Joint letter from Prime Minister David Cameron, Prime Minister Mark Rutte, Prime Minister Mario Monti, Prime Minister Andrus Ansip, Prime Minister Valdis Dombrovskis, Prime Minister Jyrki Katainen, Taoiseach Enda Kenny, Prime Minister Petr Nečas, Prime Minister Iveta Radičová, Prime Minister Mariano Rajoy, Prime Minister Fredrik Reinfeldt, and Prime Minister Donald Tusk

Herman van Rompuy
President of the European Council

José Manuel Barroso
President of the European Commission

20 February 2012

A PLAN FOR GROWTH IN EUROPE

We meet in Brussels at a perilous moment for economies across Europe. Growth has stalled. Unemployment is rising. Citizens and businesses are facing their toughest conditions for years. As many of our major competitor economies grow steadily out of the gloom of the recent global crisis, financial market turbulence and the burden of debt renders the path to recovery in Europe much harder to climb.

Europe has many fundamental economic assets. But the crisis we are facing is also a crisis of growth. The efforts that each of us are taking to put our national finances on a sustainable footing are essential. Without them, we will not lay the foundations for strong and lasting economic recovery. But action is also needed to modernise our economies, build greater competitiveness and correct macroeconomic imbalances. We need to restore confidence, among citizens, businesses and financial markets, in Europe's ability to grow strongly and sustainably in the future and to maintain its share of global prosperity.

We discussed these issues when we last met. It is right that we discuss them again. Building on the conclusions we have previously reached, it is now time to show leadership and take bold decisions which will deliver the results that our people are demanding. We welcome the steps being taken, nationally and at the European level, to address this challenge and look forward to agreeing further concrete steps at our next meeting, with action focused on eight clear priorities to strengthen growth.

First, we must bring the single market to its next stage of development, by reinforcing governance and raising standards of implementation. The Commission's report to the June European Council should set out clear and detailed actions needed to enhance implementation and strengthen enforcement.

Action should start in the services sector. Services now account for almost four fifths of our economy and yet there is much that needs to be done to open up services markets on the scale that is needed. We must act with urgency, nationally and at the European level, to remove the restrictions that hinder access and competition and to raise standards of implementation and enforcement to achieve mutual recognition across the single market. We look forward to the Commission report on the outcome of sectoral performance checks and call on the Commission to fulfil its obligation under the services directive to report comprehensively on efforts to open up services markets and to make recommendations for additional measures, if necessary in legislation, to fulfil the internal market in services.

Second, we must step up our efforts to create a truly digital single market by 2015. The digital economy is expanding rapidly but cross-border trade remains low and creativity is stifled by a complex web of differing national copyright regimes. Action is needed at the EU level to provide businesses and consumers with the means and the confidence to trade on-line, by simplifying licensing, building an efficient framework for copyright, providing a secure and affordable system for cross-border on-line payments, establishing on-line dispute resolution mechanisms for cross-border on-line transactions and amending the EU framework for digital signatures. We should build on the recent proposals of the Commission, without reopening the e-commerce directive, to create a system that balances the interests of consumers, businesses and rights holders, and spurs innovation, creative activity and growth. We must also continue our efforts to build modern infrastructure to provide better broadband coverage and take-up and extend and promote e-government services to simplify the start up and running of businesses and aid the mobility of workers.

Third, we must deliver on our commitment to establish a genuine, efficient and effective internal market in energy by 2014. All member States should implement fully the Third Energy Package, swiftly and in recognition of agreed deadlines. Energy interconnection should be enhanced to help underpin security of supply. Urgent action is also needed, nationally and where appropriate collectively, to remove planning and regulatory barriers to investment in infrastructure to release the potential of the single market and support green growth and a low-emissions economy. We look forward to the Commission's forthcoming communication on the functioning of the internal market, which should include an assessment of the degree of liberalisation and energy market opening in member States. We also commit to making concrete progress towards the development of a Single European Transport Area and establishing the Connecting Europe Facility.

Fourth, we must redouble our commitment to innovation by establishing the European Research Area, creating the best possible environment for entrepreneurs and innovators to commercialise their ideas and create jobs, and putting demand-led innovation at the heart of Europe's research and development strategy. We must also act decisively to improve investment opportunities for innovative start-ups, fast-growing companies and small businesses, by creating an effective EU-wide venture capital regime which allows venture capital funds to operate on a pan-European basis, assessing a proposal for an EU venture capital scheme building on the EIF and other financial institutions in cooperation with national operators, and agreeing a new EU-wide programme, modelled on the Small Business Innovation Research scheme, to promote more effective use of pre-commercial public procurement to support innovative and high tech businesses. Reforms to create an effective and business-friendly system of intellectual property protection remain a very high priority.

Fifth, we need decisive action to deliver open global markets. This year we should conclude free trade agreements with India, Canada, countries of the Eastern neighbourhood and a number of ASEAN partners. We should also reinforce trade relations with countries in the southern neighbourhood. Fresh impetus should be given to trade negotiations with strategic partners such as Mercosur and Japan, with negotiations with Japan launched before the summer, provided there is progress on the scope and ambition of a free trade agreement. The deals that are currently on the table could add €90 billion to EU GDP.

But we must go further too. We need to inject political momentum into deepening economic integration with the US, examining all options including that of a free trade agreement; seek to deepen trade and investment relations with Russia, following its accession to the WTO; and launch a strategic consideration of our trade and investment relationship with China, with a view to strengthening our economic ties and reinforcing commitment to rules-based trade. Recognising the benefits that open markets bring, we should continue our efforts to strengthen the multilateral system, including through the Doha Development Agenda, strive for multilateral and plurilateral agreements in priority areas and sectors, and resist protectionism and seek greater market access for our businesses in third countries. Above all, we must reject the temptation to seek self-defeating protectionism in our trade relations.

Sixth, we need to sustain and make more ambitious our programme to reduce the burden of EU regulation. We welcome the commitments made by the institutions to reduce burdens on small businesses but urge further and faster progress across the EU institutions while maintaining the integrity of the single market and the Union's wider objectives. We should assess the scope for ambitious new EU sectoral targets and agree new steps to bring tangible benefits to industry. We should also make a very clear and visible statement of our intention to support micro-enterprises and ask the Commission to present detailed proposals to achieve this, including possible amendments to existing legislation. We also ask the Commission to publish an annual statement identifying and explaining the total net cost to business of regulatory proposals issued in the preceding year.

Seventh, we must act nationally and, respecting national competences, collectively to promote well functioning labour markets which deliver employment opportunities and, crucially, promote higher levels of labour market participation among young people, women and older workers. Special attention should also be given to vulnerable groups that have been absent from the labour market for long periods. We should foster labour mobility to create a more integrated and open European labour market, for example by advancing the acquisition and preservation of supplementary pension rights for migrating workers, while respecting the role of the social partners. We should also take further action to reduce the number of regulated professions in Europe, through the introduction of a tough new proportionality test set out in legislation. In this context, we ask the Commission to convene without delay a new forum for the mutual evaluation of national practices to help identify and bring down unjustified regulatory barriers, examine alternatives to regulation which ensure high professional standards and assess the scope for further alignment of standards to facilitate mutual recognition of professional qualifications.

Finally, we must take steps to build a robust, dynamic and competitive financial services sector that creates jobs and provides vital support to citizens and businesses. Implicit guarantees to always rescue banks, which distort the single market, should be reduced. Banks, not taxpayers, should be responsible for bearing the costs of the risks they take. While pursuing a level playing field globally, we should commit irrevocably to international binding standards for capital, liquidity and leverage with no dilution, ensuring that EU legislation adheres to Basel 3 standards to ensure financial stability and meet the financing needs of our economies. Banks should be required to hold appropriate levels and forms of capital in line with international criteria, without discrimination between private and public equities. We also call for rigorous implementation of the G20 principles on banking sector remuneration in line with existing EU legislation.

Each of us recognises that the plan we propose requires leadership and tough political decisions. But the stakes are high and action in many of these areas is long overdue. With bold and effective action and strong political will we can recover Europe's dynamism and put our economies back on the path to economic recovery. We urge you and the European Council to answer our peoples' call for reform and to help restore their confidence in Europe's ability to deliver strong and sustainable growth.

We are copying this letter to colleagues on the European Council.

David Cameron, Prime Minister of the United Kingdom

Mark Rutte, Prime Minister of the Netherlands

Mario Monti, Prime Minister of Italy

Andrus Ansip, Prime Minister of Estonia

Valdis Dombrovskis, Prime Minister of Latvia

Jyrki Katainen, Prime Minister of Finland

Enda Kenny, Taoiseach, Republic of Ireland

Petr Nečas, Prime Minister of the Czech Republic

Iveta Radičová, Prime Minister of Slovakia

Mariano Rajoy, Prime Minister of Spain

Fredrik Reinfeldt, Prime Minister of Sweden

Donald Tusk, Prime Minister of Poland