



Mr. Herman Van Rompuy

President
European Council
Rue de la Loi, 175
B- 1049 Bruxelles
BELGIUM

8 November 2012

Dear President,

CONCERNS: AN EU BUDGET FOR GROWTH

Europe urgently needs a budget that reflects the challenges of the future – a budget that invests in growth.

The adoption of the next multiannual financial framework (MFF) 2014-2020 represents an exercise of great political importance and is not merely an accounting exercise. While strictly respecting the need for budgetary discipline, the budget must promote macro-economic convergence, and function alongside countries' structural reform efforts. The MFF also requires ambition to give the EU the means to reach its goals of **competitiveness, cohesion and prosperity** within a framework of transparency and fairness for all Member States.

We would have deep concerns if the final agreement on the multiannual financial framework were to see reductions in the total expenditure affecting competitiveness-related areas which offer great potential to boost growth and jobs, fully respecting the European value-added principle. In particular:

- **Research and Innovation (R&I)** are crucial requirements for a sustained economic growth in Europe. The funding of €80 billion proposed for Horizon 2020, while a small share of the total budget, is a first necessary commitment to translate political priorities into reality. This amount is the minimum required if the 2013 level of R&I activities in the current research programmes is to be maintained.
- Well functioning **cross-border infrastructure** is key for Europe's competitiveness and will directly advance the objectives of Europe 2020. While the Connecting Europe Facility represents a minor share of the network investment needs, it also reflects a clear commitment to act on the European missing links. Maintaining this envelope would send a strong message to private investors, whose action is crucial to reach the necessary level of investments to develop transport (all modes), energy and ICT networks.



- Promoting **entrepreneurship** is crucial in the current context of limited access to credit and high unemployment. The Competitiveness and SME programme (COSME) contains powerful instruments for addressing the growing constraints that hamper access to finance for dynamic SMEs. Given the high leveraging effect of the COSME financial instruments, their specific share (i.e. €1.4 billion for equity and loan facilities) within the total COSME envelope should be safeguarded and even increased.

To safeguard and revive the competitiveness of companies, Europe needs a budget that supports **business-driven** growth through investment in **research, development and innovation, skills, infrastructure and SME support**. The private sector will view the multiannual financial framework as the mirror image of the Union's priorities for the years ahead. We count on EU leaders to ensure that the final agreement on the multiannual financial framework focuses on supporting investment, growth and job creation across our continent.

Yours sincerely,



Jürgen R. Thumann