



**Mr Charles Michel**  
President of the European Council  
European Council  
Rue de la Loi 175  
BE – 1048 Brussels  
BELGIUM

12 October 2020

Dear President,

## **Message to the European Council meeting on 15-16 October 2020**

### **Europe urgently needs a growth enhancing recovery plan and clear rules on future EU-UK relations**

1. Swift agreement on the new EU's multiannual financial framework (MFF) and Next Generation EU recovery instrument is more important than ever

Our economies are gradually recovering from the severe output falls seen in the spring, but a full recovery will only be possible once all sectors are able to resume activity as usual, uncertainty is reduced, and businesses once again have the confidence and finances to invest. In the meantime, financial support must reach companies rapidly in order to help workers retain their jobs and avoid unnecessary insolvencies. Delays in the adoption and implementation of the European recovery plan agreed by the European Council in July 2020 would send a very bad signal to markets as well as society. This must be avoided.

Furthermore, the unprecedented means to be mobilised for Europe's recovery must be spent responsibly, enhancing Europe's long-term capacity to generate growth and employment, encouraging structural reforms and improving the earning capacity of the European economy.

While fully supporting climate neutrality and agreeing that the Green Deal is a key pillar of the European recovery plan, BusinessEurope is concerned that the recent impact assessment published by the European Commission shows that, according to the average of the modelling results, there is practically no additional growth with the more ambitious climate targets for 2030. BusinessEurope supports the transformation objective pursued under the Green Deal but these ambitions will need to be accompanied by a strong business plan. The EU needs to focus much more on how to turn the Green Deal into a real growth driver, preserving European competitiveness and avoiding carbon leakage to other world regions. Moreover, the European approach to growth also needs to go beyond the Green Deal.

For BusinessEurope, this means in particular:

- **underpinning the Green Deal and its new targets with a credible industrial strategy** (a real business plan) to mobilise the necessary investments in green technologies, become climate-neutral in a cost-effective way, ensure there is enough affordable green energy available and improve the global level playing field regarding CO2 emissions reductions; and there needs to be significant public support to help deploy key low-carbon technologies such as batteries, hydrogen, low carbon liquid fuels, off-shore wind and carbon capture and storage, in order to reach the scale where they become increasingly competitive;
- **supporting the digital transformation of our economies and societies** by creating the conditions for the safe deployment of new technology such as AI and 5G as well as for the industrial data economy, developing digital skills and incentivising voluntary data sharing through collaborative European data spaces;
- **tearing down all the barriers that weigh on the development of our Single Market**, not only restoring all freedoms of movement to pre-COVID conditions as soon as possible but also tackling long-standing obstacles to cross-border labour mobility and provision of services, overcoming over-prescriptive policy for harmonised European standards for goods and removing remaining barriers to the free flow of data;
- **putting in place a more harmonised approach to precautionary restrictions** taken by member states to mitigate COVID-19 risks because better coordination in this respect is essential for the recovery of all sectors of the economy;
- **supporting an ambitious international trade agenda that promotes new trade and investment opportunities for our companies** both bilaterally and multilaterally while effectively safeguarding European interests including through the reform of the WTO;
- **not resorting to new taxes** as part of new own resources as increasing costs for businesses can only harm growth and employment;
- **developing focussed and future-oriented national resilience and recovery plans**, **fully** involving the social partners from the early stage of development until the execution of these plans.

Putting in place strong **mechanisms to ensure that all expenditure is well spent** is also essential. BusinessEurope underlines 3 important criteria in this respect:

- focussing the deployment of EU funds on reforms and investment projects that improve Europe's competitiveness and earning capacity;



- making the funds available on a non-discriminatory basis to EU companies of all sizes, with only a few exceptions for necessary SME specific schemes and regardless of their home member state.
- ensuring that the basic rule of law requirements are respected when using EU funds as this essential for the smooth functioning of market economies;

2. Both sides need to do their utmost to reach agreement on future EU-UK relations

Going from full market integration to a no-deal scenario would have devastating consequences for companies that are already struggling due to the impact of COVID-19. Keeping trade as frictionless as possible while safeguarding a level playing field is essential.

BusinessEurope is convinced that a reasonable outcome is still possible, provided that both sides show a strong political will to find a compromise that could lead us to a deal. At the same time, efforts to put in place the necessary preparedness measures to help companies face the profound changes that will occur when doing business between the EU and the UK must be pursued.

We look forward to continuing to work with you and the members of the European Council to deliver a growth-enhancing EU recovery plan as well as clarity about the rules that companies will need to follow when trading with the UK in the future. In both cases the answers must be provided by the end of the year. Time is running out.

Yours sincerely,

  
Pierre Gattaz  
President

  
Markus J. Beyrer  
Director General