

**Mr Miguel Sebastián Gascón**

Spanish Minister of Industry, Tourism and Trade
Chair of the Competitiveness Council
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Spain

25 February 2010

Dear Mr Sebastián,

On 1-2 March 2010 the Competitiveness Council will discuss the EU 2020 Strategy, an industrial policy for the EU and various initiatives in the area of research, innovation and intellectual property rights. These are all critical elements to improve growth and employment in Europe.

Economic conditions improved during the second half of last year and we hope that the momentum can be sustained throughout 2010. BUSINESSEUROPE currently forecasts EU real GDP to grow by 1.2% this year, following a fall of 4% in 2009. This is better than expected few months ago but is not yet sufficient to restore job creation and to stop the rise of public indebtedness.

1. EU's growth strategy: objective 2014

We fear that in the absence of forceful actions, Europe's growth potential will be durably affected by this crisis. A clear sense of urgency is needed in tackling impediments to growth and job creation. Europe cannot afford a disappointment.

Doubling Europe's growth potential over the next five years must be the aim. Going from 1% at present to 2% could generate around 6.5 million additional jobs and a public debt consolidation effort of 450 billion Euros, or 7% of GDP by 2014. BUSINESSEUROPE has defined an agenda for the EU in 2010-2014, outlining the basic ingredients to double Europe's growth. *Go for Growth* should be more than a slogan. It must be the main objective of EU decision-makers.

A common and ambitious EU growth strategy must focus on concrete actions that can be taken during the term of office of the new European Commission and European Parliament. EU institutions and member states must be collectively responsible for its success and be held accountable for their individual contributions. Emphasis on the internal market, free trade, regional cohesion, knowledge, skills, a truly integrated industrial policy and better regulation will be particularly important. The Competitiveness Council has a key role to play in turning words into action.

Progress on the reduction of administrative burdens is urgently needed. Achieving the 25% reduction target by 2012 depends on the Council's and European Parliament's approval of reduction proposals. At the same time, the Commission should be encouraged to make additional reduction proposals. The Council should also make better use of impact assessments and carry out its own assessment on significant amendments.

2. Industrial policy: an integrated approach

The transition to a more sustainable, more innovation-based and interconnected economy will only be possible if there is a strong, diverse and competitive industrial basis in Europe. EU industrial policy should not pick winners, but seek to strengthen Europe's competitiveness on global markets. As a follow-up to its important May 2009 conclusions, the Competitiveness Council should now call on the Commission to present an ambitious EU industrial policy agenda, which includes:

- the right conditions to maintain and develop Europe's leadership in key technologies;
- the 'think small first' principle to take account of the special needs of SMEs and promote their access to credit;
- climate and environmental policies that recognise competitiveness as a cornerstone of sustainability and lead to a global solution to climate change;
- a diversified energy supply making use of all energy options, including nuclear power; the promotion of energy efficiency and deepening the integration of European energy markets;
- a coherent raw-materials policy which supports the competitiveness of European industry and guarantees undistorted access to raw materials from global markets and European sources;
- an integrated infrastructure policy to facilitate the development of digital Europe as well as European transport networks.

3. Innovation: turning ideas into products and services

Europe's capacity to deliver growth and jobs is highly dependent on innovation. Improving research, education and our capacity to turn innovative ideas into products and services is critical for our future. The Competitiveness Council should encourage the EU to:

- stimulate private investment by establishing an integrated EU venture capital market, creating tax incentives and increasing public support in R&D;
- improve the European Research Area governance model and address weak coordination between EU, national and regional levels;
- facilitate the management of EU public-private research partnerships by putting in place more flexible and less bureaucratic management mechanisms;

- lower regulatory barriers to bringing new products and services onto the market, facilitate technology transfer, in particular for SMEs, and enhance the Lead Market Initiative;
- stress the importance of key enabling technologies and become a global player in standard-setting, notably in green technology;
- better protect and enforce intellectual property rights by making sure that the European Observatory on Counterfeiting and Piracy has the necessary resources to carry out its projects;
- improve cooperation between business and universities, and promote the mobility of researchers.

We very much hope that the Competitiveness Council will take our views into account when drawing conclusions from its debates.

Yours sincerely,

best regards



Philippe de Buck