and sustainable industrial policy for the EU in dialogue with industry,
- work towards completion of the internal market and the dismantling of remaining barriers,
- better link budgetary adjustments under the Stability and Growth Pact rules and structural reforms to achieve fiscal sustainability,
- hold EU leaders to their commitment to adopt a flexicurity approach in order to prevent current job losses from evolving into structural unemployment,
- agree on a five-year growth strategy for the EU with the clear target to double potential growth and stronger means of delivery at both EU and national level.

2. Energy security and climate change

BUSINESSEUROPE is disappointed by the limited outcome of the Copenhagen climate summit. European companies support action to combat climate change globally. But the Copenhagen Accord has not provided the long-term certainty that business needs to support investment in low-carbon solutions. Nor has it brightened the prospect for a global level playing field for industry.

It is therefore more important than ever to implement the EU's climate and energy goals in the most cost-efficient way possible. Greater interconnection and liberalisation of European energy markets will support this goal. Policies must at the same time reduce emissions globally, improve energy security as well as ensure economic growth and jobs. Promotion of energy efficiency, nuclear energy as well as renewable energies are examples of such policies. In addition, Europe should maintain its leadership in new technologies related to climate change and make sure it participates in standard-setting.

BUSINESSEUROPE counts on the Spanish Presidency to

- ensure that the European Union does not further raise its 2020 targets unless all developed countries make equivalent efforts, and advanced developing countries start establishing their own binding emission targets or policies,
- avoid the imposition of further financial burdens on European industry as discussions on international climate financing mechanisms evolve,
- devise rules for the free allocation of allowances under the EU Emission Trading Scheme that effectively prevent carbon leakage,
- boost R&D and innovation through more ambitious financing and incentive measures in order to give a competitive edge to European companies in key technologies and products,
- ensure that the future EU legal instrument aimed at safeguarding security of gas supply is not based on costly or prescriptive measures.

3. Europe in the world

Engagement in international economic relations is a vital part of EU foreign policy. The EU must advance its interests more effectively in international fora like G8 or G20 by defending a well coordinated position. In bilateral relations, the EU should better define its strategic economic objectives in key markets like the US or emerging countries and pursue deeper relations with key resource-holders on which we depend for raw materials.

Trade is an important growth driver for the EU. With EU exports down by 16% in 2009, a refocused trade and competitiveness policy is needed. Improving market access for EU companies should be the leitmotiv for WTO and bilateral free-trade negotiations. Furthermore, trade agreements need to be properly enforced to ensure that trade partners live up to their commitments.

BUSINESSEUROPE counts on the Spanish Presidency to

- involve business when defining the economic goals pursued through the new EU foreign policy,
- act vigorously to counter protectionist measures,
- convince key partners like the US, India, Brazil and China to finalise meaningful WTO Doha Round negotiations in 2010,
- work with the Council and the European Parliament to ratify the Korea Free-Trade Agreement this year,
- progress rapidly on the Anti-Counterfeiting Trade Agreement (ACTA) negotiations,
- advance free-trade negotiations with India, Ukraine and Canada and to conclude agreements with Peru and Colombia,
- articulate the EU's international investment objectives to provide legal certainty, more access and better protection for European investors in third countries,
- work with partners towards an effective global deal on climate change.

BUSINESSEUROPE has defined an agenda for the European Union in 2010-2014 that is concentrated on growth. We will present it on 4 February 2010 in Brussels at a press conference and meetings with Presidents Barroso, Van Rompuy and Buzek ahead of the European Council meeting on 11 February 2010.

Enhancing growth is indispensable to reach Europe's environmental and social goals.

We look forward to working with you and the members of your government to improve the European Union's growth potential.

Yours sincerely,



Jürgen R. Thumann