



Mr Jan Fischer
President of the European Council
Office of the Government of the Czech Republic
Nábřeží Edvarda Beneše 4
CZ-118 01, Prague 1

16 June 2009

Dear President,

BUSINESSEUROPE's Council of Presidents which you met in Prague on Thursday 11 June has asked me to convey to you the following message ahead of the European Council that you will chair later this week.

1. First of all, the Presidents still have great concerns about the weakness of economic activity in the European Union. Policy responses should address both short- and longer-term challenges. In this regard, protectionist behaviour must be combated.

You will discuss the Commission proposals based on the de Larosière report in the Council. Strengthening financial supervision is a priority. More coordination and convergence of supervisory rules is needed to eliminate harmful national differences. As a first step, national supervisors should agree on a more consistent approach to assessing the solvency of commercial banks. This would help restore clarity and confidence. We also support the setting-up of a European body to act in a macro-prudential capacity. We hope that the Council will endorse smart and effective regulation and agree on a tight time schedule for its implementation.

2. We made clear proposals at the recent Employment Summit in Prague. We now expect a clear and firm commitment of all Member States to back the flexicurity approach mentioned in the Commission's communication. As we expect unemployment to rise by 10% in 2010, keeping labour costs under control, investing on skills and improving labour market flexibility is even more important.

There will be no improvement on the labour market without a business-friendly environment. The European Council should therefore recall the paramount importance of assessing the impact on competitiveness and employment of any new European regulation. Two weeks ago, the Competitiveness Council adopted excellent conclusions on a new integrated European industrial policy. They include important guiding principles on impact assessment.



3. We also had an in-depth discussion on current developments in the international negotiations on climate change.

European industry has to come to grips with an ambitious greenhouse gas reduction target for 2020. This makes a global climate agreement even more important. It is essential that all developed countries make comparable efforts. If that is not the case, the European Union should certainly not further increase its 2020 emission targets. Carbon leakage should be avoided by maintaining 100% free allocation for exposed sectors.

The financial framework will be at the centre of the debate in Copenhagen. Companies will contribute substantially through the auctioning of allowances and through the United Nations "Clean Development" and "Joint Implementation" mechanisms. European Union negotiators must refuse any arrangement that would add burdens for European industry.

4. To conclude, BUSINESSEUROPE's Council of Presidents reiterates the importance of putting in place sustainable solutions to achieve economic, environmental and social goals.

Creating more public debt to finance new recovery measures would be counterproductive. The deterioration of public finances in all Member States is a matter of high concern that you should address in the European Council.

I wish you a very fruitful and successful European Council meeting and, once again, would like to thank you very warmly for having shared your views with each of our members.

Yours sincerely, *and best regards,*

Ernest-Antoine Seillière