

Mr Charles MICHEL
President of the European Council
Rue de la Loi 175
1048 Brussels
Belgium

15 October 2024

Dear President,

Message to EU Council meeting on 17-18 October 2024

The next 18 months will be crucial to show companies that actions are taken to improve competitiveness

On 17-18 October, the European Council will take stock of progress in enhancing the EU competitiveness and discuss the way forward in delivering the 2024-2029 strategic agenda in the light of the Letta and Draghi reports. Both reports raise alarming signals about Europe's declining competitiveness. They underline the huge investments needed, both private and public, to regain competitiveness and achieve Europe's strategic goals.

For BusinessEurope, meeting these huge investment needs requires first and foremost to improve the EU attractiveness as a location for private investment. Actions will need to be taken at EU level, but member states will also need to do their part. Public investment has a role to play, for public goods and to leverage private investment, taking into account the sustainability of public finances. Productivity gains are therefore key to increase growth prospects and create sound fiscal room for manoeuvre.

SMEs are drowning in administrative and regulatory complexity and over-regulation stifles technological development in Europe. The EU must simplify the lives of SMEs and innovative enterprises in order to unleash the benefits they can bring to society. A reboot in EU policies is urgently needed, prioritising measures to reduce regulatory burden in our Single Market, lower energy costs, encourage innovation, address skills and labour shortages, and diversify Europe's exports and import markets. The next 18 months will be crucial to give clear signals of policy changes both to European companies and foreign investors.

Concerning the immediate short term, BusinessEurope identified the following actions which can and should be taken swiftly at EU level:

- On energy costs: taking decisive measures to reduce the gap in energy costs differential with our main competitors, such as:
 - increasing massively renewable and low-carbon energy deployment in the least-costly locations, and lifting the roadblocks to their development, including on interconnections,
 - broadening the scope of industries considered at risk of investment and carbon leakage and reducing the exposure of industrial consumers to rising

- costs for energy infrastructures, for instance through exemptions from network charges in the respect of fair cost allocation, and
- speeding up approval and permitting procedures, for example by introducing a time-limit on Environmental Impact Assessments under the Environmental Impact Assessment Directive without lowering the environmental standards;
- On reporting requirements: delivering the promised 25% reduction in reporting requirements on which we made 30 concrete proposals to the Commission to lower compliance costs for companies without reducing protection standards which were not yet taken on board;
- On the Single Market:
 - properly enforcing the existing rules on free movement as this would have a rapid boosting effect on intra-EU trade and generate efficiency gains, with positive effects for overall European competitiveness, growth and employment, and
 - by mid-2025, designing an ambitious single market strategy for the removal of existing barriers to cross-border trade and investment;
- On digitalisation and innovation:
 - reduce the time-to-market for digital product and services by accelerating the introduction of regulatory sandboxes to allow companies to experiment,
 - improve digital security for innovators by accelerating the implementation of the Network and Information Security directive (NIS-2),
 - refocussing the EU framework for research and innovation (FP 10) on its initial purpose: fostering industrial innovation.
- On trade:
 - finalising ongoing negotiations of trade agreements such as Mercosur to open up new market and investment opportunities for European companies, diversifying our supply chains as well as reducing excessive dependencies,
 - find permanent solutions to long standing trade disputes and irritants with the US,
 - engage with China to address market distortive policies and restore a level-playing field, showing assertiveness and unity in defending European interests.

All Commissioners' mission letters ask them to contribute to putting in place the conditions for companies to invest in Europe during the next 5 years. We fully support this as all European policies must be mobilised to achieve this.



BusinessEurope is a European social partner, and we are fully committed to help ensuring that European social policy does its part. You will find enclosed our vision of how European social policy can contribute to improving competitiveness and productivity by focusing on:

- addressing practical barriers labour mobility in the single market, such as fragmented posting notification systems, lack of digitalisation in social security coordination, information provision, and recognition of qualifications,
- expanding labour market participation, by promoting inclusive active labour market policies;
- future proof skills corresponding to companies' needs, bringing digital education to the forefront;
- legal migration of skilled workers to attract needed talents in the EU more easily;
- competitive sustainability, avoiding duplications and overlaps in the area of social sustainability reporting.

The content of the future new Clean Industrial Deal will be scrutinized by companies and has to include a first set of concrete and ambitious measures.

We count on the European Council, the European Commission and the European Parliament to join forces to rapidly put the European economy back on track and send clear signals of improvements in the investment conditions for both manufacturing and services activities at the start of this new European cycle.

Yours sincerely,

F. Persson
President

Markus J. Beyrer
Director General

Enclosure: 1