



7 December 2012

### **ACT NOW TO RESTORE CONFIDENCE AND BOOST COMPETITIVENESS**

*MESSAGE TO THE EU COUNCIL MEETING ON 13-14 DECEMBER 2012*

Over 4 years have passed and almost 30 European Council meetings were held since the outbreak of the financial crisis. Yet Europe remains unable to return to a path of sustained growth.

Companies are ultimately the drivers of long-term growth and job creation in any economy. Public expenditure alone can never plug the hole created if companies do not have the confidence to invest.

Many European companies remain fundamentally strong and are looking to expand into global markets. But continuing uncertainties with regard to the future integrity of the Euro area are weighing on business confidence and proving detrimental to growth and employment. EU policy-makers must provide a stable and coherent economic and political framework to encourage private investment.

European Union Heads of State and Government urgently need to commit to significant measures to restore business confidence, increase competitiveness and kick-start growth, and the Euro area needs to take concrete steps towards economic and political integration, avoiding diverging messages at national and EU level.

The Council must agree a specific and time-bound roadmap for further strengthening the Euro drawing on President Van Rompuy's report 'Towards a genuine economic and monetary union'. Although long-term in nature, such a roadmap can have an immediate impact in strengthening confidence. In particular:

- Member States need to continue to deliver structural reforms and fiscal consolidation. The EU must support Member States in developing national policies that foster strong and sustainable economic growth and employment. Further measures are still required to enhance the EU's role in ensuring that Member States develop and implement ambitious structural reform plans, especially as regards making the obligations under the EuroPlusPact and the Council's country-specific recommendations more enforceable.
- The development of a 'limited Euro area fiscal capacity', can, when linked to contractual arrangements, be a means of strengthening the EU's role in encouraging structural reforms and fiscal consolidation, provided it does not lead to an increase in the overall tax burden in the Euro area.



- To break the negative feedback loop between the financing of banks and government, and in full respect of the 29 June Euro area summit statement, we need to make concrete progress towards a Euro area banking union. This means agreeing on arrangements to put in place a single supervisory mechanism, covering all credit institutions established in participating Member States, which ensure equal treatment and representation for non-Euro-area Member States wanting to take part in the SSM, while at the same time, ensuring full access to the single market in financial services is maintained for all Member States.
- Conditional upon a transfer of budgetary authority from national to the European level, as well as Euro area economies showing greater convergence, and ensuring their public finance positions are in genuine adherence with the Maastricht criteria, adoption of a joint European debt instrument, such as Eurobonds, may be a long-term aspiration.
- The lack of transparency and accountability undermines the legitimacy of EU decision-making. Greater fiscal and economic integration needs to be complemented by stronger mechanisms for democratic control and accountability at both EU and national level.

In addition, we call for leaders to reach swift agreement on an EU budget for 2014-2020 that meets the challenges of the future – a budget that invests in growth. While strictly respecting the need for budgetary discipline, the budget must promote macro-economic convergence and financial stability for all Member States, and function alongside countries' structural reform efforts. Europe urgently needs a budget that enhances competitiveness and job creation through greater focus of expenditure on supporting innovation, cross-border infrastructure development and SME growth.

Business is ready to play its role in restoring growth. BUSINESSEUROPE also believes that social partners should facilitate structural labour market reforms which can help to bring back growth and prosperity to our continent.

BUSINESSEUROPE counts on Heads of State and Government to match our determination to strengthen the European economy through concrete and clear decisions on 13-14 December 2012.

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