



**Mr Herman Van Rompuy**  
President  
European Council  
175 rue de la Loi  
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BELGIQUE

27 January 2012

## **Informal European Council, 30<sup>th</sup> January 2012**

Dear President,

Europe remains at a critical juncture. This informal council needs to demonstrate to investors, workers and citizens that Europe is getting serious about addressing the challenges its economy faces.

The European business community is becoming impatient for European leaders to take decisive action which reflects the gravity of the situation in two areas:

- firstly, European leaders need to demonstrate a clear commitment to fiscal consolidation, which has to be combined with rapid implementation of structural reforms. Any delay in putting these reforms into practice would have a serious impact on the credibility and confidence in the European Union as a whole. Similarly, leaders need to make progress on finalising the inter-governmental treaty which reinforces and extends the previous agreements reached on economic governance;
- secondly, there is a need to set out a strong EU growth strategy. This should complement both structural reforms and fiscal consolidation at national level and demonstrate a clear path for Europe to return to a higher long-term level of growth and employment.

### **Continuing progress on fiscal consolidation is crucial**

BUSINESSEUROPE strongly believes in the benefits of Member States undertaking well designed fiscal consolidation. While a number of member states have made progress in returning to a sustainable fiscal path, it is critical that European leaders take every opportunity to reinforce their commitment to sound public finances.

Heads of States and Governments must make rapid progress on the finalisation of the intergovernmental treaty. They must ensure a proper transposition of the substance and spirit of the agreement reached at the 9th December Council and both complement and reinforce the 6 pack. The treaty can best strengthen both the Euro and the EU if it is both formulated in an inclusive manner that allows for the involvement of non-euro Members and strengthens the role of existing institutions, notably the Commission.

## **A growth strategy to build confidence in the European economy**

Europe's future prosperity depends on implementation of pro-active, concrete actions as part of well designed growth strategies at both EU and Member State levels. The benefits of such reforms may take time to feed through directly to growth, but can have an immediate impact in building business confidence and encouraging investment.

During the forthcoming European Semester, Member States need to translate into real actions their commitments to structural reforms. We believe reforms aimed at removing unnecessary barriers to entry into certain professions and increasing competition through the privatisation of state-owned enterprises can be particularly effective in stimulating private sector led growth and in turn addressing divergences in competitiveness and current-account imbalances at the root of the crisis.

This informal Council provides the opportunity to make progress on growth-enhancing reforms at EU level. We expect progress in areas such as:

- Single Market: The Council must adopt rapidly those remaining levers of the Single Market Act which really allow for a further revitalisation and integration of the EU single market. This includes adopting a unitary patent that meets the needs of all European companies. By contrast, any new EU legislation on posting of workers limiting cross-border service provision should be avoided.
- Employment: We urgently need legislation to be more employment enhancing, in particular regarding the entry of young people into the labour market. This will only happen if labour market reforms are properly designed and implemented, including a revision of the employment protection legislation. To give the young a better chance on the labour market, BUSINESSEUROPE will present proposals on a better use of EU funds and apprenticeship systems.
- EU structural funds: Unspent funds need to be channelled to projects that can swiftly boost growth, create jobs, and support Member States structural reform efforts. The recent agreement to temporarily increase co-financing rates for countries in financial difficulty should provide the basis for quick action.
- Free-trade: The on-going bilateral trade negotiations need to deliver new market opportunities to foster growth for our companies. In addition, the Transatlantic High Level Working Group on Jobs and Growth should launch free trade negotiations to deepen EU-US economic and trade integration.

By taking decisive action European leaders can demonstrate their commitment to policy reform and help restore the confidence to the European economy which is essential for a return to growth.

Yours sincerely,



Jürgen R. Thumann