



Mr Donald Tusk
President of the European Council
European Council
175 rue de la Loi
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BELGIUM

9 December

Dear President,

Message to the EU Council meeting on 15 December 2016

Europe is faced with many factors of uncertainty and a very challenging environment. Global trade is slowing down due to an overall weakness in economic activity, in particular investment, and to the waning pace of trade liberalisation linked to the rise in protectionism. This can only create a downward spiral that will hurt European citizens.

European companies are a key part of the solution to recreate the conditions for the European Union to be a prosperity and security zone. A simpler and better business environment, backed up by efficient future-oriented policies, is urgently needed to allow companies to create wealth and employment.

The December EU Council meeting will discuss migration, the strengthening of EU cooperation on external security and defence, take stock of the progress made as regards investment, the Single Market strategies and the fight against youth unemployment and return to topical external relations issues including relations with Russia and implementation of the EU-Ukraine agreement.

Investment, Single Market and Youth employment

In order to make Europe a better place to invest and create jobs, member states and the EU institutions must pull in the same direction to strengthen the single market and the Euro area.

It is mainly enterprises that create jobs. Companies' ability to compete in an increasingly interconnected world economy is the basis for growth and employment. To optimise growth and employment for young people and all citizens, we need policies that will boost investment, notably to digitalise our economy, and support the competitiveness of European companies.

BusinessEurope counts on the December EU Council meeting to:

- back the agreement on the extension of the European Fund for Strategic Investment and, at the same time, use the flexibility in the Stability and Growth Pact, focussing fiscal consolidation on cutting unproductive public spending rather than on tax increases, and make real progress in removing obstacles to investment, improving the overall business environment and having less and better legislation in order to boost productive public and private investment in Europe;



- further develop and digitalise the Single Market by removing remaining obstacles to free movement and cross-border business, delivering the Capital Markets Union to improve access to finance for companies as well as integrating the internal market for energy, including interconnections, to cope with the on-going revolution in the way we consume and produce energy;
- speed up the completion of the Economic and Monetary Union, by addressing remaining challenges to increase coordination of economic policies and by strengthening the foundations of EMU without delay, and make urgent progress in implementing the banking union and reinforcing it through both the single resolution mechanism and deposit insurance across the Euro Area;
- encourage reforms that will make labour markets and education systems more adaptable to the needs of the XXI century in order to create more opportunities for all citizens and put an end to a shameful European paradox: the coexistence of unfilled vacancies and high unemployment.

Youth unemployment requires priority attention and BusinessEurope supports the European Youth Initiative. But if we want to improve employment for all, this important initiative must be backed by policies to make education systems and labour markets work better for all citizens and facilitate job creation by all companies.

Trade and external relations

Open trade policies coupled with effective trade defence instruments are essential. More than 30 million European jobs depend on exports outside the European Union. We cannot win the battle for employment by shooting the EU common trade policy in the foot.

BusinessEurope counts on the December EU Council meeting to pursue its effort to:

- ensure a swift implementation of the agreements signed with Canada and Ukraine to restore the credibility of the EU as a reliable trading partner,
- set the basis for the pursuit of privileged relations with the US and of negotiations of a mutually beneficial transatlantic partnership started with the Obama administration,
- encourage the conclusion of an ambitious comprehensive trade agreement with Japan,
- put in place effective trade defence instruments, including a legally sound new anti-dumping methodology to take the real market situation in China into account, and engage with this important global player and other emerging economies.

The sanctions against Russia adopted by the European Union as a consequence of the military conflict in Eastern Ukraine had a negative impact on European companies, which we deplore. However, we will stand firmly behind the decisions of the European institutions as long as the conditions to lift the sanctions are not met.

**Migration, defence and security**

Migration pressures and recent terrorist attacks in Europe have revealed weaknesses in Europe's external borders control and security policies. This has led to a re-introduction of temporary controls at the internal borders of the Schengen area, which is a cornerstone of European integration and of the smooth functioning of our economy. These weaknesses need to be addressed urgently.

BusinessEurope counts on the December EU Council meeting to make swift progress on:

- the creation of the newly proposed defence fund and authorisation for EIB/EU funds for defence research project, ensuring spill-over effects in other sectors of the economy,
- develop the partnership framework on migration and external investment plan,
- reform of Common European Asylum System and implement the agreed responsibility and solidarity mechanism,
- put in place a new border security paradigm including a short term approach to support Member States facing the strongest pressure at the EU external borders and interoperable solutions for real time information sharing and a longer approach for the progressive establishment of an EU integrated border security system.

Europe is at a crossroads. BusinessEurope counts on the December EU Council to reaffirm the EU commitment to open markets, which combined with appropriate policies, particularly around investment, skills, labour markets, and social protection reforms, remain the best way of ensuring inclusive, balanced and sustainable growth.

Yours sincerely,



Emma Marcegaglia