

Letter of the Prime Ministers of the Visegrád Group Countries
Prague, 22 June 2012

Dear President Barroso,

Dear President Van Rompuy,

Dear President Schulz,

The European Council of 28 June 2012 will be held at a critical junction. The economic slow-down and its social implications together with volatility on financial markets are testing the already achieved results of European integration of the last decades. Preservation of these results requires maintaining the course of deep structural reforms on the level of Member States as well as a swift implementation of further additional steps on the EU level. In this respect, we share the main orientations outlined in the letters of President Van Rompuy and President Barroso. We are ready to actively engage in the process in order to attain our common objectives. We believe that while it is essential to continue structural reforms and fiscal consolidation at national levels in order to increase the competitiveness of the European economy, we should also mobilize all appropriate instruments to boost employment and growth.

The Visegrád Group (V4) countries feel a particular responsibility to contribute with additional and specific considerations and ideas to the debate. The reunification of Europe after the fall of the Iron Curtain and collapse of totalitarian regimes was indeed the greatest success of the European integration. Membership of our countries in the European Union and the economic development we have achieved over the past decade contributed to the overall stability in Europe. We have to make sure that the benefits of that major achievement are further developed and maintained. Territorial, economic and social cohesion of the European Union is currently challenged due to different levels of growth and competitiveness across the Union. It is of crucial importance for Europe as a whole that the enlarged Union continues to serve as a reserve for stable and sound growth. However, this does not happen automatically and we all have to work for it.

We suggest that the debate on various methods how to restart growth should be concentrated to the following important issues.

1. Firstly, deep structural reforms at national level leading to sustainable public finances and healthy financial sectors and bolstering competitiveness on the national level are a precondition for a solid growth path and creation of new jobs. Additional action to complement these efforts on the EU level is vital. The EU and its Member States must not divert from their reform course.
2. Secondly, we need to accomplish the European single market which represents one of the most important and evident achievements of the European integration and which constitutes a precondition for any future growth in the Union. It is necessary to duly implement the

existing legislation. All future proposals – including the currently prepared Single Market Act II which we expect to focus on a limited number of areas relevant for enhancing growth and competitiveness, as well as on creating jobs – should embody the principles of reducing regulatory and administrative burdens. We have to make sure that these principles are not diluted during the implementation phase.

3. Thirdly, the Multi-Annual Financial Framework for 2014 – 2020 (MFF) is another important tool which can be used for promoting growth and jobs across the Union. We should grasp its full potential. The EU Member States and all EU institutions, including the European Parliament, should thus intensify their efforts to adopt the MFF no later than by the end of 2012. The new MFF should concentrate on investments which would contribute to overall increase of EU competitiveness. In this context, the EU cohesion policy should be considered as a key investment tool to achieve this goal while driving further economic convergence within the EU. As the main mission of the cohesion policy is to remove disparities between more and less developed regions and Member States, particular attention and sufficient resources should thus be directed to the category of less developed regions. Cohesion policy should also be better targeted and linked to Europe 2020 goals. To spend better in the context of the MFF means to refocus the priorities on future - and growth-oriented fields. Therefore, we are convinced that cohesion policy should not become a victim of possible cuts in the MFF.

In order to facilitate the best possible use of the structural funds in line with the specific conditions and growth promoting priorities of the Member States, we need more flexibility. This includes the possibility of limited reallocations between the structural funds within national envelopes in order to better enable tackling the country-specific challenges.

Special attention should also be paid to better spending in areas of research, development and innovations. The Next MFF is a chance how to stimulate innovation in a geographically balanced manner in the Union. Excellence should continue to be the main criteria for financing research and development projects. However, we need to take practical steps in order to achieve a better geographical balance of EU financed research efforts. We need not only to support the existing research centers in the more developed regions but also encourage the emergence of research activities across the whole Europe.

4. Fourthly, we should also support new innovative instruments on the EU level that contribute to growth, such as project bonds or strengthened EIB capacity. These should play complementary role to the three already existing tools mentioned above. Such new instruments and their financial basis cannot be seen as a substitute for the structural funds and should only be used in relevant growth stimulating areas. The selection of projects in the framework of the new instruments should be impartial and take into account the original Treaty objectives, including the strengthening of cohesion within the EU.

We would like to stress that the discussions about possible future initiatives for growth must be lead in the framework of the EU 27: the issues of growth and competitiveness involve the whole EU. We have to grasp the potential of the EU primary law and of the instruments already at our disposal, be it in the form of legislative harmonization or coordination, and not create new ones outside of the scope of the Treaties and the existing EU institutions.

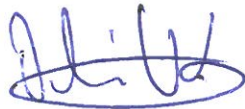
As regards the current situation in the Economic and Monetary Union, we reassert that it is in the interest of all V4 countries to find long-term solutions. We recognize and support all efforts and measures which the present Member States of the eurozone deem necessary, provided that these measures do not distort the European single market and competition. In line with the outcome of the

informal European Council of 23 May, we are ready to discuss further measures or tools that would go beyond short-term solutions to current sovereign debt crisis which is affecting all EU Member States. All the Member States of the EU should be involved into the discussion on the future of the Economic and Monetary Union.

We believe that with these considerations and proposals we can constructively contribute to the success of our common effort to identify new elements of growth, building on and consolidating the existing ones.

A handwritten signature in blue ink, appearing to read 'Petr Nečas', with a stylized flourish at the end.

Petr Nečas, Prime Minister of the Czech Republic

A handwritten signature in blue ink, appearing to read 'Viktor Orbán', with a circular flourish at the end.

Viktor Orbán, Prime Minister of Hungary

A handwritten signature in blue ink, appearing to read 'Donald Tusk', with a stylized flourish at the end.

Donald Tusk, Prime Minister of the Republic of Poland

A handwritten signature in blue ink, appearing to read 'Robert Fico', with a stylized flourish at the end.

Robert Fico, Prime Minister of the Slovak Republic