



Mr Herman Van Rompuy
President
European Council
175 rue de la Loi
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BELGIUM

16 June 2011

Dear President,

At its meeting in Budapest on 10 June, BUSINESSEUROPE's Council of Presidents reiterated the importance of stepping up efforts to implement structural and growth-enhancing reforms, ensuring that the return to sustainable growth and jobs in Europe becomes a reality.

The European economy is improving. Growth forecasts are stronger than expected and some countries have already returned to pre-crisis levels. But progress is uneven and uncertainty continues to prevail, casting a shadow on growth prospects. The business community stands ready to work alongside policy-makers at EU and national level in order to find long-term solutions for Europe.

Safeguarding the Euro: prompt action to reform

Safeguarding the Euro is an absolute must. The stability and credibility of the common currency must be secured in order to ensure that recovery progresses at a good pace. Company investment plans depend on it.

Europe needs greater commitment towards fiscal discipline and financial stability. This should translate into concrete action, but under no circumstances should growth-enhancing reforms be undermined. This is necessary to restore trust in the Euro and a common future in Europe.

European Semester: getting it right from the outset

The first cycle of the European Semester is currently under way. If properly implemented, it can provide a real boost to policy coordination in the European Union. It is therefore of fundamental importance to take the first year of this exercise seriously and ensure that concrete results are delivered from the outset.

It must start with an explicit commitment to reform in all National Reform Programmes. However, an initial assessment from BUSINESSEUROPE member federations suggests that a majority of the National Reform Programmes are lacking in ambition, forward-looking perspectives and implementation guidance.

The business community has reiterated the importance of a central role for the European Commission in this process. We are therefore pleased that the Commission's country-specific recommendations are clear, direct, and stringent when necessary, and that appropriate steps are taken to ensure coherence with the Euro Plus Pact and Europe 2020 strategy.

We trust the European Council will have a constructive debate and fully endorse the country-specific recommendations put forward by the Commission. A strict monitoring methodology aimed at assessing the effective implementation of the structural reforms in each Member State should also be agreed.

Economic governance: swift agreement on the package

The six legislative proposals by the Commission on economic governance are a crucial complement to the European Semester process. BUSINESSEUROPE stresses the need to stick to the commitment to reach a final agreement by the end of June. A strengthened role of the Commission, introduction of reverse majority voting when necessary, increased automatism in sanctions, and close monitoring of macroeconomic imbalances are key features that must not be undermined.

Furthermore, it is necessary to agree on the details underlying the European Stability Mechanism. Uncertainty on how to deal with distressed member states after 2013 must be removed. A scheme allowing for public debt restructuring and orderly default in last resort situations must be foreseen.

Mediterranean region: economic development to strengthen democracy

The democratisation process under way in the Southern Mediterranean region has important economic implications for European businesses which invest in the region. To avoid instability, the EU and Southern Mediterranean governments must refocus their cooperation agenda on economic growth, better governance, regional integration and investment in infrastructure. Specifically, we call for:

- Front-loading of financial assistance programmed in the Southern Neighbourhood strategy – providing for immediate investments.
- A coherent strategy for investments in infrastructure projects that boost trade – especially in the energy and logistics.
- A new push for trade liberalisation measures in the region – including updating free-trade agreements, progress on rules of origin and new measures for customs facilitation to reduce the costs of doing trade in the region.

BUSINESSEUROPE is also prepared to cooperate with the EU to develop dialogues with business federations from the Southern Mediterranean region to create more dynamic regional economic integration.

Europe needs a forward-looking collective vision. We have many great assets: innovative firms and skilled workers right across the continent provide a base that can help ensure that the European Union, working closely with our partners to the South and to the East, remains a leading force in the global economy. The European business community will continue to play a full role in helping us achieve this goal.

Yours sincerely,



Jürgen Thumann