



Mr Algirdas Semeta
Commissioner-Designate
European Commission
Rue de la Loi 200
B – 1049 Brussels

18 December 2009

Dear Commissioner,

In January 2010, you will have a hearing with the Economic and Monetary Affairs Committee in the European Parliament as Commissioner-Designate for Taxation and Customs union, Audit and Anti-Fraud in the next European Commission.

After the global financial crisis, European companies and citizens aspire to brighter economic prospects. It is through business development and investments that Europe will find the capacity to meet societal and environmental challenges successfully and at the same time rebuild a sound macroeconomic environment. Putting companies and entrepreneurs at the heart of the EU's future policy agenda will be a key success factor for Europe.

We expect from the next Commission a clear commitment to open market principles. Introducing the necessary reforms to strengthen Europe's capacity for growth and job creation will require determined action on six priority issues:

- Fixing the financial system and restoring credit flows,
- Implementing reforms to attract investment and innovation,
- Developing a viable exit strategy to excessive public deficits,
- Boosting skills and human capital for the recovery,
- Bolstering open trade and fighting protectionism,
- Ensuring global commitments to fight climate change.

Europe's social and economic model, alongside a vibrant single market, a well-functioning monetary union and solid external relations, offers a strong base for turning current challenges into opportunities for development.

With taxation and customs, your responsibilities will cover two specific areas of highest importance to the European business community. European companies are keen to see concrete results on the following points:

1. VAT accounts for almost two thirds of the total administrative burdens covered by the EU's better regulation agenda and create yearly costs of €70 billion. **Simplification of VAT obligations** and a stronger **EU dimension** are key factors for the competitiveness of the Internal Market.
2. Encourage Member States to undertake **growth-enhancing corporate tax reforms** by re-thinking tax structures, simplifying tax systems and removing double taxation. This could be reinforced at EU level through the removal of obstacles to cross-border investments, **exchange of best practices and targeted coordination**.



3. **Ensure compatibility of environmental taxes and regulatory instruments** (e.g. emission trading system, energy efficiency regulation, etc.) in all Member States. Thorough impact assessments must be undertaken to ensure cost-efficiency, prevent double regulation and safeguard a level playing field for sectors exposed to international competition.
4. A **common consolidated corporate tax base** would allow for a truly European approach to corporate taxation. Optionality and consolidation from the start are key conditions for the business community to support the CCCTB project.

With regard to customs, we count on your active leadership to improve conditions for European business in the following areas:

1. Ensure that the **Modernized Community Customs Code** delivers clear facilitation for business, in particular by ensuring that integrated security provisions are workable and not excessive.
2. Refrain from shifting all responsibility to companies for incorrect declarations of origin in the revised **Rules of Origin**. This would lead to an unjustifiable increase of responsibilities and risk for importers without giving them the possibility to act in good faith.
3. Implement consistently in all EU member states the **Authorized Economic Operator (AEO)** concept, in order to make it an attractive tool for European companies. You should also further push the objective of mutual recognition with the American C-TPAT (Customs Trade Partnership against Terrorism).
4. Reject the looming and very costly **US 100% container scanning rule** as this will not lead to the envisaged security objectives. Working with the US towards a permanent solution on trade and security is crucial.

We attach more detailed policy briefings on VAT-related obstacles to the Internal Market, electronic invoicing in the EU, the 2010 revision of the VAT strategy, the coordination of anti-abuse measures in the area of corporate taxation, as well as policy papers on the Modernized Community Customs Code, the revision of Rules of Origin and 100% scanning.

We are confident that you will secure the European Parliament's endorsement to pursue a policy programme along the lines defined above.

Yours sincerely,

Philippe de Buch
Director General

Jürgen R. Thumann
President