

Brussels, 16 May 2012

Mr. Herman Van Rompuy
President
European Council
Rue de la Loi 175
B-1048 Brussels
Belgium

Subject: Growth & Jobs discussions should focus on ‘how’, not ‘what’

Dear Mr Van Rompuy,

EUROCHAMBRES welcomes the fact that EU leaders are due to convene extraordinarily on 23 May to discuss growth and jobs and concurs with the view of the Commission that fiscal consolidation and active growth policies should not be portrayed as mutually exclusive.

While the growing interest demonstrated by EU leaders in the growth agenda is heartening, Chambers urge them not to lose sight of the fact that a strategy is already in place and underway. It may not be perfect, but Europe 2020 is recognized, politically endorsed and ongoing, with established mechanisms put in place. It also embraces the twin pursuit of fiscal consolidation and economic growth. The leaders must not seek to reinvent Europe 2020, instead dedicating time to considering how to pursue its ambitious targets rigorously, swiftly and effectively.

Two of the most acute problems currently encountered by the business community are the skills mismatch and the scarcity of financing. In this context, EUROCHAMBRES submits two specific recommendations for initiatives to stimulate growth and jobs and contribute to the attainment of the Europe 2020 headline targets.

Stimulate lending to SMEs through a European Guarantee Fund

Political leaders must not lose sight of the fact that entrepreneurs create growth and in turn jobs. To do so, they need many ingredients, chief among which is investment capital. However, banks are increasingly unwilling to lend to businesses, notably innovative and young enterprises that present both the greatest risk and the greatest potential for growth.

To alleviate this severe financing deficit, EUROCHAMBRES advocates the establishment of a permanent European Central Guarantee Fund (ECGF) for loans and equity. The new fund, which could be managed by the EIF combining public and private funding, would provide both counter-guarantees to existing guarantee institutions/funds at national level - thus enhancing leverage and multiplier effects - and also plug the gap in those countries where guarantee systems do not yet exist.

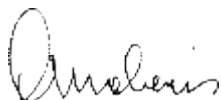
Establish of robust vocational education & training schemes

Jobs are routinely portrayed as a by-product of growth, but they are also a pre-requisite to attaining growth, since entrepreneurial projects cannot develop without the input of skilled staff. However, the employment market is failing to meet the needs of business in many member states, as illustrated by the combination of high levels of unemployment and significant job vacancies. Against this background, it is striking that those countries with well established, effective vocational education and training (VET) schemes typically enjoy considerably lower levels of youth unemployment. Unfortunately, the majority of EU member states do not have such schemes in place.

EUROCHAMBRES believes that the implementation of effective VET strategies should be a priority at EU and national level. In the short term, unspent structural and cohesion funds from the ongoing EU Budget should be channeled to support the reform of VET systems in those countries with particularly high youth unemployment. This effort should then be carried over into the post 2014 financing period and the new Erasmus for All EU education programme must reflect the key role of VET in delivering growth and jobs.

Growth and jobs are rightly high on the political agenda. Chambers look to the EU's heads of state and government to ensure that this political prioritisation is translated into tangible and effective measures that will support entrepreneurs and SMEs, the true source of growth. We believe that delivery of the two measures outlined above would represent a very positive step in the right direction.

Yours sincerely,



Alessandro Barberis