



Mr Donald Tusk

President of the European Council
European Council
175 rue de la Loi
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BELGIUM

9 October 2015

Message to the EU Council meeting on 15 October 2015

Dear President,

The economic outlook

The European business community believes that the EU economy will continue its moderate recovery. This shows that the reform efforts accomplished in a number of Member States are starting to pay off. However, not all Member States are not making sufficient progress in this respect.

Economic performance this year has also clearly been boosted by a combination of a more supportive monetary environment, lower exchange rates and cheaper global energy. Moreover, unemployment is falling only slowly and remains above 10%.

Whilst the turbulence on the Chinese stock market over the summer may to a large extent reflect the bursting of an unsustainable bubble that had grown through the first months of the year, it is also clear that we can no longer expect China to grow at quite the levels it has experienced during the last 20 years.

With a higher likelihood of weaker growth across a number of emerging markets in the coming months, it is all the more important that Europe provides its companies with the supportive business environment that will be essential for them to compete effectively and raise employment in what is likely to be a more challenging global trading environment.

Continuing with the confidence boosting economic and fiscal reforms that can help 'lock-in' the recovery through raising our potential growth rate is therefore more important than ever. In a moment when consumers trust has been shaken, it is also of utmost importance to rebuild it.

Governance of the EMU

Improving the governance of the Economic and Monetary Union is essential to further strengthen the economy. This must be done alongside continuous improvements to the Single Market and in a way that protects the interests of all member states.

BUSINESSEUROPE supports the aims of the Five Presidents report on completing EMU for stronger coordination of economic policies but considers that greater urgency is necessary. We count on the Heads of State and Government to inject all the necessary ambition in the work to be done on the basis of this report. It is important to send a strong



signal on the need to urgently complete the banking union, make the country-specific recommendations more focussed on implementation, improve coordination of major economic policies and complete the internal market from a better regulation perspective.

We also believe that access to a Euro Area fiscal capacity or stabilisation fund must be fully conditional on Members States completing structural reforms and is necessary for the long term stability of the EMU. The development of a limited Euro area fiscal capacity can be a means of strengthening the EU's role in encouraging growth enhancing reforms and fiscal consolidation. It is also important for the EU to be ready to handle quickly and effectively asymmetric shocks to one or more of its economies. However, we insist that this must not lead to an increase of the overall tax burden in the Euro Area.

Asylum and migration

Putting our economic house in order will also help Europe to face another huge challenge, the asylum and migration crisis, as scepticism towards migrants often has its roots in economic uncertainty.

We have to live up to our common European values and work towards a European solution. Asylum seekers from war-torn countries have to be given shelter. Companies are contributing to finding practical solutions to help dealing with this huge challenge.

Europe cannot accommodate unlimited numbers of people coming to our continent. However, given the ageing of our population, it is in our interest to ensure that talented people from around the world regard Europe as an attractive destination to study, work and live legally. Many leaders of our member federations have raised their voice in the public debate to recall this.

Referendum in UK

The EU Council will also take stock of the technical analysis launched in June in view of the referendum on UK membership of the EU.

It is 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 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