



**Mr Morten Ostergaard**

Minister for Science, Innovation and Higher  
Education

Ministry of Science, Innovation and Higher Education

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Dear Minister,

## **Competitiveness Council meeting on 30-31 May 2012**

Alongside national structural reforms, developing the Single Market and encouraging innovation are essential elements of any new EU growth strategy aimed at facilitating the consolidation of public finances and improving the prospects of EU citizens.

### Focusing on areas with high growth in the Single Market

The Single Market adds € 600 billion a year to our economy, and since 1992 it has helped to create 2.75 million additional jobs in Europe. Improving its functioning would add € 800 billion to EU GDP. However, there is a clear need to improve governance and better enforce Single Market rules. Member States must ensure that the rules they agree upon are transposed properly and on time if we want to see forceful application to materialise in practice. The Competitiveness Council should propose concrete actions to improve governance in the Single Market.

In today's difficult economic times, it is particularly important to step up actions in areas with a high growth potential, like the digital single market. Despite political commitment, Member States still lack determination when tackling specific issues. The EU could get a 4% gain in GDP by completing the digital Single Market and actions to do so are clearly too slow. A revealing example is e-procurement, which can facilitate cross-border procurement providing numerous benefits, including the reduction of transaction costs. Its take-up is far too slow. No more than 5% of procurement procedures subject to EU rules allowing for electronic processing are actually treated electronically. The Competitiveness Council must ask Member States to commit to increase the use of e-procurement, and monitor the progress made.

At the same time, more efforts are needed in order to optimise the European public procurement market, which accounts for approximately 18% of EU GDP. The Competitiveness Council must ensure that the main goal of the new public procurement rules is to achieve efficiency in public spending and the best economic value for taxpayers' money. Changes must focus on improving national enforcement of EU rules and further education of contracting authorities, rather



than imposing new rules on environmental and social considerations. In order to preserve legal certainty, clarification is also needed on key provisions of the concession directive.

Better enforcement and application of EU Single Market legislation can notably come from providing good tools to solve disputes. Alternative dispute resolution systems are part of the solution when they remain flexible and do not impose unnecessary costs on business. Flexibility and cost-effectiveness must be borne in mind when discussions on the current Commission proposals on alternative dispute resolution (ADR) and online dispute resolution (ODR) are finalised.

The EU financial instruments proposed by the COSME programme are important to help SMEs to internationalise and seize the growth opportunities offered by the Single Market and markets abroad. BUSINESSEUROPE therefore urges the Competitiveness Council to adopt the COSME programme as amended by the Council working group.

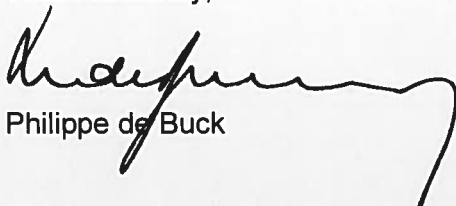
#### Defending Horizon 2020 to boost investment in research and innovation

Investing in research and innovation is key to sustain economic growth and employment in Europe and it is essential to defend the proposed budget of € 80 billion for Horizon 2020.

Moreover, it will be important to boost industry participation in Horizon 2020 through concrete measures. The Competitiveness Council should therefore continue the work on the simplification of the procedures. Flexibility must be ensured to adapt priorities and actions to changing technological developments needs. Territorial restrictions on access, transfer and licensing of intellectual property rights which are incompatible with the way European companies operate in a global environment must be avoided.

European business counts on the Competitiveness Council to play its role in shaping the renewed European growth strategy by putting companies' needs at the heart of the process. The conclusions you will adopt on 30-31 May should reflect the importance of the Single Market as a growth driver and of COSME as well as Horizon 2020 to support innovation and internationalisation in small, medium and large companies across Europe.

Yours sincerely,



Philippe de Buck