



Mrs Agnès Pannier-Runacher
Chair of the EU Competitiveness Council
Minister Delegate for Industry
Ministry of the Economy, Finance and the
Recovery
139 rue de Bercy
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Dear Minister,
Chère Madame Pannier-Runacher,

RE: key messages to EU Competitiveness Council of 24 February 2022

First of all, I wanted to thank you – also on behalf of President Pierre Gattaz – for the very good exchange of views we had with you a couple of weeks ago.

BusinessEurope welcomes an active start of the French EU Council Presidency that pursues its objectives to reinforce Europe's industrial base and contributes to our global competitiveness. We expect that strategic issues of the industry's green and digital transition, standardisation, resilience of the Single Market and removal of remaining barriers to trade in goods and services will feature highly on the Presidency agenda for this Council formation.

The French Presidency puts forward a few important legislative topics for the Council meeting of 24 February, on which BusinessEurope shares the key messages from our members.

Corporate sustainability reporting: general approach by the Council

The Council will seek to adopt a general approach on the proposed Directive on Corporate Sustainability Reporting (CSRD). BusinessEurope urges Member States to avoid putting unnecessary administrative burdens on companies and:

- further reduce the information that companies have to report on. In particular, we encourage the Council to make reporting on intangibles and potential impacts *optional* for companies, as this will be very complicated and could lead to liability issues, in particular with mandatory assurance.
- support the extension of the deadlines for implementation and the gradual approach based on the size and type of company, to allow business to adequately prepare for the new rules.
- completely exclude SMEs from reporting requirements though we acknowledge the reduced reporting requirements for them in the present draft.



Foreign Distortive Subsidies Instrument

BusinessEurope welcomes the European Commission's proposal for an Instrument to address foreign distortive subsidies. This has been a longstanding request from the European business community that is confronted with an uneven playing field in the Single Market. It is important that the instrument:

- focuses on major subsidies leading to significant distortions to ensure its effectiveness. The thresholds for concentrations and public procurement procedures may need to be lowered to ensure that the instrument really covers the most relevant cases. This must be balanced against the need to keep the administrative burden on companies and public authorities as low as possible, and to make sure that enough of the Commission's investigative resources can be reserved to the ex officio investigations.
- is non-discriminatory and WTO-compliant. It should be used in parallel with other EU tools including Free Trade Agreements to promote and enforce ambitious competition rules, as well as plurilateral/multilateral fora that aim at promoting global state aid rules.
- provides for rules and procedures that are consistent with those under other relevant EU legislation to avoid overlaps and duplications of processes (e.g. EU public procurement directives, International Procurement Instrument, FDI Screening, etc.).

Pathway for the Mobility Ecosystem in the Context of Green Transition

It is encouraging that the Commission has started work on the transition pathway for the mobility ecosystem, and with the opening consultation is seeking to identify the major challenges businesses and manufacturers are facing. When addressing these, BusinessEurope underlines:

- the need to ensure a manageable transition, carefully taking into account the economic and social impact. The green transition will bring new opportunities for the mobility ecosystem but it will also disrupt and change profoundly its current structure. Reaching climate objectives is a must, but how we get there requires careful consideration.
- the need for technological neutrality, allowing different technological solutions to be implemented under the circumstances where they are most efficient respectively. In this context we support accelerating the work of the Batteries IPCEI and the European Raw Materials Alliance, as well as setting up the Low-Carbon and Renewable Fuels Value Chain Alliance as quickly as possible.
- the need for investment in infrastructure for *all* available low-carbon mobility solutions, without which the achievement of the ambitious targets set under the Green Deal is not possible.



- while the Commission is seeking to identify which existing programmes could help with this transition, it is concerning that in face of these massive challenges, there is a lack of additional European funding.
- with specific reference to the automotive sector, an EV-only approach, as currently proposed in the 'Fit for 55' package, notably in the CO2 standards Regulation, goes against the principle of technological neutrality and will increase the economic and social costs of the transition. Complementing electrification with an open approach to all technological solutions would lead to a significant reduction in CO2 emissions while preserving jobs, creating added value and maintaining the EU's competitiveness in the global market.

Competitiveness Council role on digital topics

BusinessEurope reiterates that the ongoing trilogue negotiations on the Digital Services Act (DSA) and the Digital Markets Act (DMA) should be concluded with quality and legal certainty of the rules as priority in mind. We are confident that a compromise which both ensures a fair trusted digital Single Market and promotes free cross-border provision of digital services – the key ingredient for the success of digital transition - can be achieved.

We trust the French EU Council Presidency will further develop the text of Artificial Intelligence Act that would be risk-based and proportionate in requirements on business, as it will have far-reaching implications on the European industry's competitiveness globally. BusinessEurope is also keen to engage in a dialogue with the Council on the strategic issues stemming from the recently published Standardisation Strategy.

Respectueusement,

Markus J. Beyrer