



BUSINESSEUROPE statement to the Heads of State and Government in view of the European Council meeting on 27-28 June 2013

Give growth a chance: combine national and European reforms

One year ago, the European Council sent a strong signal that Europe is united and committed to safeguarding the Euro, recreating growth and restoring political and social cohesion. And the European Central Bank did what was necessary to convince markets of Europe's determination. This has paved the way to the present stabilisation. But progress made remains fragile and implementation of crucial decisions announced in June 2012 based on President's Van Rompuy roadmap is far too slow.

Stronger policy coordination can be achieved immediately if the European Heads of State and Government adopt in full the Commission's Country Specific Recommendations. BUSINESSEUROPE urges Member States to take them seriously and increase the pace of structural reforms, in particular to improve labour market flexibility, enhance product market competition and reduce the regulatory burden on businesses.

Within this framework, structural reforms and sound public finances are urgently needed for long-term sustainable growth and reducing excessive public debt is a matter of equity between generations. But the reduction of excessive public deficit and debt alone is not enough to boost growth in the short-term. Political determination and leadership is needed to mobilise investment, restore access to credit, and focus all European policies on supporting growth to give European citizens a better future.

Where the room for manoeuvre in the EU fiscal framework regarding the speed of consolidation is used, it must support growth oriented structural reform, whilst ensuring that the overall trajectory is maintained. To pave the way for sustainable growth, fiscal consolidation should focus on public expenditure reductions rather than tax increases.

Enterprises are the main drivers for growth and jobs in Europe. Therefore, European Heads of State and Government must demonstrate their commitment to rebuild business confidence, improve competitiveness and restore private investment by:

1. Quickly reaching a secure agreement with the European Parliament regarding the **Multiannual Financial Framework for 2014-2020** and, when implementing the compromise reached, optimising the use of funds earmarked for research and innovation, European infrastructure such as trans-European networks and to support SMEs.
2. Making real progress in implementing the **banking union** to reduce the fragmentation in Euro area financial markets and strengthen Europe's bank resolution and deposit insurance framework.
3. **Access to finance for companies** must also be improved by mobilising all institutions concerned, ensuring that prudential rules strike the right balance between increasing financial stability and supporting companies' need for capital, developing market-led alternative sources of finance and improving SME access to bond, equity issuance and venture capital funding, making the best use of public



funds to leverage private investment, for example through EIB loans and project bonds. Tax systems should also support long-term investment. The **Financial Transactions Tax** should be withdrawn as it will have an adverse effect on companies access to finance and investment.

4. BUSINESSEUROPE also supports the introduction of **Convergence and Competitiveness Instruments**, provided the proposals strike the right balance between solidarity and responsibility by increasing incentives for structural reforms, and do not lead to an increase in the overall tax burden in the EU or the Euro Area.

5. **All European policies must be mobilised to support growth.**

Lift remaining obstacles to the development of the **Single Market** in areas such as services, digital markets, energy and transport as well as improving European interconnections in the related infrastructures is absolutely essential. BUSINESSEUROPE also welcomes the widening of the Single Market to Croatia as off 1 July 2013 and the opening of new chapters in negotiations with Turkey as proposed by the Irish Presidency.

Re-industrialising Europe is a must if we want to get out of the crisis. BUSINESSEUROPE welcomes the organisation of the Special European Council meeting in February 2014 and calls for the adoption of an industrial compact for Europe which rebalances climate and energy policies as suggested by the EU Council on 22 May 2013 and delivers the better regulation agenda promised by the Commission and Competitiveness Council.

Implementing an ambitious **trade policy** to open access to markets in key trading partner countries is a must for future European growth and jobs as one European job out of ten depends on exports. Being successful in the negotiations of an ambitious transatlantic trade and investment partnership agreement is of strategic importance.

6. **Combatting unemployment and increasing youth employment is a priority.**

The success of the **social dimension of the Economic and Monetary Union** ultimately lies in the capacity of economic and social policies to promote employment. Improved education and training needs to be combined with labour market reforms in order to overcome the current structurally high levels of unemployment.

The European social partners have agreed on a **framework of actions on youth employment** which highlights four key priorities - improving learning, facilitating transitions, promoting employment and developing entrepreneurship - and underlines the importance of structural reforms.

BUSINESSEUROPE agrees that the Youth Employment Initiative should be implemented as soon as possible and believes that EU funding (€ 6 billion) should be targeted on regions mostly in need.