



Mr Donald TUSK
President
European Council
Rue de la Loi 175
BE – 1048 Brussels
BELGIUM

16 October 2017

Dear President,

Message to the European Council on 19-20 October 2017
Unity and bold steps are needed to lead in a changing world

With unity behind the European project growing stronger and further improvements in terms of growth and employment across the European Union, the October European Council meeting must ensure that both EU and national reforms, necessary to modernise European economies and societies, continue and that bold steps are taken to adapt to a changing world.

The European Council will **follow on the Digital Summit held in Tallinn.**

The digitalisation of the economy is essential for Europe's future growth and employment. The EU must fully embrace digital transformation in order to compete effectively worldwide and shape this transformation.

BusinessEurope counts on the EU Council to promote trust and confidence in the digital economy by improving **cybersecurity** in Europe. Industry players throughout the whole value chain invest in ensuring their products and services are cyber secure. Doing so is an integral part of their business model. The announced cybersecurity certification framework needs to find workable solutions in relevant areas, striking the right balance between ensuring high levels of security and costs for companies. Furthermore, as human error and lack of precaution is the greatest vulnerability, Member States should put resources into improving citizen's awareness and knowledge of cybersecurity.

The **data economy** in Europe has the ability to improve conditions for citizens, in areas as diverse such as health, education, transport, public services and scarce resources. Its value could increase to €739 billion and reach some 4% of EU GDP by 2020 if the correct policies are set. The regulation on free flow of data is a positive step towards enabling Europe to lead in the international data economy and ripe the economic and societal benefits that would derive. To act as a catalyst for Europe's data economy, Member States should prioritise the removal of unjustified national data localisation measures to enable the free flow of data.



BusinessEurope also supports an update to the framework of electronic communications through the proposal for a regulation on **ePrivacy** to enhance trust and confidentiality in a proportionate, legally certain, robust and technology-neutral manner, which does not duplicate or contradict the General Data Protection Regulation (GDPR). However, the overly ambitious timeline makes it extremely challenging for businesses to prepare for the GDPR while understanding where ePrivacy discussions will land. Sufficient time must be taken to discuss this complex proposal with wide reach and impact on all sectors using any form of electronic communication in the delivery of their services or products. This is essential to ensure that ePrivacy does not pose unnecessary barriers to the development of the digital economy.

Finally, BusinessEurope underlines that initiatives regarding **digital taxation** must both respect members states' competences to set their own tax policies, and be developed on the basis of global taxation principles. We believe it is essential that any proposals in this area are agreed internationally through the OECD, to be possibly implemented in a common and coordinated manner at a European and global level. This will ensure European companies' competitiveness and guarantee a global level playing field, while respecting member states competences to set their own tax policies. BusinessEurope supports governments and businesses working together to ensure that international tax agreements remain fit for purpose as the global economy and technology evolve. Our members continue to be actively engaged in the development of the global corporate tax system through the OECD's BEPS (Base Erosion and Profit Shifting) Project.

The European Council will also discuss **migration, defence and external relations**

Global problems require global solutions. The EU, with its unique diplomatic power, must speak with one voice on those crucial issues, further strengthen its engagement in international fora and seek cooperation with like-minded partners to help address migration and restore peace and stability in neighbouring countries.

Security is today at the centre of citizens' preoccupations and is also a necessary condition for economic stability and growth. This requires the EU to further develop cooperation in defence and agree on a new Common European Asylum System.

BusinessEurope appreciates the efforts made to activate the Permanent Structured Cooperation (PESCO) by the end of the year. With more binding commitments for Member States deciding to join and a good basis for future projects, PESCO should facilitate future military and industrial cooperation in **defence**, thereby enabling the European defence industry to play a global role and strengthening the credibility of the EU as a security provider.

Moreover, we reiterate our call to ensure that increased efforts for research and innovation capacity in defence follow a real industrial logic, develop competitive solutions with potential positive spill-over effects across the economy, and are flanked with a structured European **industrial strategy** to enhance the competitiveness of our manufacturing and services supply chain.

We agree with the measures taken to stem illegal flows of **migration** and improve the management of our external borders. However, we also need to protect our values and demand a strengthened cooperation on the respect of human rights. We also count on the EU Council to ensure that agreement is reached on a new Common European Asylum System to pave the way to returning to a normal functioning of free movement in the Schengen area and put an end to a divisive debate among Member States. Schengen is key to guarantee free movement. At the same time, the European Union needs to be attractive for talents and legal migration from third countries.

Given the crucial importance of trade for European growth and employment, we count on the EU Council to ensure that the EU keeps up its ambitious **trade** agenda and opens new market opportunities for European companies both in developing and in mature economies while promoting a level playing field and rules-based trade. We also underline the importance for the EU to remain open and attractive to foreign direct investment.

The European Council will assess the **progress made in Brexit negotiations**.

Business is extremely concerned with the slow pace of negotiations. One year has already been lost and time pressure is rising. Business wants to avoid a cliff edge. Our companies need certainty and time to prepare and adjust to the post-Brexit situation.

Therefore, we need transitional arrangements to allow companies enough time to prepare while we don't have clarity about the future relation. A "status quo-like" solution ensuring the UK remains in the customs union and the single market, for the duration of the transition period, with all appropriate rights and obligations, would be best to provide citizens and business with more certainty and predictability.

The only way to achieve this objective is to have sufficient progress on the issues that have been identified as necessary for an orderly withdrawal of the UK. This means citizens' rights, the situation of Ireland, and in particular the financial settlement.

In this context, we urge the UK Government to rapidly provide further concrete negotiating proposals for all the 3 issues that are critical in the first phase of the talks. At the same time, we count on the EU to constructively receive these proposals once they are presented.

These are the bold steps that BusinessEurope considers essential in order to ensure prosperity for Europeans in this changing world.

Yours sincerely,



Emma Marcegaglia