



Mr Herman Van Rompuy

President
European Council
175 rue de la Loi
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BELGIUM

21 March 2011

Message to the EU Council meeting on 24-25 March 2011

Dear President,

In view of the crucial decisions to be taken by the European Council on 24 and 25 March, the European business community would like to express its support to the decisions taken by euro area Heads of State on 11 March to enhance crisis management instruments, improve policy coordination and competitiveness in the so-called Pact for the Euro.

Member States commitment to improve competitiveness and better adapt their national policy frameworks to the reality of monetary union is an absolute must if we want to put an end to this crisis and prevent a repetition of similar difficulties in the future.

The ambitious legislative package to reinforce economic governance with automatic enforcement rules and a central role for the Commission will also need to be agreed between the European Parliament and Council by June.

The EU has important assets: a robust industrial basis, a well educated workforce and a balanced current account position. But internal divergences and slow competitiveness adjustments are hurting EU's aggregate performance and come today at a high collective cost.

With the Europe 2020 strategy and the European Semester, which brings together the surveillance of national budgetary policies and structural reforms into a single exercise, the EU has potentially reinforced its capacity for action. However, the Annual Growth Survey shows that national targets set by Member States are not sufficiently ambitious to reach the agreed EU objectives in key areas such as the employment rate, research and development investment, energy efficiency and tertiary education.

Moreover, BUSINESSEUROPE's 2011 reform barometer indicates that governments are not yet sufficiently committed to stepping up their reform efforts. Policy challenges are particularly acute in certain member states but all European countries have their "homework" to do.

Our 40 member federations have identified 7 urgent priorities for further action:

- capping public expenditures and increasing public sector efficiency,
- improving framework conditions for research, development and innovation,
- supporting active labour market policies,
- removing regulatory barriers to entrepreneurship.
- developing effective public investments,
- reforming pension systems,
- improving wage bargaining and wage setting systems,

BUSINESSEUROPE welcomes the attention paid to social partners autonomy in the Pact for the Euro. Social dialogue is an important factor for success. Boosting competitiveness is the only sustainable way to improve growth and employment and should be the common aim of social partners throughout Europe. Unjustified hostility to balanced reforms cannot be allowed to block the necessary modernisation of Europe's labour markets.

To support the recovery and job creation, the European Union itself should refocus all its policies on the implementation on competitiveness enhancing measures. The Commission should ensure that:

- the EU 2050 roadmaps do not lead to changes in agreed climate targets without an international level playing field, and an efficient single market for energy is completed,
- the debate on the Single Market is finally concluded by an action plan aimed at supporting growth and employment,
- new EU legislative proposals are subject to competitiveness checks as suggested by the communication on industrial policy,
- innovation receives the necessary attention in the future EU budget.

The EU Council for its part should pave the way for a swift adoption of the legislative package to improve economic governance.

Concluding the Spring EU Council meeting with strong commitments towards competitiveness, translating them into ambitious national reform programmes and EU policies would send a positive signal in these times of heightened economic uncertainty.

Yours sincerely,



Jürgen R. Thumann