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MISSION IN WASHINGTON, D.C. – 13-16 OCTOBER 2009 SUMMARY OF ISSUES

1. State of the EU economy in the crisis

The economic recession appears to be bottoming out in Europe. Various economic stimulus plans and EU social policies have had a positive effect in maintaining relatively high consumer confidence on the EU market. However, BUSINESSEUROPE does not expect a rapid return to economic growth this year. Several negative factors are still weighing in on the economy.

1. Trade has not picked up substantially. Exports are still down by about 10% compared to 2008 because the EU's major export markets are weak – notably the US and Russia. On the positive side, exports to Asia are increasing again.
2. The risk of bankruptcies is still very high in Europe – especially for small and medium sized companies.
3. Unemployment will continue to rise in Europe throughout 2009 which could depress consumption and which will increase pressure on governments.

BUSINESSEUROPE is advocating for following policy measures to lessen the impact of the crisis on business.

- Ensure better access to finance for industrial (or non-financial) companies when undertaking reforms of the banking sector and financial markets.
- While supporting government stimulus plans, we are deeply concerned about the sustainability of public finances in Europe. EU governments need to plan exit strategies that substantially reduce government debt over the medium to long term.
- Fight against protectionism and restart the WTO Doha Round to get trade moving again.
- Limit the social consequences of the crisis by combining greater flexibility for employers and improved security for workers. This must include active labour market policies to help retrain workers that have lost their jobs.

2. Transatlantic Cooperation issues

Relations with the US are a priority for BUSINESSEUROPE because of trade and investment and strategic interests in cooperating to establish global rules. BUSINESSEUROPE partner organisations in Washington include the US Chamber of Commerce (Tom Donohue) and the National Association of Manufacturers (Governor Engler). BUSINESSEUROPE's main interests in the Obama Administration's policy lie with:

- a) **Dealing with the economic crisis:** We appreciate the efforts by the US Administration to stimulate the economy but we are concerned about the sustainability of the expanding US deficit.



- b) **Financial market reform:** We expect the EU and the US to reform financial markets substantially over the next year. We are concerned, however, that financial reforms could lead to de-integration of our markets. We are especially concerned about a move away from convergence of accounting standards.
 - c) **Transatlantic Economic Council:** The TEC must be given a more prominent role in Transatlantic economic relations. Cooperation on the key economic issues of the day – the financial crisis and new energy technologies has been rather weak. Moreover, the TEC has failed to take up new regulatory issues like nanotechnology or clean energy regulations in a meaningful way. This means lost opportunities for business. Looking long term, BUSINESSEUROPE wants the EU and the US to examine the feasibility of stepping up economic integration through a binding economic treaty which would institutionalise efforts to open trade, deepen regulatory cooperation and liberalise services and investment.
 - d) **Trade policy:** We expect the Obama Administration to rapidly clarify its position in the WTO Doha Round notably on what new market access it is seeking and where it is prepared to make additional concessions. We also hope that the Obama Administration will do more to reject protectionism (e.g. Buy American) because this gives other countries an excuse to adopt protectionist measures.
 - e) **Energy and environmental policy:** We would like the Obama Administration to accelerate the adoption of a real climate change policy. This would facilitate cooperation between the EU and the US in the Copenhagen negotiations and would encourage other major emitters to take up more responsibility for this issue. Beyond Copenhagen, the EU and the US need to deepen cooperation on technology – including more open trade and the protection of intellectual property rights as tools to facilitate the diffusion of energy efficient and climate friendly technologies around the world. Should the EU and the US create a Transatlantic Energy Council, BUSINESSEUROPE would be prepared to provide advice and support on the main concerns of industry on energy security and energy technology.
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