



Mr Donald Tusk
President of the European Council
European Council
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BELGIUM

19 June 2015

Message to the Euro Summit on 22 June and EU Council meeting on 25-26 June 2015

Dear President,

The economic situation is improving. We expect 1.9% growth for the EU in 2015 and 2.1% in 2016. This improved performance is due to structural reforms in some member states but also to a great extent due to a good combination of circumstances: ECB actions, lower oil prices, and a favourable €/€ exchange rate. To get a sustained and job rich recovery, the EU must enhance its competitiveness and improve the business environment.

On 22 June 2015, the Euro Summit will discuss Greece and the European Council meeting on 25-26 June, the Digital Single Market Strategy, the country-specific recommendations on national structural reforms, the five Presidents report on better economic governance, TTIP as well as security and defence.

BUSINESSEUROPE counts on the Heads of state and government to speed up decisions on issues for which more Europe is needed – digitalisation, TTIP, security and defence – and step up implementation of both EU and national reforms to strengthen confidence in Europe's future. We also hope that viable solutions will be found to the current asylum and immigration challenges.

Europe must focus on the key issues: becoming more competitive, more conducive to business, more pro-active, more open to the world and outward looking.

Finding an agreement with Greece

The European business community fully stands behind the Greek business community and the Greek people.

We are deeply concerned about the negative consequences of a potential failure for Greece and the European Union as a whole. We trust that the European Commission will continue to play its role in a measured way. We urge the Greek government to live up to its responsibility and carry out the reforms that the country needs, in particular - as suggested in the recent joint letter by the leaders of SEV and other Greek business organisations to Prime Minister Tsipras - by making *“every attempt to consolidate the pension system, to create a modern and fair fiscal framework, to combat tax evasion, to make good use of State property and to improve the productivity of the country's public administration so as to overcome the current negotiation deadlocks”*.

The business community continues to hope that an agreement will be found on this basis.

With the above mentioned measures, and when Greece reaches a sufficient annual primary surplus, further measures could be considered in the longer term to bring Greece's public debt back on a sustainable path.

Swift and ambitious decisions to digitalise the EU economy.

Europe is losing ground in the global race for digitalisation. Implementation of the Digital Single Market Strategy is urgent. New EU proposals are announced for 2015 and 2016. They have to be presented as soon as possible. We cannot afford to wait while our competitors move on.

To facilitate the participation of European companies in global value chains and take advantage of new opportunities in the data-driven economy, EU policies have to take into account international standards and rules. They must also avoid creating unnecessary burdens for companies. Digital economy proofing to assess how each proposal can impact the development of our digital economy is therefore essential.

Europe's digital strategy must cover every economic sector and assist, in particular, manufacturing SMEs and non-tech industries in digitalising. BUSINESSEUROPE therefore strongly supports the creation of the European industry platform to discuss the digitalisation of European industry decided by the Competitiveness Council on 28-29 May 2015.

Per capita investment in broadband infrastructure has declined from €106.2 in 2008 to €90.2 in 2013. Private investment in broadband has to be facilitated if we want to meet the exponential demands associated with an industrial internet.

Sending a strong signal on TTIP

Concluding ambitious trade agreements with strategic partner countries is essential for the prosperity of European citizens.

The TTIP negotiations are in a decisive phase. The European Council should send a very strong signal, showing Europe's determination and commitment to work towards the conclusion of an ambitious TTIP agreement addressing tariffs and non-tariff barriers. Full duty elimination, regulatory convergence and coherence through increased cooperation, improved access to public procurement markets, lifting of all export restrictions on energy and raw materials, simplification of customs procedures and including a state-of-the-art mechanism to protect investment is in the interest of Europe.

Establishing a real internal market for security and defence goods

The European Council will discuss a European strategy for security and defence. Game-changing actions are needed if we are to genuinely improve the competitiveness of Europe's Defence Industry. As a priority, a European security strategy should establish a real internal market for security and defence goods through a correct implementation of the existing EU rules for public procurement applicable to this sector.

Further progress in national reforms and EU economic governance is also essential.

The agreement found on the **European Strategic Investment Fund** is good news. It should allow EFSI operations to start during the summer and the EU to now focus its efforts



on simplifying regulation as set out in the investment plan. Improving the business environment in this way is a must if the EU is to leverage private investment to the levels needed to have a significant and lasting impact on growth and employment.

Sound public finances and real implementation of necessary **structural reforms** across Europe are also essential if we want more job creating investment. BUSINESSEUROPE noted with interest that the new country specific recommendations were refocused on key and urgent structural reforms. However, success will depend on real implementation of these recommendations in each Member State. Unfortunately, our Reform Barometer 2015 shows that only 22% of last year's recommendations have been followed by satisfactory implementation. This has to be significantly improved.

The debate on the future of **EU economic governance** provides an opportunity to devise new tools to do so. For BUSINESSEUROPE, further improving economic governance will require in particular making the country-specific recommendations more enforceable as well as greater coordination of major economic policies. In parallel, more efforts should be done to complete the internal market from a better regulation perspective.

In the longer run, the development of a limited Euro area **fiscal capacity**, conditional upon completion of structural reforms, can be a means of strengthening the EU's role in encouraging growth enhancing reforms and fiscal consolidation, provided it does not lead to an increase of the overall tax burden in the Euro area.

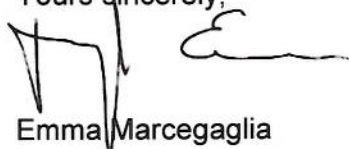
Adoption of a joint European debt instrument, such as **Eurobonds**, can only be a long-term aspiration as it would require a transfer of budgetary authority from national to the European level, with stronger mechanisms for democratic control and accountability at both EU and national level, and greater convergence among Euro area economies in ensuring their public finance positions are in genuine adherence with the Maastricht criteria. Developing the ESM into a politically independent **European Monetary Fund** may also be a long-term goal.

British membership to the EU

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

BUSINESSEUROPE counts on the European Council to inject renewed dynamism in policy decisions to reform Europe and strengthen the European Union.

Yours sincerely,



Emma Marcegaglia