



**Mr Donald Tusk**  
President of the European Council  
European Council  
Rue de la Loi 175  
BE – 1048 Brussels  
BELGIUM

30 April 2019

Dear President,

**Message to the European Council meeting in Sibiu on 9 May 2019**

**The EU must focus on strategic priorities**

Two weeks before the European elections, European business wants to reiterate its commitment to transforming the challenges facing the European Union into opportunities in order to defend our European way of life.

We have achieved much over the past decades, thanks to the European project, but these achievements cannot be taken for granted. The European institutions need to focus on strategic priorities, in order to deliver the European Union that we described in our Ambition for Europe in 2030, a European Union that is:

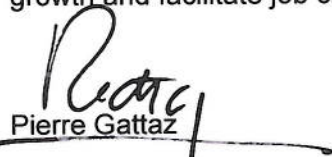
- strong and setting the agenda in the world;
- a global leader in innovation, digitalisation and sustainability;
- economically cohesive and socially inclusive, and
- functioning efficiently.

Faced with an increasingly challenging world economic outlook, strengthening Europe's economy is more urgent than ever. And for that we need to:

- act as the champion of rule-based international trade,
- put the Single Market back at the centre of the EU agenda,
- take a more strategic approach to industrial policy,

The Rule of Law is essential for the attractiveness of Europe as one of the best places to live, work and do business in the world as well as to be a credible champion of rules-based international trade. The European Council can count on BusinessEurope and its member federations to defend consistent compliance with the Rule of Law throughout our Single Market.

To allow business to fully play its role in society, we count on the European Council to create framework conditions that will enhance competitiveness, encourage entrepreneurship, increase growth and facilitate job creation throughout the European Union.

  
Pierre Gattaz

enclosures: 2



30 April 2019

## **Message to the Sibiu summit on 9 May 2019**

### **An EU that is focusing on strategic priorities**

Two weeks before the European elections, European business wants to reiterate its commitment to transforming the economic, social, technological, and environmental challenges facing the European Union into opportunities in order to defend our European way of life.

To fully play their role in society, companies need framework conditions that will enhance competitiveness, encourage entrepreneurship, increase growth and facilitate job creation throughout the European Union

We have achieved much over the past decades, thanks to the European project, but these achievements cannot be taken for granted. The world is changing profoundly as global alliances shift and populism rises. The European institutions need to focus on strategic priorities, in order to deliver a European Union that we described in our Ambition for Europe in 2030, a European Union that is:

- strong and setting the agenda in the world;
- a global leader in innovation, digitalisation and sustainability;
- economically cohesive and socially inclusive, and
- functioning efficiently.

Faced with an increasingly challenging world economic outlook, strengthening Europe's economy is more urgent than ever. And for that we need to:

- act as the champion of rule-based international trade.
- put the Single Market back at the centre of the EU agenda,
- take a strategic approach to industrial policy,

Defending the Rule of Law is essential for the attractiveness of Europe as one of the best places to live, work and do business in the world, for the proper functioning of our Single Market and our Economic and Monetary Union as well as to be a credible champion of rule-based international trade.

### **An EU that is strong and setting the agenda in the world**

Europe's prosperity is based on open-markets and rule-based trade. Approximately 31 million EU jobs depend on our exports. Increasing trade tensions around the world and unilateral actions undermine growth and threaten the multilateral trading system and the WTO.

To respond to this, the EU must:

- remain a **strong defender of the multilateral trading system** taking a leadership role in the ongoing discussions on the WTO reform;
- **promote modern and ambitious trade rules** by pursuing mutually beneficial trade and investment agreements on the one hand, and
- **safeguarding European interests** by better using existing EU and global enforcement tools, including dispute settlement and trade defence instruments.

BusinessEurope supports the new EU methodology in anti-dumping procedures, the compromise found on the screening of foreign direct investments, and the measures taken to safeguard EU rights in the WTO after the imposition of additional duties on European steel and aluminium.

The EU is a significant global power but can only play a leading role on the global stage if Member States are united and maintain a positive agenda with key partners such as the US and China. We therefore welcome the adoption of the mandates for negotiations on regulatory cooperation and industrial tariffs with the US and also count on the European Council to ensure:

- concrete results in the trilateral EU-Japan-US talks on subsidies, state-owned enterprises and the WTO reform;
- an ambitious outcome to the negotiations on investment with China lead as soon as possible;
- support the ongoing bilateral trade negotiations with Mercosur, Australia and New Zealand and Asian countries;
- liberalise trade in services with partners across the globe, ensuring that services become an indivisible feature of all future free trade agreements.

### **An EU that is a global leader in innovation, digitalisation and sustainability**

There is unprecedented technological competition. Excellence in innovation, digitalisation and sustainability will define our place in the world. The EU is falling behind in its ability to scale up young innovative companies and develop world-leading firms.

We rank only 53<sup>rd</sup> in terms of the ease of starting a business and 29<sup>th</sup> for the ease of doing business. Currently, none of the 10 largest companies by market value are from the EU and we have fewer high-growth firms than our key trading partners. Since 2010, only 29 high-growth “unicorns” were founded in the EU, compared to 139 in the US and 81 in China. Moreover, the average value of our unicorn firms is much smaller. This is preoccupying given their crucial contribution to productivity growth and innovation.



In addition to pursuing an ambitious trade policy, the European Union must urgently improve its domestic business environment for SMEs and larger enterprises by:

- positioning the development of **the Single Market** back at the centre of the agenda to further open and integrate markets for goods as well as services in order to increase productivity in the 27% of EU value added in manufacturing generated by services and establish a solid home-market basis for global competition;
- ensuring that Single Market regulations are not artificially divided in online and offline rules and providing a barrier-free and technology neutral framework, that helps the roll-out of **digital** technologies to accelerate the digital transformation of the European economy, allow us to lead in the development of strategic digital areas, facilitate investment in networks and technology as well as and foster cross-border e-commerce;
- putting in place a more strategic **industrial policy** aimed at creating horizontal enabling conditions at EU level and a common approach to key EU value chains, and a strong and smart implementation of European competition rules to allow the emergence of new innovative firms that can grow into sizeable European companies, able to compete with global enterprises operating by different rules;
- investing more and better in **innovation** by scaling up research and innovation support in the EU budgets as well as by pursuing more business-oriented innovation policies;
- supporting the development of technological solutions to reach the objective of **climate** neutrality (net-zero greenhouse gas emissions) by around mid-century, while at the same time improving our competitiveness, guaranteeing security of **energy** supply, and promoting more efforts from other global players on climate-related issues;
- improving **access to finance** for companies by further strengthening the Economic and Monetary Union, starting with the completion of the Banking Union, the deepening the Capital Markets Union and EU venture capital improvements, while continuing with necessary national reforms to reduce sovereign risks which fuel divergences in interest rates.

### **An EU that is economically cohesive and socially inclusive**

Europe is one of the most equal continents in the world. More than 13 million jobs have been created in the EU since the peak of the Euro-crisis in 2013. However, with an unemployment rate of 6.7% at the end of 2018 compared to 3.7% in the US and wide divergences between Member State's labour market performances, cohesion and employment remain key priorities.

We can do much better in tackling unemployment, inequalities and divergences between EU countries and regions if we develop dynamic labour markets, efficient education and training systems and modern social security systems.

Urgent policy action is required to:

- reduce non-wage labour costs and simplify labour regulations to increase job creation;
- better tailor education and training outcomes to companies' needs, paying special attention to science, technology, engineering and maths skills as well as to the development of apprenticeship to reduce skills mismatches and gaps which are undermining growth, even in countries with still high unemployment;
- enhance incentives to work and support smooth transitions between jobs and employment statuses by modernising social security systems to make them more employment-friendly while ensuring their sustainability;
- raise long term productivity and keep increases in labour costs consistent with rises in productivity growth, while fully respecting the competences of national social partners with regard to wage policy.

### **An EU that is functioning efficiently**

The EU and its member states must better explain the crucial role of the European Union as an engine for national prosperity. However, since part of the disappointment about the European Union is due to unrealistic expectations, they should also clearly say when a decision is the responsibility of national players. Furthermore, the EU should focus on where it can really bring added value and strictly respect better regulation principles.

For BusinessEurope, this means:

- **consistently defending and respecting the rule of law** as this is the cement of our common European values and an absolute necessity to guarantee free movement, protect cross-border trade and investment in the Single Market and defend rule-based international trade;
- **more Europe to improve Single Market** and its governance, finally ensuring a level playing field through more effective, transparent and consistent implementation, enforceability and compliance, with more cooperation between Market Surveillance Authorities and private stakeholders;
- **more Europe to strengthen the Eurozone**, putting in place a real Banking Union and Capital Markets Union as well as strengthening our ability to handle asymmetric shocks, helping member states to put their public finances on a sustainable footing and supporting their efforts to orientate their budgets towards investment as foreseen in the Commission's proposal for an investment protection scheme;

- **more Europe on migration** to move away from ad hoc crisis management, build coordinated European solutions and strengthen our external borders to pave the way to returning to the normal functioning of free movement in the Schengen area and put an end to a divisive debate among Member States;
- **respecting national competence** on the few issues which are still subject to unanimity vote in Council such as, for example, taxation and the organisation of social security, or outside EU competences such as, for example, wage negotiations;
- **only resorting to EU legislation if a challenge cannot be tackled differently**, through other EU coordination or support tools, national action or self-regulation;
- **limiting EU rules to what is necessary** to deal with pan-European aspects, in line with the subsidiarity and proportionality principles;
- complementing the precautionary principle with the **innovation principle**;
- taking policy decisions on the basis of **sound evidence** and information;
- making **impact assessments** before an initiative is proposed, taking into account the cumulative effect of EU legislation, and up-dating this assessment throughout the EU legislative process;
- **consulting relevant stakeholders** so that they have the opportunity to give their views and weighing the representativeness of stakeholders when considering the input received, and
- **respecting the specific role of the European social partners** as foreseen in the Treaty on the European Union;
- **avoiding gold-plating when implementing EU legislation** at the national level.

The European Council can count on BusinessEurope and its member federations to a coherent and reliable application and enforcement of our common set of rules throughout our Single Market and our Economic and Monetary Union.

To allow SMEs and larger companies to fully play their role in society, we count on the European Council to create framework conditions that will enhance competitiveness, encourage entrepreneurship, increase growth and facilitate job creation throughout the European Union, following the recommendations set out above.