

Mr Vladimír Tošovský
Minister of Industry and Trade
President of the Competitiveness Council
Na Františku 32
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CZECH REPUBLIC

14 May 2009

Competitiveness Council, 28-29 May 2009

Dear President,

On 28 May, the Competitiveness Council under your leadership will have a unique opportunity to give a forceful response to both immediate and longer term challenges faced by European industry. Action is urgently needed, as most sectors face an unprecedented downturn with adverse consequences for their workforce and growth.

A new comprehensive and integrated industrial policy has to be decided, which will be part of the post-Lisbon Strategy. We would like to be consulted and are ready to cooperate with the Council on these matters. A combination of horizontal and sectoral initiatives is a good approach. But in the more immediate future, actions must be taken which bring obvious benefits to European industry, especially in the current crisis:

1. The sectoral dialogues organised by the Commission have proven very useful. But there is a real urgency to translate them more rapidly into practical measures stimulating demand and markets for innovative products and services, and improving the operational framework of sectors.
2. Companies are more and more struggling with the increased bureaucracy and procedures which hamper the effectiveness of the European Framework Programme for R&D at a time when technology and innovation have to be urgently supported. These procedures should be radically reviewed as the Framework Programme influences the strategic positions that European industry can build up.
3. Member States must make rapid headway on the patent discussions. The common European patent court system should be rapidly implemented by consulting the European Court of Justice. This system could generate cost savings of up to €300 million and improve legal certainty in the internal market. As pointed out repeatedly, a Community Patent - based on a single language - would boost innovation.
4. Most of the rules that regulate firms are of European origin. This makes the role of the Competitiveness Council to foster an agenda for better regulation and alleviation of administrative burdens even more important. For instance, the



removal of specific requirements for e-invoicing could save up to €40 billion per year and the exemption of micro-enterprises from certain accounting requirements could cut costs by €6.3 billion per year. Furthermore, we call on the Council to ask for a careful assessment of the administrative burden created through REACH and to limit the wide-ranging impact on companies, especially SMEs.

5. An effective trade credit support scheme could help restore an estimated €45 billion in EU exports lost as a result of trade financing difficulties. We call on the European Investment Bank, the European Commission and Member States to agree on a scheme of temporary trade credit insurance, ensuring a level playing field across the EU internal market.
6. Access to raw materials is an important element of industrial policy, and we ask you to ensure that the EU takes immediate, coherent and coordinated action across its different policy areas along the lines of the Commission's raw materials initiative.

Today's crisis does not allow for a "business as usual" attitude to regulatory policy. New legislative proposals that risk creating an extra burden on companies should be avoided. Here, we call for the anti-discrimination directive to be withdrawn and for ideas about introducing legislation on EU collective redress to be dropped.

While we recognise that the climate protection agenda will lead to new regulatory initiatives, these initiatives must fully integrate competitiveness, energy and environmental protection objectives. In other environmental areas, the cost implications of new policy proposals for industry should be scrutinised and alternatives elaborated if required. The project of establishing an EU-wide Emission Trading Scheme for NO_x and SO₂ should be put on hold.

We trust that you and your colleagues will adopt strong conclusions preparing the ground for an ambitious action agenda in integrated industrial policy, giving a boost to sustainable innovation and competitiveness.

I would very much like to meet you before the Council meeting to discuss this letter.

Yours sincerely,

Best regards,

Philippe de Buck