



Mr Charles Michel
President of the European Council
European Council
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BELGIUM

13 December 2021

Dear President,

Message to the European Council meeting on 16-17 December 2021

Pan-European coordination needed to avoid undermining the recovery

The European Council should focus on coordinating efforts to tackle the 4th wave of the Covid pandemic, while at the same time preserving the recovery. To restore our economy and get lasting growth and employment, the EU needs to improve competitiveness. Determined action is needed to contain the pandemic, continue with structural reforms, strengthen the Single Market, and improve Europe's position in the world.

COVID-19 and crisis resilience

Europe is in the midst of the 4th wave of the Covid pandemic, and we are concerned that Member States will yet again introduce unilateral restrictive measures that will undermine the recovery and worsen supply chains difficulties. BusinessEurope supports the Commission's call on Member States from 30 November not to unilaterally restrict EU-intra mobility in the light of the omicron variation of COVID-19 and to coordinate action on the EU-borders. We urge the European Council to:

- continuously support vaccinations, particularly in Member States with relatively low rates, to reduce the risk of an increase in hospitalisation rates leading to a return of restrictions on activity,
- agree on a coordinated approach to booster vaccine shots and on a standard validity period for vaccination certificates, as suggested in the proposed Council Recommendation of 25 November 2021,
- avoid uncoordinated unilateral measures that would pose new risks of discrimination as well as disruption to cross-border provision of products and services in the Single Market.

To build up the resilience of the Single Market, the Single Market Emergency Instrument is a step in the right direction. However, the EU must also go beyond emergency and crisis instruments. The goal must be to strengthen the Single Market, removing barriers, and easing cross-border market access within the EU, rather than imposing additional requirements which translate into burdens.

Fostering a lasting recovery

There are growing concerns in the business community about legislative proposals that put European companies at disadvantage when competing on global markets. Enterprises



cannot cope with a never-ending accumulation of constraints and administrative requirements. To preserve the recovery and restore the economic capacity to deliver lasting growth and employment through improved competitiveness, it will be essential to:

- combat unnecessary complexity in EU legislative proposals as the accumulation of over-prescriptive and sometimes overlapping or inconsistent requirements is hampering the development of European companies,
- ensure that Member States fully implement their Recovery and Resilience plans, putting sufficient emphasis on future oriented productive investment and growth-enhancing reforms linked to the country-specific recommendations under the European Semester.
- avoid a premature tightening of supportive fiscal policy and related measures in the short run but foster rapid agreement on a revised EU economic governance framework to ensure that Member States return to fiscally sustainable positions in the medium-term.

Tackling rising energy prices

In response to the spike in the price of energy, a number of Member States have already taken actions. It is important that these national measures do not impact competitiveness or disrupt the single market. The integration of energy markets has proven to bring clear benefits such as optimising the use of resources across Europe or decreasing price volatility. It is therefore essential to further improve its functioning and not distort it. Furthermore, with the current situation being primarily driven by transitory global gas supply and demand factors, a fall in gas prices and consequently electricity prices is forecasted in 2022 first semester. This market-based rebalancing is preferred and any market reforms, if necessary at all, should be subject to proper analysis and consultation process.

Access to affordable renewable and low-carbon energy and fuels is crucial for the success of both the European economy and the energy transition. Therefore, any potential changes must ensure that investment incentives for additional renewable and low-carbon capacity are maintained and increased.

In addition, investment in all zero- and low-carbon energy sources and solutions necessary for the transition must be integrated into the taxonomy for sustainable finance.

Lastly, promoting wage moderation is essential to avoid a damaging spiral of wages and prices increases.

International trade to sustain the recovery

BusinessEurope welcomes the **EU Global Gateway initiative** and calls on the European Council to strongly support it to send a clear signal to our trading partners and neighbours that the EU is serious about being a geostrategic player. What we need now is a rapid roll out with concrete, strategic projects which should be accessible on a basis of reciprocity. The structural involvement of business is essential to make projects economically feasible and to crowd in private investment. In this context, we are happy to see that a Business Advisory Group will be created for closer private sector involvement, and we are looking forward to



engaging and contributing to the work of this group. Going forward, Member States will have an important role to play for proper implementation, through a Team Europe approach, and a sufficient degree of prioritisation. We will closely follow its roll out.

In the aftermath the COVID-19 pandemic, many European companies will seek to diversify their supply chains to reduce the risk of future disruptions. This creates more trade and investment opportunities for **Africa** and African companies. In this context, the Global Gateway initiative should play a central role in the EU's engagement with Africa, in areas like infrastructure and strategic corridors, also contributing to further integration of EU-Africa value chains. In preparation for the EU-Africa Summit, planned for February 2022, it would be important to roll out already some projects under the Global Gateway to show it delivers for local actors and that Europe is a reliable and committed partner in the region.

Considering the political and economic importance of **China** today and in the future, we urge the European Council to keep an open dialogue to discuss cooperation, for instance on climate change, but also to address the problems in the digital or the trade sphere. We welcome the recent developments and the willingness from both sides to organise a political summit early in 2022, if conditions allow. In the current context - still very much impacted by COVID-19 restrictions, including on travelling - it is even more important to facilitate this open exchange making sure that Europe's views and that of its companies are heard in China.

External aspects of migration

BusinessEurope fully supports better coordination with countries of origin and transit. However, in addition to preventing illegal migration, the EU needs a renewed economic migration policy framework for talented people from third countries.

Yours sincerely,


Pierre Gattaz
President


Markus J. Beyrer
Director General