Europe and the Euro – a Family Affair

For ambitious policies to safeguarding the Euro!

The entrepreneurs of family-owned businesses of BDI, BDA, CEOE, Confindustria, Industriellenvereinigung, MEDEF and VNO-NCW call for ambitious policies to strengthen the Euro. The Euro is our home currency and catalyst for our European Single Market!

Family-owned businesses have been the backbone of the European economy for generations. Our competitiveness is crucial for growth, innovation and employment in Europe.

The Euro makes us stronger. We benefit especially from a stable global currency, selling and purchase prices without exchange rate risks, simplified and cheap payment transactions and transparent prices. Even though emerging countries have become more important as trading partners, the European Single Market – and especially the Euro area – remains our most important export destination. The Euro has clearly facilitated the development of Europe’s Family-owned businesses, because it has greatly facilitated access to non-domestic markets. We are increasingly interlinked through complex European value creation chains.

For comprehensive structural reforms to promote business-led growth!

Structural reforms and sound public finances are indispensable for long-term sustainable growth and a stable common currency. Countries that have carried out the necessary reforms are benefitting from their effects. The trust of the markets has returned gradually: spreads for crisis-hit countries are considerably lower today than 12 months ago. The imbalances within the Euro area have started to decrease: trade deficits, structural deficits and unit labor costs have been reduced in certain Euro area countries. Nevertheless, in order to tackle the high public debt burden and create new jobs, we need even more determined action for business-led growth. Improving access to finance and its cost for companies, especially SMEs, is a prerequisite for private investment.

We call on all political decision-makers in Europe to continue strengthening trust: trust of capital markets in the Euro area’s solvency, trust by the Euro area members’ populations in the effectiveness of the remedy and particularly trust of entrepreneurs in the future of the Euro area. Trust is the prerequisite for private investments, sustainable growth and employment.

Consequently, we call on the heads of state and government to show full responsibility for the reform process. The country-specific recommendations of the European Commission, endorsed by the European Council in June 2013, have to be implemented. The implementation of growth enhancing structural reforms should become binding.

For a strong Banking Union and better access to finance for profitable family businesses!

We call on the heads of state and government to speed up the work on completing the European Economic and Monetary Union. One priority is to establish a Banking Union. The new Single Supervisory Mechanism under the supervision of the ECB needs to be set up thoroughly. The ECB should undertake a broad and neutral assessment of the banks’ balance
Correcting banks’ balance sheets is a key issue in order to enable profitable family-owned businesses throughout the whole monetary union to regain access to credit under reasonable conditions. This is also a prerequisite for the proper functioning of loans to SMEs by the EIB and national development banks. Once the Single Supervisory Mechanism starts working, it needs to be backed by an efficient Single Resolution Mechanism for insolvent banks. Therefore EU Finance Ministers and the European Parliament should agree on common rules for bank resolution until the end of this year.

**Restoring competitiveness in Europe!**

We need a policy approach which restores Europe’s competitiveness in a globalized economy.

Therefore we call for an industrial compact with concrete measures. The strengthening of complete industrial value creation chains is a key issue to enhance competitiveness in Europe. We ask for a visionary and coherent industrial policy taking into account increasing mutual dependencies between our companies, irrespective of national borders and branches.

European industry and its competitiveness must be put at the center of EU’s policymaking and a comprehensive and integrated approach is needed with the objective to reverse the declining role of industry in Europe from its current level of around 16 per cent of GDP to 20 per cent by 2020.

In this sense, all community policies having a direct or indirect impact on competitiveness must be properly and closely coordinated and synchronized with the needs of the European industry.

Europe needs to reap the benefits of globalization by promoting free trade. Therefore, we welcome the start of negotiations for a Transatlantic Trade and Investment Partnership (TTIP). Beyond market access, we want progress on regulatory cooperation. Family-owned businesses, in particular, would benefit from such an agreement. The need for accreditation, certification and standardization both in the EU and the US often represents an important trade barrier for family-owned businesses.

In order to strengthen its place in global value chains, Europe needs to focus all policies on competitiveness. This includes above all a more consistent European energy and climate policy to maintain complete value creation chains in Europe. We call for a policy that is geared towards secure, competitive and sustainable energy supply. As a priority, the internal energy market has to be completed by fully implementing the third Single Energy Market Package and by expanding transnational energy grids. Cutting red tape, reducing unnecessary regulatory burdens and adopting proportionate and cost-efficient legislative measures are also crucial in this respect. Mobilizing research and innovation in close cooperation with businesses is a key issue for strengthening competitiveness. We must ensure the adoption of the Multiannual Financial Framework for 2014-2020 by the end of this year.

Removing barriers in the Single Market is crucial for making successful linking to value creation chains possible. The focus must be on opening up closed product and labor markets, remove technical barriers still hampering the free movements of goods, as well as on better implementing and enforcing of Single Market rules, including the mutual recognition principle. The expansion of trans-European infrastructure in transport, energy and telecommunications has to speed up.
We are ready to contribute – in close dialogue with governments and the EU institutions – to a strategy on industrial competitiveness for the European Council in February 2014.

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**Annex:**

**Family-owned businesses stand for:**

### Austria:
- 80 percent of the Austrian enterprises are family-owned companies employing 70 percent of the Austrian workforce and generating 40 percent of the turn-over of the private sector.
- According to a survey, 78 percent of the family-owned companies are managed by the second-generation, 20 percent in the third or even fourth generation. Family-owned companies also retain more profits within the company, have longer lasting relationships with the banks (three quarter of the family-owned companies have relationships that last longer than 17 years).

### Germany:
- 60 percent of the biggest family-owned businesses state that the introduction of the Euro had a positive impact on their business operations; 20 percent consider the advantages as very positive.
- Among the five most important export markets in 2011 were three European states: France, Austria and the Netherlands.
- Industrial family-owned businesses with min. 50 billion Euros of annual sales have an average export ratio of 43 percent.
- The biggest German family-owned businesses have the highest equity ratio (38 percent) in the German economy.

### Spain:
- Number of family business: 2.7 million companies
- Number of employees: 9.8 million
- Importance in relation with the business fabric:
  - 85 percent of the total number of companies
  - 70 percent of the GDP
  - 70 percent of employment in the private sector
- Generational cycle:
  - 65 percent first generation
  - 25 percent second generation
  - 9 percent third generation
  - 1 percent fourth generation or beyond
The Netherlands:

- 75 percent of Dutch exports has a destination within the European Union. Top 5 export countries for goods are EU member states.
- The Netherlands earns approximately 120 billion euro each year from export to EU member states. Which is about 20 percent of Dutch GDP. These exports provide approximately one-and-a-half million jobs.
- There are about 260,000 family-owned businesses in The Netherlands. These businesses represent 69 percent of the total number of companies. Family-owned businesses stand for 53 percent of Dutch GDP and 49 percent of the employment in the private sector. Therefore it is just to say that family-owned businesses are the backbone of the Dutch economy.

France:

- 83 percent of the total number of companies
- 65 percent of the French Medium Size Companies (“ETI “: 250 to 5000 employees)
- 50 percent of GDP
- 49 percent of employment

Italy:

- 64 percent of Italian enterprises with more than 20 employees are family-owned;
- 34 percent of family-owned businesses are founder-controlled and 27 are descendent-controlled firms. Only 3 percent of family-owned businesses are run by a non-family manager;
- 57 percent of enterprises with an annual turnover of 50 billion and above are family-owned;
- during the 2007-2009 recession, family-owned businesses of all sizes had better access to finance than public-companies. Banks which rely on soft information favour family-owned enterprises as the family itself represents a guarantee.