



Mr Herman Van Rompuy
President of the European Council

Mr José Manuel Barroso
President of the European Commission

9 December 2010

Dear Presidents,

At its Council of Presidents meeting on 3 December, BUSINESSEUROPE's 40 members in 34 European countries strongly reaffirmed that euro stability and credibility is of utmost importance for balanced development of the European and global economy.

The prevailing sentiment on the future of the euro and its individual Member States' economies is excessively negative. From our perspective, it undervalues the determination of European and national authorities to sort out this crisis and reveals persistent financial market instability. The European Council meeting on 16-17 December arrives at a critical moment to set the record straight.

Leadership and clarity in communication is critical in these uncertain times. Heads of State and Government need to demonstrate a shared sense of responsibility and implement a two-pronged approach:

- no efforts must be spared in the short term to restore stability and alleviate tensions on sovereign debt and financial markets,
- confidence in Europe's medium-term prospects must be urgently reinforced, laying down the foundations for a better governed and more competitive European Union.

Safeguarding stability and trust in the euro

The success of the single currency and of the single market are linked and must be secured. Important steps have been taken in recent months. On 29 October the European Council endorsed proposals to reinforce fiscal and macroeconomic surveillance and on 28 November Ministers of Finance presented the outline of a permanent crisis resolution system for the euro area. This mechanism includes important features which we called for, such as the possibility of tailor-made emergency loans based on strict conditionality programmes and a scheme allowing for debt restructuring in last-resort situations.

Most Member States have either announced or started implementing measures to reduce public deficits and cap public debt. These are positive decisions on which to build. Decisions by the European Council must now primarily seek to support:

- Smart consolidation and growth-enhancing reforms in all Member States,
- Well-functioning, stable and resilient financial markets,
- Lasting discipline and cohesion between countries sharing the euro.

To avoid generating additional political uncertainty, any EU Treaty revision needed to set up a permanent crisis resolution system within the euro area should be limited in scope and prompt in execution.

Stepping up EU-growth

Crisis containment measures also mean restoring trust in the EU's medium-term growth prospects and the competitiveness of its individual economies.

Europe must speed up its reform agenda and start delivering tangible results in the coming months. The EU2020 Strategy and the new economic governance rules provide the right framework to fast-track implementation of reforms at both national and EU level.

All Member States must act right away to unlock growth bottlenecks, boost competitiveness and improve the functioning of product, labour and capital markets. Challenges vary in scope and intensity, but reforms are needed in every country.

Europe-wide policies must also be reprioritised and geared towards a single objective: double the EU's growth potential by 2014.

The Commission's role will be key. The business community welcomes its recent proposals on the EU Industrial Policy, the Single Market Act, Trade Policy, Digital Europe, the Innovation Union, an energy strategy, and flexicurity in the New Skills and Jobs agenda. To enhance growth, they must now be turned into concrete deliverables lifting constraints to investment.

In the post-crisis environment, the competitiveness of European companies will increasingly depend on access to international markets, finance and raw materials. The EU must therefore push for:

- a consistent and competitive implementation of new capital rules for banks at the global level,
- progress in WTO trade negotiations and in fighting protectionism,
- a strengthened partnership with key economies for energy, raw materials and resources efficiency.

With timely and appropriate political decisions, today's recovery can be sustained. An important turning point should be reached around the turn of this year when job creation in the whole EU resumes. We expect 600,000 more people in employment next year.

Companies are playing their role but unsustainable public debt, financial markets instability and distrust vis-à-vis the euro is affecting business perspectives. We count on the EU Council and on the Commission to resolutely implement the required double-track approach to enhance stability and growth at the same time.

Yours sincerely,



Jürgen R. Thumann