



Mr Márton Nagy

Minister for National Economy of Hungary
Chair of the EU Competitiveness Council

23 September 2024

Dear Minister,

Key messages to EU Competitiveness Council of 26 September 2024

The upcoming EU Competitiveness Council meeting takes place at the time when the EU policy makers are shaping the competitiveness agenda for next five years. It is an urgent political imperative, now also as confirmed by the recent Letta and Draghi reports.

BusinessEurope agrees with the analysis tabled in the two reports. Europe's competitiveness is clearly undermined and there is a need of urgent decisions to put our economy back on track, or the EU will disappear from the map of global powers.

We strongly support the underlying message of the reports that there is a need for

- full implementation of the Single Market rules and its further integration as soon as possible,
- a renewed industrial strategy at EU level that should be supported by much stronger and decisive actions,
- urgent simplification of EU law and lowering of administrative burdens, and
- reduction of energy costs.

It means gearing the policy coordination among Member States and strong Treaty-based legal instruments towards the competitiveness goal.

BusinessEurope agrees on the need to assess and reduce "cost of legislation for all operators", but in order to deliver such reduction on the ground we need to set a clear overall regulatory burden reduction target with a concrete timeline for implementation. Otherwise, the debate on reduction of burdens will remain a debate only.

We believe that the reporting reduction targets set as a cross-cutting task for all the commissioners in the new European Commission are the first step, however there is a need of urgent actions to also reduce the overall regulatory burden which necessitates the ownership of all the three EU institutions involved in law-making.

Conditions for research and innovation investments, not least in the manufacturing industries, should be urgently improved if we want the EU to retain its technological edge. It should be



supported by measures of the financial system to help innovative companies in scaling-up or rolling-out the new technologies in the market. Then crucially it is the fragmentation of the Single Market that mainly hinders innovative companies that reach the growth stage from scaling up in the EU, states Mr Draghi. To eliminate this challenge, there is also a need for strong inter-institutional cooperation, which is also rightly underlined in his report.

State aid

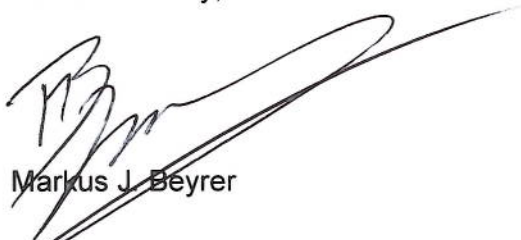
EU State aid control has played a pivotal role in the EU for decades. It has been one of the key tools to preserve the integrity of the Single Market whilst at the same time it also served to support other policy objectives clearly defined in the EU treaties. As an integral part of EU policies, State aid needs to be well targeted and efficient, transparent, proportionate, limited in time and carefully monitored to avoid distortions of competition and preserve a level playing field in the Single Market.

Public support is needed to accompany, when justified, companies in their transition, help building the necessary infrastructure, support innovation and scale up new technology. The State aid rules already give the Member States considerable opportunity to support projects that contribute to the green and digital transition, but the relevant rules and frameworks can be improved to reduce administrative burdens, contribute to the long-term planning security of companies, and encourage more investment.

BusinessEurope has set out its priorities for the State aid rules in the context of a renewed industrial policy but also in relation to the necessary improvements to ordinary State aid procedures. You will find these priorities attached to this letter.

BusinessEurope stands ready to discuss these issues with the Council further.

Yours sincerely,



Markus J. Beyrer

Annex: BusinessEurope's priorities for the State Aid rules in the context of a renewed industrial policy