



Mr Zoltan Cséfalvay

Minister of State for National Economy
President EU Competitiveness Council
1055 Budapest
Honvéd u. 13-15., I. em. 120
Hungary

28 February 2011

Dear Minister,

On 10-11 March 2011, the Competitiveness Council will discuss the Annual Growth Survey, the Single Market, the Small Business Act, the EU patent and access to raw materials. BUSINESSEUROPE would like to draw your attention to subjects of particular importance for European companies.

Annual Growth Survey

Your meeting will take place at a time when uncertainties remain for economic growth in 2011. BUSINESSEUROPE's latest Economic Outlook forecasts EU GDP growth to reach 1.7% in 2011. We expect the creation of around 600,000 new jobs in 2011. This will stabilise unemployment but it is not enough to markedly decrease it.

In order to boost Europe's growth potential, the Competitiveness Council should broadly support the recommendations from the Commission's Annual Growth Survey. National Reform Programs and budgets should be ambitious and geared towards delivering growth-enhancing reforms. In addition, the EU budget should be refocused towards growth and competitiveness. More use should be made of structural funds to unleash SME's growth potential.

Single Market and services

The single market, as the cornerstone of European integration, benefits citizens, consumers and companies. Its success cannot be taken for granted. In this difficult economic context, efforts are needed to counterbalance protectionist trends and weaker political support.

Member States' commitment to the Single Market Act is crucial to achieve the objectives of the Europe 2020 Strategy. Member States must, in particular, engage in improving the governance of the Single Market and better enforcing existing rules.

It is also important to remove remaining barriers, in particular in the area of services where the economic potential remaining to be unlocked is huge. National governments must fully implement the Services Directive and put in place Points of Single Contact that respond to the needs of companies.

Small Business Act

Supporting SMEs is essential to revitalise the Single Market. The Competitiveness Council should send a strong signal concerning the commitment of all Member States to intensify implementation of the ten Small Business Act's principles at national level. In this context, BUSINESSEUROPE welcomes the revival of the discussions aimed at agreeing on a simple and flexible European Private Company Statute.

Awareness should also be raised regarding the need for initiatives at both national and European level aimed at ensuring that banks can continue to provide company financing at an adequate level after the Basel III rules are transposed into European law.

Furthermore, the Council's exchange of views on best practices regarding access to all forms of finance should lead to a renewed commitment to disseminate and support best practices at national and EU level. BUSINESSEUROPE also insists that EU delivers the 25% reduction in red tape until 2012 to really make a difference for European SMEs.

EU patent

The Competitiveness Council will also be asked to adopt a proposal for a Council decision authorising enhanced cooperation in the area of EU patent. This dossier is key for innovation, growth and jobs in the EU. Europe is lagging behind vis-à-vis its international partners in terms of patenting costs and legal certainty, and it is essential that the EU moves forward on this dossier.

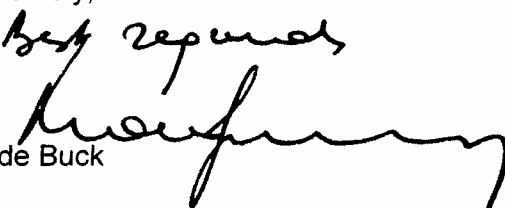
BUSINESSEUROPE regrets that it has proved impossible to reach a full consensus on the subject but in view of the lack of a unanimous agreement and given the proposal from the Commission and the consent from the European Parliament to start an enhanced cooperation procedure, BUSINESSEUROPE¹ supports this approach and asks the Council to grant its authorisation so that the process can be launched. BUSINESSEUROPE requests to be closely involved in the discussions on the substance of the proposals that will follow. The discussion on the jurisdictional arrangements must be reactivated in parallel as soon as the opinion from the Court of Justice of the European Union is available.

Access to raw materials

Finally, access to raw materials at fair conditions and affordable prices is a vital issue for European industries' competitiveness and future. Raw materials prices are up 20% since last year, and market distortions are on the rise with at least 1,250 export restriction measures in place, including by China and Russia.

The Competitiveness Council should express the commitment of all Member States to a secure supply of raw materials for Europe. It should urge for an international consensus in support of undistorted trade in raw materials in the OECD, WTO and G20 and better conditions for raw materials extraction in Europe. Developing secondary materials markets in Europe and stimulating innovation is also essential.

Yours sincerely,

Best regards

Philippe de Buck

¹ This position is not shared by CEOE, CONFINDUSTRIA and CIP/AIP. These federations consider that the system proposed undermines the equal footing legal framework among companies, creates competitive disadvantages and therefore neither promotes nor enhances competitiveness. They keep on supporting the one language solution (English only) for the EU patent.