

Main Messages from the Atlantic Council's EuroGrowth Task Force Report

<p>The European Union (EU) Needs to Deliver</p> <p><i>The Brexit referendum highlights the need for the EU to address its citizens' legitimate concerns</i></p>	<ul style="list-style-type: none"> ▪ Structural challenges the EU must address: <ul style="list-style-type: none"> ○ Youth unemployment is above 20 percent and has the potential to further fuel political extremism ○ An aging population is putting significant pressure on pension and healthcare systems ○ Overregulation stymies innovation and growth of high-tech industries ▪ EU must create the conditions for stronger and sustainable economic growth and deliver solid solutions to challenges such as migration and terrorism ▪ EU must communicate the benefits that come with membership in the EU more clearly
<p>Stronger EU = Stronger United States</p> <p><i>US investments, trade, and financial flows with Europe are far larger than with any other part in the world</i></p>	<ul style="list-style-type: none"> ▪ US companies have invested massively in Europe over the last sixty years <ul style="list-style-type: none"> ○ The United States and Europe are each other's primary source and destination for foreign direct investment (FDI) ○ US companies and investors stand to gain significantly from an increase in economic growth across Europe ▪ Without sustainable economic growth: <ul style="list-style-type: none"> ○ European leaders will likely not have the necessary political capital to address the external geopolitical crises that are also affecting the United States ○ European countries will likely not spend two percent of GDP on defense as agreed by NATO ▪ The United States needs the EU as a reliable partner to shape global economic governance
<p>Increase Investment to Restore Confidence</p> <p><i>The EU must seize opportunities to boost economic growth through investment</i></p>	<ul style="list-style-type: none"> ▪ Low lending costs provide EU member states (with sound public budgets) with an opportunity to perform a one-off injection of public investment in 2017-2018 ▪ Continue to deepen the transatlantic marketplace to foster trade and investment ▪ Set the stage for a new transatlantic economic agreement that builds upon the TTIP negotiations, but excludes the most divisive issues ▪ Pursue the proposed expansion of the "Juncker Investment Plan for Europe" to EUR 500 billion additional investment by 2020
<p>Focus on the Next Twenty-Four Months</p> <p><i>The EU must push projects that are key for long-term growth and can be implemented within two years</i></p>	<ul style="list-style-type: none"> ▪ Complete the internal market for services with fewer digital barriers, finalize the European Energy Union, and attract more capital and investment by delivering the Capital Markets Union ▪ Unleash the economy with more simple and cost-effective business regulation ▪ EU member states must play their parts by liberalizing their labor markets, which remain too rigid to promote job growth in many member states
<p>Build a Europe of Concentric Circles</p> <p><i>Largest founding EU countries should move toward greater fiscal cooperation and integration</i></p>	<ul style="list-style-type: none"> ▪ The concentric circles model: <ul style="list-style-type: none"> ○ Inner ring composed of deeply integrated nations utilizing a common currency, common public debt (in part), and a common fiscal authority ○ External circles with different degrees of integration ▪ Issue common debt (Eurobonds) to finance infrastructure improvements, human capital, and research and development ▪ Reach a political agreement to expand the EU budget for countercyclical purposes ▪ Increase fiscal integration and establish a European fiscal authority to manage the enlarged budget and the Eurobonds