



**Mr Enda Kenny**  
Taoiseach  
Government Buildings  
Upper Merrion Street  
Dublin 2  
Ireland

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Dear Taoiseach,

### **BUSINESSEUROPE's priorities for the Irish Presidency**

Through its 41 member federations, BUSINESSEUROPE represents more than 20 million small, medium-sized and large European companies employing over 120 million people in Europe. Companies are the engine of growth and prosperity. Supporting their competitiveness must be at the centre of the Irish Presidency's work for stability, jobs and growth.

Like the Irish Presidency, BUSINESSEUROPE wants to see tangible decisions in order to open a new phase in the European Union drive for recovery. Clear choices will have to be made and the approach in some policy areas will need to be radically changed if we want real improvements in growth and jobs.

The reduction of future-oriented budget lines such as HORIZON 2020, Connecting Europe or COSME in the final compromise on an EU budget for 2014-2020 shows that the required paradigm shift is not yet there. And we count on the Irish Presidency to optimise the support given to future-oriented and competitiveness-enhancing actions when working on the implementation texts in the different Council formations. Targeting regions with youth unemployment rates higher than 25% and ensuring that money is used in an effective manner is also key for successful implementation of the newly agreed Youth Employment Initiative.

Youth unemployment must be tackled urgently but the proposed youth guarantee must be voluntary and backed by the necessary labour market reforms to ensure that unemployment decreases when economic activity picks up. If Member States do not deliver on both structural reforms and fiscal consolidation, they will not lay the foundation for long-term growth and employment.

Completing trade agreements with key partner countries is key. The world's two largest trading partners are willing to enter into negotiations for an unprecedented trade deal that will benefit us all. An EU-US agreement represents an unmatched opportunity to boost competitiveness, jobs and growth on both sides of the Atlantic. We fully support the Irish Presidency's aim of launching these negotiations as soon as possible. Negotiating agreements opening real new market opportunities for European companies in key trading partner countries, such as the US, could deliver over 2 million jobs.

Having a strong industrial base is essential to reap the full benefits of free trade. Unfortunately, poorly designed energy and climate policies put our industry at disadvantage.



BUSINESSEUROPE is therefore developing proposals for competitiveness-friendly solutions to meet Europe's 2030 energy and climate challenges in view of the special EU Council meeting at the end of May.

SMEs created 85% of new jobs in Europe over the period 2002-2010. But they could do much better if they were not impeded by obstacles to their development in the Single Market and lack of coherence in legislation leading to red tape, green tape and gold plating.

European companies count on the Irish Presidency to improve the attractiveness of the EU as a place to invest by:

- getting Member States to implement necessary structural reforms as part of its work on the European Semester,
- optimising the support to future-oriented and competitiveness-enhancing actions when implementing the compromise on the EU budget 2014-2020,
- promoting a real refocusing of the EU agenda on competitiveness in order to re-industrialise Europe,
- ensuring that the EU institutions work together towards delivering better regulation,
- shaping the Council decisions on implementation of Single Market Act I and II proposals so as to truly improve its functioning,
- facilitating innovation, improving education and training, and bridging the gap between research results, experimental development, manufacturing and commercialisation in Europe.
- implementing an ambitious EU trade policy to improve global market opportunities for European companies, notably by launching negotiation of an EU-US trade agreement.

More details on BUSINESSEUROPE's priorities for the Irish Presidency are given in the enclosed note.

We look forward to contributing to concrete results on these seven points during the Irish Presidency.

Yours sincerely,

Jürgen R. Thumann



## **Priorities for the Irish Presidency**

### **Implementing the reforms of the European semester**

Member States need to continue to deliver structural reforms and fiscal consolidation. Fiscal consolidation is not the alternative, but the foundation for long-term growth and employment.

Rising unemployment, and the persistence of youth unemployment in particular, must be tackled urgently. But more young people will not be integrated on labour markets if the regulatory burden of employing young people or taking on trainees is increased. BUSINESSEUROPE therefore counts on the Irish Presidency to ensure that the proposed youth guarantee is voluntary and recalls that labour market reforms are urgently needed to ensure that unemployment decreases when investment resumes and economic activity picks up.

Further measures are still required to enhance EU's role in ensuring Member States develop and implement ambitious structural reform plans, including making the obligations under the EuroPlusPact and the Council's country-specific recommendations more enforceable. And the EU must support Member States in developing national policies that foster strong and sustainable economic growth and employment.

The EU also needs to make concrete progress towards a Euro Area banking union. This means implementing the agreement at the December European Council for a single supervisory mechanism and making further progress on developing a single bank resolution framework.

More broadly, we support the Commission and Council's work in developing a specific and time-bound roadmap for further strengthening the euro.

### **Redirecting the EU budget towards competitiveness**

The difficulties encountered in agreeing on an EU budget for 2014-2020 which really focuses expenditure on supporting innovation, cross-border infrastructure development and SME growth show that the required paradigm shift to boost growth and employment is not yet there. BUSINESSEUROPE deeply regrets the reduction of future-oriented budget lines such as HORIZON 2020, Connecting Europe or COSME in the final compromise.

We count on the Irish Presidency to optimise the support to future-oriented and competitiveness-enhancing actions when working on the implementation texts in the different Council formations.

BUSINESSEUROPE believes that adoption of the new Youth Employment Initiative targeting regions with youth unemployment rates higher than 25% in the EU budget for 2014-2020 is a future-oriented step and stresses that ensuring that money is used in an effective manner is also key for successful implementation of this important initiative.

### **Re-industrialising Europe**

A strong industrial base (comprising manufacturing and service activities developing around it) is vital for economic growth and prosperity. The new target to increase the manufacturing share of GDP from its current level of around 16% to 20% by 2020 shows the intention to put industry back to the centre of EU's economy.



But the desired re-industrialisation of Europe can only be achieved if an integrated approach, which puts industrial competitiveness at the centre of EU's policy-making, is truly implemented as rightly underlined in the conclusions of the Competitiveness Council on 10 December 2012 which invite the Commission, Member States and European regions to apply a broad and coherent industrial policy approach and to improve coherence between all relevant EU policies.

Industrial competitiveness is notably undermined by high energy prices (up by 28% between 2003 and 2011). Together with completion of the Single Market for energy, securing access to raw materials and tackling the upward trend of energy prices (notably induced by excessive or badly designed environmental policy tools), which puts our industry at a disadvantage compared to key competitors, are therefore priorities. And the coherence between EU energy and climate policy needs to be strengthened in order to avoid inefficiencies and multiple burdens for companies. BUSINESSEUROPE is currently developing proposals for competitiveness-friendly solutions for 2030 energy and climate policies and looks forward to engaging in constructive exchanges on these crucial issues later this year.

#### **Delivering on better regulation**

The annual cost of administrative burden amounts to 3.5% of EU GDP. The attractiveness of the EU as a place to invest will not improve and the efforts to support new entrepreneurs in the 2020 entrepreneurship action plan will be wasted if existing legislation is not rectified and new burdensome legislation continues to be developed.

Truly carrying out competitiveness checks as promised in the Commission communications on industrial policy of 2010 and 2012, considering the cumulative effect of legislation and drawing the right conclusions from impact assessments is therefore absolutely essential.

Effective financial markets are essential for companies to operate, grow and invest. BUSINESSEUROPE supports regulatory initiatives aimed at resolving the regulatory failures that led to the crisis and increasing the stability, reliability and transparency of financial markets. But reform measures must look at how different rules interact and avoid negative consequences for companies access to finance.

SMEs created 85% of new jobs in Europe over the period 2002-2010. But they could do much better if they were not impeded by the accumulation of and lack of coherence in legislation leading to red tape, green tape and gold plating.

- **Red tape:** EU proposals sometimes shift public responsibilities onto the shoulders of companies. This has been the case, for example, for the enforcement of the posting of workers directive via the proposed article on joint and several liability in case of subcontracting or in procedural and data collection requirements in customs or VAT legislation. Without questioning EU competences in these fields, we ask to eliminate such shifts from past and future legislation.
- **Green tape:** bad EU climate, energy and environment policy choices are driving industrial development out of Europe. The European Union must move away from unilateralism in climate change policy and adopt an integrated, technology-driven and competitiveness-friendly approach to fight climate change, improve energy and resource efficiency and protect the environment.



- Gold plating: almost 50% of the burden created by EU legislation is caused by the way in which it is implemented at national level. To avoid such gold plating, which perpetuates legislative fragmentation in the Single Market and hampers its development, the European Union should set simple harmonised rules and check that they are not subsequently complicated at national level.

Making further progress on the EU better regulation agenda as a whole is important to improve the investment climate. The work of the High Level Group of Independent Stakeholders on Administrative Burdens, which is now backed by the creation of similar groups in Member States, is important for the delivery of cost-cutting reforms.

### **Developing the Single Market**

The Single Market adds € 600 billion a year to our economy and has helped to create almost 3 million new jobs in Europe since 1992 but is still incomplete. Its completion is a key element in any EU pro-competitiveness strategy.

The Single Market Acts I and II contain important ingredients to move forward. The four drivers for growth identified by the Single Market Act II and the inter-institutional partnership to fast-track the key legislative actions provide the right basis. But the results will strongly depend on the details of the announced measures.

Furthermore, improving the functioning of the Single Market can also be achieved through better transposition and enforcement of existing EU rules. Their correct application throughout Europe is vital for its development. This is notably the case for implementation of the services directive.

BUSINESSEUROPE also underlines the importance of:

- ensuring proper application of the mutual recognition principle to avoid re-introduction of limitations to the free movement of goods,
- ensuring proper implementation of the services directive, notably by upgrading the points of single contact and reducing the number of regulated professions,
- encouraging the development of private-public partnerships to provide cost-effective public services and facilitating cross-border public procurement by developing e-procurement,
- developing trans-European transport networks on the basis of fair, transparent and efficient criteria for the selection of supported projects,
- facilitating e-commerce by assessing the effects of EU and national rules on cross-border online trade,
- removing regulatory barriers and enhancing financial risk-sharing facilities to leverage the € 200 billion investment needed in energy infrastructure by 2020 and integrate energy islands such as the Baltic states, the Iberian peninsula, the UK and Ireland,
- facilitating compliance with VAT obligations by setting up a web portal with accurate and reliable information and considering shifting to a system in which VAT is levied in the country where the product is consumed.

### **Facilitating innovation and improving education and training**

Innovation and technology development are important factors to increase productivity and generate the added value required to create growth. Europe lags behind in this regard. EU





research needs to be translated into growth and jobs in the entire value chain. Boosting innovation requires much more than investing in research.

Policies must focus on bridging the gap between research results, experimental development, manufacturing and commercialisation in Europe. Structural reforms of product and labour markets must also be geared towards removing obstacles to innovation. Fiscal consolidation is also part of the answer to re-create the margins for public investment in research and reduce the cost of investment for private companies, starting from today's situation where EU governments spend over 10 times more servicing debt than funding research and development. And creation of clusters and business networks plays a central role by generating innovation spill-over effects between large enterprises and SMEs.

Education and training policies have a key role to play as productivity gains depend on a skilled labour force. To support competitiveness, the education and training offer must be much more geared towards companies' needs. Providing EU support to Member States that want to establish or reform dual-learning systems would help to ensure that national policies truly educate for employment.

A more positive attitude to intellectual property protection is also essential. The upcoming review of the Community trademark framework should provide an opportunity to streamline trademark registration systems across the EU in terms of costs, efficiency and legal certainty. And BUSINESSEUROPE looks forward to being closely informed and consulted on all discussions regarding implementation of the unitary patent and international patent court agreement. Protection of companies against counterfeiting remains an important priority.

### **International relations and foreign trade policy**

Last but not least, international relations and foreign trade policy are also an essential component of any EU pro-competitiveness policy. 30 million EU jobs (more than 10% of the EU workforce) depend on export markets outside the EU. The EU must therefore fight against protectionism and increases in tariff and non-tariff trade barriers by implementing an ambitious EU trade policy to improve global market opportunities for European companies.

Whilst many Member States need to significantly improve their international competitiveness, an overall EU current account deficit in 2011 of just 0.3% illustrates the potential EU companies have to compete successfully in the global market.

Completing trade agreements with major partner countries could deliver over 2 million jobs and boost output by up to 1.5%. Hence the importance of:

- launching economic and trade negotiations between the European Union and the US,
- rapidly concluding ambitious trade deals with Canada, Singapore, India and Malaysia,
- generating new business opportunities in Japan through the removal of non-tariff barriers and other restrictions to market access and investment,
- ensuring that companies have access to trade finance at competitive prices.

BUSINESSEUROPE looks forward to contributing to ambitious and wise decisions during the Irish Presidency in these seven key areas to improve the investment climate and boost European competitiveness, growth and employment.