



WARSAW DECLARATION BUSINESSEUROPE'S COUNCIL OF PRESIDENTS

STRENGTHENING OUR ECONOMY IS ESSENTIAL TO DELIVER SECURITY

29 November 2024

Europe urgently needs to strengthen its economy and address its growing competitiveness gap if it wishes to remain an anchor of peace, prosperity and stability in a world marked by rising geopolitical tensions. The Polish Presidency of the European Union will coincide with the entry into power of a new European Commission. This offers a unique opportunity to do a reboot in EU policies to adapt them to the changing global economic and political reality and follow on the Draghi and Letta reports to enhance investment and growth. This is the message from the Presidents of BusinessEurope and its member federations gathered in Warsaw at the invitation of the Polish Confederation Lewiatan – a month before the start of the Polish Presidency of the European Union.

BusinessEurope reiterates its strong support for Ukraine, its people and their European ambitions. The European Union needs to help Ukraine by ensuring that emergency support continues to flow, infrastructure as well as businesses are kept operational and the reconstruction efforts accelerate. Having a strong economy is the basis to ensure that this support can continue as long as necessary.

BusinessEurope therefore urges the EU institutions to take **10 actions** during the Polish Presidency of the European Union:

- **Security and Defence:** help create the conditions for security, crisis preparedness and increased production capacity in the European defence industries so that they are able to supply Ukraine as well as European defence needs. This includes addressing fragmentation in the single market for defence, ensuring that sustainable finance rules support the financing of this important sector and having the necessary flexibility in EU financial instruments.
- **New Clean Industrial Deal:** ensure that the new Clean Industrial Deal contains all the elements necessary to enable European industry to stay competitive and reach the goals of the Green Deal, including sufficiently ambitious measures to reduce the regulatory burden that is weighing on the shoulders of small, medium-sized and large companies in our Single Market, speed up permitting procedures, lower energy costs, encourage innovation and foster new business models, address skills and labour shortages, and diversify Europe's exports and import markets.
- **Energy and climate:** introduce stronger measures to mitigate the carbon and energy costs competitiveness gap such as broadening the scope of industries considered at risk of investment and carbon leakage, reducing exposure of industrial consumers to high and volatile energy prices and the rising costs for energy infrastructure, accelerate the work on CBAM critical parameters (e.g. the definition of a WTO-compatible exports support scheme). Should CBAM prove to be ineffective in preventing carbon leakage, it will be important to reconsider the phase-out of free allowances early enough to ensure effective carbon leakage protection.
- **Single Market:** define an ambitious Single Market strategy for the removal of existing barriers to the free movement of goods, services, persons and capital by mid-2025 and, at the same time, step up the enforcement of existing rules to rapidly boost intra-EU trade and generate efficiency gains. A smooth functioning of the Schengen area is key to guarantee free movement



in our Single Market. A lifting of checks at internal land borders between Bulgaria, Romania and other Schengen countries should be established as soon as conditions are met.

- **Less and better regulation:** set an overall regulatory burden reduction target, deliver the promised reduction in reporting requirements for companies by at least 25%, make an inventory of all the delegated and implementing acts that stem from legislation adopted during the previous cycle and ensure that they facilitate compliance and lead to the least burdensome solutions. Systematically carry out quality impact assessments (including competitiveness checks and SME tests) on any new legislation and in all phases of the legislative process, taking into account the cumulative effects of regulation as well as implications for specific territorial situations of member states.
- **Open and secure international trade:** define an ambitious international trade and investment diversification strategy, foreseeing a broad range of tools (e.g. trade agreements, critical raw material arrangements, mutual recognition agreements) while continuing the ongoing work to conclude and ratify deals with Mercosur and Mexico. We need to strive for a positive agenda with the US that reduces costs for business and finds permanent solutions for trade disputes. We must engage with China, acting with unity while addressing the imbalances in the relationship. The new political cycle in the EU and the UK offers an opportunity to strengthen cooperation and further facilitate trade and investment flows.
- **Social policy:** focus on helping to tackle labour shortages and skills mismatches, improving labour mobility as well as free movement of knowledge in the Single Market and giving the necessary space to the social partners so that social dialogue can play its role in helping to find solutions to Europe's labour market challenges, moving away from a predominantly regulatory approach to social policy towards an economic and social partnership and better respecting the principle of subsidiarity.
- **Innovation and digitalisation:** support business-driven research, innovation and the successful commercialisation of innovative products, services and working methods in Europe. The EU also needs to facilitate digitalisation by focusing on implementing the wide-ranging new digital rules that are in the early days of implementation and developing the necessary guidelines, delegated and implementing acts to facilitate the implementation of new regulations, including the AI act (e.g. on the requirements for high-risk AI, prohibited practices and further clarifications on the definition of AI).
- **Investment:** take into account the conclusions of the informal meeting of heads of state or governments on 8 November on the savings and investment union and work towards the development of capital markets in Europe in the context of the completion of the Banking and Capital Markets Unions to improve access to finance for European companies on the one hand and the modernisation of the MFF on the other hand to ensure that the EU budget is able to address the increased investment needs linked to improving EU competitiveness, the green and digital transitions, the support given to Ukraine, our own security, responses to emergencies, and the future enlargement of the EU, without increasing costs for companies.
- **Enlargement:** help prepare candidate countries to comply with the EU acquis as part of a merit-based approach to accession. At the same time, make the necessary adaptations in the EU itself in order to ensure that enlargement leads to improved European competitiveness, higher growth and enhanced prosperity.