



**Mr José Manuel Barroso**  
President  
European Commission  
B - 1049 Brussels  
BELGIUM

15 September 2009

Dear President,

Ahead of your 17 September meeting devoted to the 24-25 Pittsburgh G20 Summit, BUSINESSEUROPE would like to impress upon you the importance of promoting a strong and united European position in these discussions on key issues of concern to European business.

The financial crisis is still having a significant negative impact on **access to finance** for non-financial companies in Europe. Bank restructuring efforts and financial market reforms must be pursued. We need to restore confidence and encourage investors to return to the market.

We call on the G20 to continue its work on a **comprehensive financial reform** agenda in order to improve global supervision, transparency and risk management while reducing the scope for regulatory arbitrage. Anti-cyclical prudential rules in the banking sector must be established for the future, but should only be put in place once the recovery is firmly anchored to avoid further credit constraints. To reduce pro-cyclical effects, the Basel II framework for capital adequacy rules should be modified within the scope of its underlying principles and be mindful of its impact on companies' access to finance - in particular for SMEs.

BUSINESSEUROPE supports **transparency and sound corporate governance** principles. Remuneration policy should be transparent and aligned with sound risk management and long term objectives.

Government intervention through state aid and stimulus plans has been useful to stabilise the economy after the financial crisis. However, this has also placed a big strain on public finances and risks undermining fair competition. We therefore advocate for the G20 to develop clear **rules to limit competitive distortions** linked to state aid. Given the fragile state of the European and global economy, it is at present too early to envisage a withdrawal of monetary, fiscal and financial support measures. However, contingency plans must be discussed at both EU and international level in order to ensure coordinated **exit strategies** from current exceptional interventions. This will facilitate a return to sound public finances and normal market conditions.



Previous G20 commitments to **fight against protectionism** have unfortunately not passed the litmus test. We therefore call on the G20 to show more leadership in this field notably in the area of protectionism in stimulus plans where buy local campaigns abound. In addition, G20 leaders must give clearer instructions to resume WTO negotiations in Geneva to kick start the Doha Round which is the best tool to fight against rising protectionism.

The G20 Summit will also be an opportunity for the EU to advocate for a strong and balanced **Copenhagen Agreement on climate change**. EU companies are ready and willing to engage in this process. It is also vital that all major emitting countries engage firmly in this process with comparable commitments but recognising the developmental challenges associated with this. Moreover, as concerns technology, the EU should reiterate the importance of free trade and strong intellectual property rights as key vectors to facilitate the commercial diffusion of new technologies and to foster innovation.

I thank you for taking these views into account and we count on you to strongly advocate for Europe's economic interests in Pittsburgh.

Yours sincerely,



Jürgen R. Thumann