



Ms Ebba Busch
Deputy Prime Minister
Minister for Energy, Business and Industry of
Sweden
Chair of the EU Competitiveness Council
The Government Offices
SE-103 33 Stockholm
Sweden

22 February 2023

Dear Deputy Prime Minister,

RE: key messages to EU Competitiveness Council of 2 March 2023

BusinessEurope welcomes the Swedish EU Council Presidency step to include a policy debate on the long-term competitiveness and internal market in the agenda of the upcoming EU Competitiveness Council meeting to be held on 2 March 2023. Companies urgently need regulatory breathing space and a comprehensive set of measures enhancing competitiveness, deepening the Single Market and preventing deindustrialisation of Europe.

Already before the series of crises of the last two years, European enterprises were fighting hard to preserve their competitiveness. Having done their utmost during the Covid pandemic European companies are now faced with the headwinds of the asymmetric shock of the consequences of the war in Ukraine as the rise in energy costs is higher and hitting them harder than their American and Asian competitors. Moreover, incentives and subsidies by some of Europe's key trading partners are redirecting private investment away from Europe.

We welcome that the European leaders acknowledged the need to urgently improve investment conditions in the EU and strengthen the competitiveness of European companies at the EU summit of 9 February, and a tangible and comprehensive follow-up is necessary now. It is crucial that the European Commission responds to the European Council call with a specific competitiveness agenda focusing on the long-term goal of enhancing the EU's competitiveness.

Net-zero-transformation. The proposed Commission's Green Deal Industrial plan for the net-zero age is a timely and necessary initiative and it can be a step in the right direction. Most concrete ideas around the new Net-Zero Industry Act, such as clear goals for European clean tech by 2030 or simplifying and fast-track permitting, sound good. However, the scope looks far too restricted on a limited range of green tech sectors and



broader efforts will be needed to improve the overall investment and business conditions in Europe. We miss technology openness. What Europe needs is a transformation of the whole industry. All industrial sectors need to be part of the net-zero-transformation which should be supported by the innovation-conducive environment instead of excessive regulatory burdens stifling it.

We trust the EU Competitiveness Council under your leadership will pursue these efforts in the coming few months bringing about necessary changes when designing the policy and regulatory environment.

Single Market. As part of the recent debate on necessary Europe's efforts to better calibrate the state aid instruments, the EU should ensure that a level playing field is maintained, avoiding any fragmentation in the single market and a subsidy race.

Industrial competitiveness cannot be built on subsidies but targeted state aid and support can be justified, in particular to accompany energy-intensive companies in their transition, help building the necessary infrastructure, support innovation and scale up new tech. The new Temporary Crisis and Transition Framework can be a short-term measure to effectively mitigate the weakening of Europe's industrial base, facilitate the net-zero transition and address the financial pull factor created by global competitors. However, there is a fine balance to be found between temporarily relaxing EU state aid rules to speed up procedures and maintaining the necessary harmonised state aid control at EU level to ensure a level playing field within the Single Market. Therefore, possible changes in the state aid framework should be only temporary.

It is also clear that the change in the state aid rules alone cannot deliver in the longer run if the EU continues disregarding key regulatory barriers in the Single Market and impacts of the regulatory framework on competitiveness in general. The market scale is crucial for investment to environment-friendly technologies and their roll-out in the EU to meet the society's needs in the green transition.

A fully-fledged programme to advance the Single Market integration by removing regulatory and administrative barriers to cross-border business operations and to reduce bureaucracy should be urgently designed to unleash the estimated €713 billion by the end of 2029, a sum similar to the investments foreseen under the "Next Generation EU" recovery package. It should address the long-standing concerns of the business community in terms of persistent and even re-appearing market fragmentation, as called for in the Joint Industry Statement of 27 June 2022¹.

It should include further opening of the product and services markets and ensuring full synergies with sustainability policies. A thorough screening of permitting, licencing and authorisation schemes, also beyond the narrow scope of clean-tech related services, would help moving forward. The internal market for services needs to be particularly

¹ [Businesses call for fresh political engagement to renew economic integration in the single market | BusinessEurope, Eurochambres, ERT, Digital Europe, EuroCommerce](#)



improved. The Annual Single Market report 2023 shows that 60% of barriers are those persisting for many years. The ever-increasing requirements on products open up new avenues for market fragmentation and significantly increase compliance costs, which should be revisited in order to both adhere to the Treaty freedoms of movement of goods, services, capital and people, and reduce burdens to improve competitiveness. The announced 1in-1out principle in legislative initiatives should not be limited to administrative costs but be vigorously applied to offset full compliance costs.

Competitiveness check. BusinessEurope is encouraged by President von der Leyen's decision to introduce a mandatory 'competitiveness check' for all new EU policy and legislative initiatives as well as the Swedish EU Council Presidency steps to advance on this idea. Such a check could ensure an in-depth discussion on how strategies, programs, action plans or individual regulatory initiatives of the EU impact our capacity to grow and create jobs, innovate and compete internationally. The competitiveness check should build on and expand available tools under the better regulation framework, becoming a standard benchmarking milestone in policy making. BusinessEurope believes it is possible to design and apply such a check without delay, i.a. with the participation of the Council and Member States.

The co-legislators should not underestimate substantive negative effects on the European competitiveness across industrial sectors of many currently debated complex legislative initiatives, such as Data Act for example. Data Act would very likely fail the competitiveness check unless it is significantly - and with no rush – amended after a thorough dialogue with all the industry. Unfortunately, we observe a lack of political will to acknowledge legitimate concerns expressed by the business community in Europe² and that rush in decision-making already happening like with many other proposals.

We consider that the EU Competitiveness Council should play its role in application of the competitiveness check and respective scrutiny, especially in times when companies urgently need significant improvements in business environment. BusinessEurope stands ready to contribute to the debate on how such a check could be put into practice.

Yours sincerely,

Fredrik Persson
President

Markus J. Beyrer
Director General

² [The Data Act is a leap into the unknown - Joint industry statement by 30 industry organisations, 1/2/2023](#)