



Mr Donald Tusk
President of the European Council
European Council
175 rue de la Loi
BE – 1048 Brussels
BELGIUM

16 June 2017

Dear President,

Message to the European Council meeting on 22-23 June 2017
Clear signals needed on trade, industrial competitiveness and investment

BusinessEurope expects EU GDP to grow by 1.9% in 2017 and a similar growth pace in 2018. Growth is becoming more broad-based both across countries and sectors and there is potential for further improvements if political and economic developments are supportive. The European Union should build on these positive results and pursue its efforts to make Europe a better place to live and work.

Many businesses still see policy uncertainty and geopolitical tensions as significant concerns and, at the current rate of investment growth, it would take up to 2024 to reach pre-crisis levels. For a stronger rise in investment, we need to see EU institutions and members states pulling in the same direction and working together to improve the investment climate and facilitate job creation by modernising our economy, strengthening the single market, the common trade policy and the Euro area.

We need clear policy signals from the June European Council meeting concerning trade.

We count on the European Council to re-affirm the EU's strong commitment to free trade and to fighting protectionism in an open and rules-based multilateral trading system, complemented by ambitious agreements with key partners, having efficient trade defence instruments at our disposal to combat unfair practices.

Ensuring that the benefits of globalisation are widely shared across society is essential. However, this is mainly the domain of national flanking policies. The European Union should not overload its trade agenda with priorities belonging to other policy areas. In order to deliver growth and jobs in Europe, trade policy needs to continue to focus on generating new trade and investment opportunities for our companies by opening markets. At the same time, all the other European policies should be mobilized to ensure that our companies have the best environment to compete on equal footing with competitors from all over the world.



We need clear policy signals from the June European Council meeting concerning industrial competitiveness.

We count on the European Council to call on the European Commission to bring forward a dedicated industrial strategy in time for the European Council meeting in spring 2018, as requested in recent Competitiveness Council conclusions.

Modernizing our industry and services is absolutely crucial to come to terms with globalisation. We welcome the attention given to the industrial dimension of the EU defence strategy and the support given to investment in defence research and development activities. Security is at the centre of citizens' preoccupations and is a necessary condition for economic stability and growth. We support the efforts made to put a greater focus on security and defence and welcome the proposal on a European Defence Fund with a research and capability window. However, the industrial dimension of this defence strategy has to be complemented by a dedicated industrial strategy.

We need clear political signals from the June European Council meeting concerning the need to increase the attractiveness of Europe as an investment destination.

We count on the European Council to adopt the country-specific recommendations and to encourage Member States to continue to implement structural reforms, focussing government spending on growth-enhancing investment, and making further efforts to facilitate job creation and increase the supply of skilled labour which is crucial to attract investment, continuing fiscal consolidation where necessary, while drawing on the flexibility within the Stability and Growth Pact.

A well-functioning Single Market is essential to attract investors and to deliver tangible benefits, prosperity and welfare to its citizens. The European Council will also review the progress made in deepening our Single Market since last year. We note with concern rising risks of fragmentation of the Single Market due to the re-introduction of various obstacles in Member States and insufficient enforcement of EU rules.

To ensure that businesses operate in a simpler and better regulatory framework at all levels, the European Union should legislate less, adopting an innovation-friendly approach to empower the digitalisation of the single market, promoting harmonised rules at EU level only where necessary, using Mutual Recognition where harmonisation is not relevant and properly enforcing existing rules in Member States to uphold the efficiency of the EU single market.

Furthermore, completing EMU and strengthening trust in the Euro remains an urgent priority. BusinessEurope welcomes the pathway set out in the Commission reflection paper on EMU through putting in place a full banking union, reinforcing the role of the EU in helping drive economic co-ordination and convergence, and strengthening the democratic processes supporting the monetary union. Deepening EMU, while preserving the integrity of the Single Market, is essential to have stronger, more secure growth and boost employment across Europe.



The EU Council will reaffirm its commitment to implementing the Paris Agreement. BusinessEurope fully supports this. Moving backwards on climate protection is not an option. The EU, which already has the world's most ambitious emission reduction effort, cannot shoulder what other major economies have committed to deliver. EU decision-makers should therefore engage as soon as possible in a dialogue with the EU business community to assess the implications of the US decision.

Europe must grasp with both hands the opportunity presented by the improved economic and political climate to build the foundations for stronger and more secure growth across the EU. And for that we need clear signals on trade, industrial competitiveness and the need to increase investment attractiveness of Europe as an investment destination. This is crucial to make further progress in making Europe a better place to live and work.

Yours sincerely,



Emma Marcegaglia