



Mr Donald Tusk
President of the European Council
European Council
175 rue de la Loi
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BELGIUM

12 February 2016

Dear President,

**Message to the European Council meeting on 18-19 February 2016
Now is a time for European solutions**

Europe is at a crossroads. Weak growth, high debt, persistent unemployment, an unprecedented influx of refugees and migrants, an existential referendum about UK membership of the European Union and a general rise in nationalism across Europe are a very dangerous compound.

Now is a time for European solutions.

Member states acting separately will not be able to answer legitimate requests for a more secure and prosperous Europe. The results of the next European Council meeting will be more scrutinised than ever and the signals sent by the heads of states or government will notably determine the degree of confidence of investors in the Economic and Monetary Union.

Improving competitiveness is key.

A strong economy is an indispensable basis to weather the multiple challenges facing us. Business is an essential part of the solution. It is absolutely essential to step up the efforts to improve Europe's competitiveness through structural reforms. Doing so is not only a key pillar of the negotiations ahead of the UK's referendum on its EU membership. It is also in the interest of the European Union as a whole.

It is of course for the British people to decide the outcome of this referendum but European business strongly supports continued British membership of a European Union that takes the necessary reforms to be competitive, outward-looking and deliver growth, jobs and prosperity for all.

Tackling the refugee crisis is an immediate urgency.

Massive inflows of refugees and migrants and their concentration in a few EU member states are overwhelming for the countries concerned. This challenge can only be mastered through common EU-wide solutions, including effective external EU borders' control, a common list of "safe countries", adequate support to EU countries which are the first entry point and allocating the necessary means to Frontex, as well as international actions to restore peace and stability in the countries of origin, good cooperation with transit countries, integration of legally staying persons, and managing the return of illegal migrants.



Schengen is a cornerstone of European integration and of the smooth functioning of our economy. Damaging or breaking this major achievement will seriously disrupt value chains and ultimately destroy jobs and reduce wealth. Ensuring open borders and free movement in the Schengen area over the long-term is a key priority for European business.

Once people have obtained the legal right to stay in Europe, integrating them in training, employment and society in general is crucial. The organisation of measures to do so is a responsibility of public authorities and society as a whole. Business organisations and companies are taking a large number of initiatives to contribute to this. However, success also largely depends on refugees complying with the values and rules of our democracies and open societies.

At the same time, the European Union needs a longer-term overall legal migration policy geared towards the talents and qualifications needed on our labour markets. Europe's population is ageing. In a number of member states, the workforce is starting to shrink. Many unfilled vacancies, in both qualified and unqualified functions, co-exist with high unemployment throughout Europe. This undermines our overall future growth prospects. Besides necessary measures to make better use of our labour markets and to improve intra-EU mobility, legal migration from third countries is part of the answer to ensure our future prosperity.

There is still a lot to do to put our economic house in order.

The slowdown in emerging markets, the bleaker outlook for global growth and the continuing volatility on financial markets are clear downside risks to the EU economy. However, we expect the EU's economic recovery to continue in 2016 at roughly the same pace as in 2015. We also expect moderate improvements in labour markets. Nevertheless, as unemployment remains high and significant country differences persist, there is no time for complacency. We must not waste the window of opportunity of supporting factors such as quantitative easing by the ECB, falling oil prices and a favourable Euro exchange rate.

We have made progress, but efforts to improve economic governance in our Economic and Monetary Union, and in the Euro area in particular, must be pursued. We must firmly continue on the path of structural reforms and fiscal consolidation and, at the same time, make concrete steps to develop our Single Market, digitalise our economy and simplify legislation at all levels in order to improve the overall business environment and facilitate investment.

Europe urgently needs sound economic policies to improve growth and jobs prospects as well as more unity, solidarity and coherence in policy actions. Now is a time for bold European solutions.

Yours sincerely,



Emma Marcegaglia