



Mr Nikolai Wammen
Minister for European Affairs
Udenrigsministeriet
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Dear Minister,

Europe's future prosperity depends on the ability of European companies to sell quality products and services at competitive prices on European and world markets. Improving their competitiveness must be at the centre of policy decisions at EU and Member State levels. At the next meeting of the Competitiveness Council, you will discuss proposals which are essential to improve European growth and employment. Public finance consolidation and growth enhancing reforms must go hand-in-hand.

Strengthening the Euro and stepping up structural reforms

The European business community is convinced that safeguarding and strengthening the Euro is fundamental to the future economic prosperity and social cohesion of our continent. The single currency, by eliminating exchange rate risks and improving price transparency, has increased trade, competition and investment between euro area economies. Even for those EU countries outside, the single currency success is essential as their exports to the euro area represent over 50% of the total and due to strong investment and financial linkages. European leaders must do all they can to support the Euro and keep the euro area together.

Structural reforms and fiscal consolidation in all Member States are key for sustainable growth and ensuring the long-term credibility of the euro area and the European economy. The March European Council will assess progress in the implementation of country-specific recommendations made under the 2011 European Semester and provide guidance for economic and budgetary policies for 2012.

Our 2012 Reform Barometer, which assesses Member States' progress in structural reforms will be published later this month. It is already clear from analysis underpinning the report that while Member States have generally identified the right reform priorities, implementation progress during much of last year was poor. Consolidating public finances, reforming and improving the efficiency of the public sector can have an important impact on growth and jobs.

Boosting growth in the Single Market

National reform efforts must be supported by a pro-active growth strategy at the European level. The Council must adopt rapidly those remaining levers of the Single Market Act which really allow for a further revitalisation and integration of the EU single market. This includes adopting a unitary patent that meets the needs of all European



companies. By contrast, new EU legislation on posting of workers limiting cross-border service provision should be avoided.

Developing Digital Europe is crucial to complete the Single Market. The gain in EU GDP due to the full development of the Digital Single Market by 2020 is estimated at 4% over that period, an impact similar to the 1992 Single Market programme. BUSINESSEUROPE fully supports the objective to develop e-commerce but the target to double its volume by 2015 is not sufficiently ambitious.

Delivering the better regulation agenda is also essential. This means taking account of the conclusions of rigorous impact assessments and competitiveness checks in all legislative proposals as well as meeting our target on the reduction of the overall burden of EU regulation.

For example, the assessment of the public procurement package does not demonstrate the need for a complete overhaul of the legislative framework at the EU level. Public procurement accounts for approximately 18 % of EU GDP. Simplification, provided that it does not jeopardise fair competition, could help to improve growth and employment. But the real answer lies in improving national enforcement through training and assistance to local contracting authorities, not in new rules on environmental and social considerations. Moreover, to avoid obstacles and legal uncertainty in the award of concession contracts, the Council should favour EU-wide publication of concessions and avoid over prescriptive provisions.

In the case of venture capital, on the contrary, the assessment presents convincing data on the benefits of creating a passport to allow managers to manage small funds and raise capital across Europe. Swift adoption of this proposal would support market liquidity and improve companies access to finance.

Supporting innovation, research and development

The strategic orientations of Horizon 2020 rightly focus on financing innovation projects, streamlining EU funding instruments and improving procedures user-friendliness. Supporting innovation will require substantial funding for demonstration projects, large-scale trials and other measures to stimulate market uptake. In order to turn this into reality, the Competitiveness Council should strongly support the proposed budget of 80bn euro to that effect during negotiations on the Multiannual Financial Framework. Moreover, the Council should set a 35% yardstick of total funding in Horizon 2020 for business.

BUSINESSEUROPE counts on you to take the necessary decisions to step up structural reforms, boost growth in the Single Market and support innovation.

Yours sincerely,

Philippe de Buck