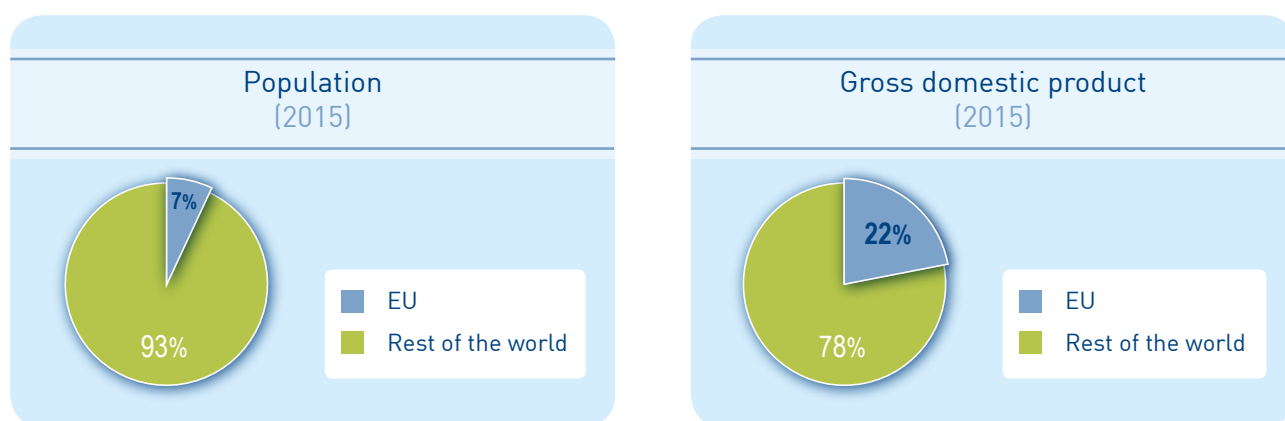


A UNITED EUROPE THAT DELIVERS – THE PERSPECTIVE FROM EUROPEAN BUSINESS

Seven decades of **peace and stability** in Europe is a historic and exceptional achievement. The European project and the construction of the European Union, which created a union among the peoples of Europe and, step by step, tied together European states with a common purpose, made this possible. During these times of geopolitical instability, economic problems, rising populism and extremism, **the European Union must be the place where we look for answers** and not where we lay the blame for the difficult moments we live today.

Individually, European member states are less and less significant on the world stage and, acting alone, are unable to effectively respond to the challenges at hand. But **together**, the EU and its member states have the means to provide **common answers**, show **solidarity**, and **make a difference** in the global context. The EU accounts for over 22% of world GDP, with only 7% of its population. But more than numbers, **the EU stands for fundamental values of democracy, peace, human rights, freedom and equality**, which must be respected and protected. European leaders must therefore show **unity, vision and leadership** in driving the way forward.



Source: World Bank & IMF World Economic Outlook Autumn 2016 (GDP at current prices in USD)

The functioning and governance of the European Union must be improved and streamlined, with **strong and efficient EU institutions** pulling in the same direction. Moreover, to repair the damage of years of blame game concerning the EU, member states, together with the EU institutions, have the joint responsibility to define an effective way forward and develop a **positive narrative** regarding the European Union. The EU must set a vision which enables economic growth and prosperity for all. For that, it must focus on projects of real **European added value** which can deliver concrete benefits, respecting the principle of subsidiarity with less regulation where it is not needed.

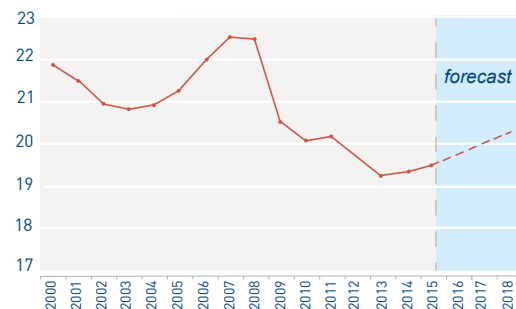
The EU can and must shape globalisation. But while increased trade and inter-connection between countries have brought immense benefits and helped bring millions of people out of poverty, there are rising concerns about globalisation. This is fuelling populism, extremism and nationalism, while the European project is based on exactly the opposite values. Protectionism and isolationism are a certain road to poverty. Existing fears must therefore be tackled. This requires a **serious, fact-based, transparent and open debate** about **trade**. Europe has a defining role to play in this process by strengthening member states' and companies' ability to face global competition and by **promoting our values through important trade deals** which are able to conduct a race to the top.

In 2014 trade in goods and services made up close to a third of the EU28 GDP. EU exports provide jobs for 31 million Europeans.



Source: Eurostat

EU investment as % of GDP

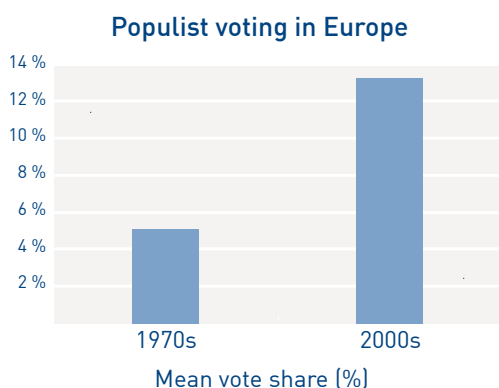


Source: AMECO

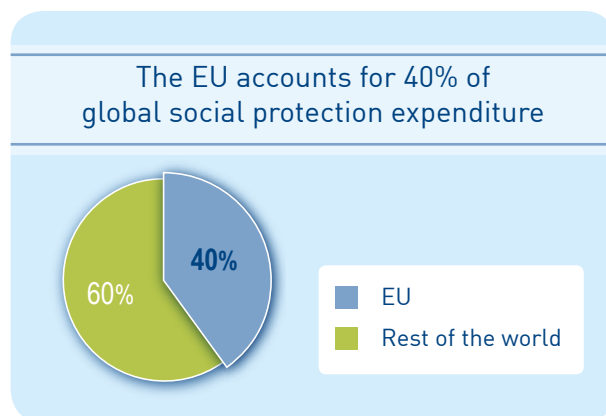
Within Europe, we need to step up the efforts for **inclusive, balanced and sustainable growth**, to speed up **job recovery** and spur **investment**, including by promoting productive public investment. The consequences of the different crises the EU faced have been dragging on for a decade now and this has led to increased scepticism and anger regarding the ability of mainstream parties to show solutions and the capacity of the EU to lead the way out of the spiral of low growth and high unemployment. Healthy public finances are fundamental for a sustainable and balanced economy. The consolidation of public finances was therefore, rightly so, a major priority which required immense efforts, which are not over yet. And long over-due structural reforms, important to strengthen the resilience of our economies, started to be implemented. But, in this process, the **quality of public finances** was often overlooked when member states focused on the speed of the consolidation, and many reforms hauled down growth in the short term and brought social discontent. It is therefore time to prioritise measures that can bring concrete improvements to companies and citizens in terms of growth and employment in order to address the **uncertainty** that is felt in several member states.

The **role of individual member states** in carrying out effective national policies remains of great importance, and this must not be disregarded. Member states, and Eurozone countries in particular, must better **coordinate their actions** and stop acting in isolation on major economic issues. In order to move forward, we need efforts from all countries, both surplus and deficit countries, while ensuring **individual responsibility** and respect for commonly agreed rules. Greater incentives could be foreseen when a member state takes forward important national reforms with positive impacts for the Union. This will be the way forward in order to reinitiate the process of **convergence** between member states - of utmost importance for a proper functioning of the EU and, even more so, of the common currency.

Economic success is the basis for social progress. This is the underlying reasoning of our **social market economies**, combining free markets, private initiative, and a well-functioning welfare state. A particular effort is needed to lift up our **youth**, to give them back prospects of a bright future, to remind them of the benefits of the European project. Europe has the most highly developed social systems in the world and it shall continue to be so. The difficult social situations in many member states, and in particular the worrying high level of youth unemployment, is not due to too little social policy but to the fact that the European social model needs to be **modernised**, including to adapt to an ageing society, and to match the conditions to maintain prosperous companies which can keep up with increased international competition.



Source: World Economic Forum,
The Global Risks Report 2017



Source: European Commission estimates
based on World Bank figures

Protecting and advancing with our **single market** must be at the core of EU efforts. The single market brings concrete and **tangible benefits** for our citizens and companies in several aspects of everyday life, be it travelling or doing business more easily throughout Europe. It is the most important tool for **Europe to deliver prosperity and welfare to its citizens**. But, as companies, we are well aware that the single market is far from being a reality. Too much **fragmentation** and different national requirements still impose several difficulties for companies to go cross-border and make foreign investors shy away from our continent. Europe must therefore strive to make the EU single market an area of **legal, regulatory and political stability** to attract long-term investment. Europe needs to achieve completion of the digital single market to support innovation and job creation.

Companies are at the very centre of the solution. It is private companies that create jobs, generate growth, bring research and innovation forward. But we need **stability and easiness of doing business** in order to promote investment and job creation further. Defending and prioritising European interests requires understanding **competition in a global context**. Solid and sustainable growth is dependent on the dynamism and strength of European companies and a growing pool of new entrepreneurs. We must bring benefits to all, we must act as an example on the world scene, we must set high standards. But in the end, **we will only be able to set an example to be followed by the rest of the world if we are able to prove the competitiveness and economic sustainability of our system**. This is a difficult balance, but we must get it right.

The competitiveness and business model of European companies is based on **innovation and creativity** as well as **high standards** regarding labour, consumers and the environment. Business' role in society goes beyond the creation of employment and wealth. Companies benefit the local communities in which they are located. They provide the products and services which citizens and consumers need

and desire, and innovate to offer solutions to today's challenges, including societal and environmental ones. This is also why companies make constant efforts to **live up to their responsibility** in Europe and abroad when promoting rising worldwide standards on labour, environment, health and safety, and consumer protection. As central drivers in delivering key objectives of the Union, the European business community stands ready to develop a strong **partnership** with national and European decision-makers.

Security and migration are issues of crucial concern for European citizens where the EU must demonstrate its capacity to bring solutions. We must find common answers in order to properly manage **migration**. Member states must integrate those migrants rightfully staying in Europe, and business organisations and companies are taking a large number of initiatives to contribute to this. Addressing longer-term issues, also in international fora, to restore peace and stability in neighbouring countries is part of the answer. Bringing **security** to its citizens requires that the EU puts a greater focus on security and defence policies, and improves the management of its external borders, in order to safeguard free movement within the Schengen area.

The EU has to remain a respected global player, attractive for investors and talents. Equally so, the EU must be understood as a **credible partner**. Moreover, it must be brought closer to its citizens through concrete initiatives that can improve their everyday life. To achieve this, we need a Europe which is united, a Europe which sets out a vision for the future, and a **Europe which delivers along the way. We have the choice between succeeding together or becoming insignificant separately.**

In BusinessEurope's recommendations on the [Future of Europe](#), the European business community puts forward concrete steps on how to achieve a *united Europe that delivers*.
