

Ms Angela Merkel

Chancellor of the Federal Republic of Germany
Bundeskanzleramt
Willy-Brandt-Straße 1
10557 Berlin
Germany

4 December 2006

THE PRESIDENT

Dear Chancellor,

The European business community, represented by UNICE, has high expectations of the German EU presidency. As Europe's biggest economy and number-one trading partner of most EU Member States, Germany can lead the way on many of today's most pressing policy issues. The current recovery in Europe in general and in Germany in particular offers a window of opportunity and must be used to its full extent for structural reforms. We expect Germany to take a lead role in the European growth and jobs strategy and would like to draw your particular attention to the following issues:

Above all, the business world continues to be deeply worried about the difficult political situation in which the EU is trapped. UNICE has repeatedly stressed that in an ever more globalised world European business needs the EU to be capable of swift and decisive actions. We therefore appeal to you to use the momentum of the 50th anniversary of the Treaty of Rome to solve the EU's institutional problems and adapt its decision-making process to increased membership.

The supply and cost of energy are vital competitive factors for European industry. It is therefore key to establish an open and competitive energy market. The German Presidency should play a leading role in ensuring that the EU speaks with one voice on external energy policy issues. This includes the energy dialogue with Russia. There is also a strong need to immediately establish more formal cooperation between the Competitiveness, Environment and Energy Councils on EU climate change policy. The implementation of the Kyoto Protocol is posing risks for the international competitiveness of European companies. The EU should also not set for itself unilateral post-2012 climate change objectives, but intensify its climate change diplomacy in particular in the context of the G8, and adjust its policy approaches if needed to secure an international post-2012 agreement.

The better regulation exercise must receive a boost from the German Presidency. European business continues to support the Commission's initiatives but so far European companies, in particular SMEs, have felt no real relief on the ground. UNICE urges the Spring European Council to formally endorse the target to reduce administrative costs by 25% in five years.

Moreover, European companies believe that improving the process for impact assessment is essential to ensure that new legislation is in the interest of society as a whole. Europe's economic and social objectives are interlinked. UNICE therefore insists that an integrated approach is adopted to develop one single tool for assessing the impact of future EU legislation.

We are looking forward to working with you and your government in the upcoming six months. Details on the above-mentioned as well as further issues are set out in the note I have attached to the present letter.

Yours sincerely,

(original signed by)
Ernest-Antoine Seillière