



Mr Kostas Hatzidakis
Minister of Development and Competitiveness
2, Navarchou Nikodimou & Filellinon str.
10557 Athens
Greece

14 February 2014

Dear Minister,

**Competitiveness Council meeting on 20-21 February 2014
Recommendations for a new European industrial compact**

During your meeting on 20-21 February you will address industrial competitiveness and prepare the discussions of the Heads of State or Government during the Spring European Council on 20-21 March 2014.

BUSINESSEUROPE counts on the Competitiveness Council to give a very strong signal on the actions that need to be taken in order to deliver the industrial renaissance that the Commission is calling for in its recent communication.

European companies are fully committed to improve industrial competitiveness. They are keen to develop their activities in Europe. Policy makers need to put in place the right framework in order to allow businesses to develop their full potential and foster growth and jobs in Europe.

Europe is at a turning point. The efforts made to get out of the crisis are starting to pay off. But Europe will continue to fall behind the global economy if remaining competitiveness problems are not solved. There is no time to waste. The European Union must urgently put in place a 360° strategy to improve industrial competitiveness.

A **new European governance for industrial competitiveness** is urgently needed to deliver real prioritisation and mainstreaming of competitiveness in all policy areas, all EU institutions and at all decision-making levels.

BUSINESSEUROPE calls for 3 concrete measures to this:

- The Competitiveness Council must become a much more active guardian of European competitiveness and speak up when policy proposals undermine our industrial competitiveness;
- The Heads of States or Government must give a clear sense of direction, with deliverable priorities, and ensure that the state of play for European industry and the progress made in pro-competitiveness reforms are monitored and evaluated every year at the Spring European Council (as we do for growth and employment enhancing reforms);
- A permanent Industrial Competitiveness Coordination Group must be established in the Commission to ensure that industrial competitiveness is systematically taken into account when deciding on Commission proposals.



The Competitiveness Council must recognise **the strategic importance of energy and climate policy** for European competitiveness. Europe needs an energy and climate policy which truly puts cost-competitiveness, security of supply and climate objectives on an equal footing as a clear strategy to avoid "investment leakage". While BUSINESSEUROPE supports a single 2030 greenhouse gas emissions reduction target, the level of ambition recently proposed by the European Commission can only be seen as realistic if a binding international climate agreement can be concluded in 2015. We have to make sure that Europe is not once again a lone frontrunner without followers

We welcome the fact that the Competitiveness Council will discuss the 2030 energy and climate package and expect that, on the basis of the opening provided by the Commission proposals, you will define a clear conditionality between the final decision on the EU level of ambitions and the commitments made by our trading partners in the context of an international climate agreement. The Competitiveness Council must make sure that rising energy costs do not drive investment out of Europe.

The decisions to be taken under the state aid framework for energy should ensure Europe's global competitiveness and improve the functioning of energy markets, while minimising distortions of competition within the single market. In particular, the guidelines need to permit measures that fully offset the cost impact of decarbonisation policies on energy intensive sectors and measures to increase the overall cost-efficiency in renewable energies' promotion.

The February Competitiveness Council will discuss the **state of the Single Market integration** and Single Market aspects of the European Semester. A well-functioning Single Market is essential for growth and jobs. Linked to every job in the manufacturing sector there are at least two quality jobs in services. We strongly believe the Single Market's wider dimension and its impact on Europe's industrial competitiveness and international trade are largely underestimated by policy-makers.

Member States must improve the functioning of the Single Market through better transposition, implementation and enforcement of its rules. At the same time, the European Union must refrain from creating additional burdens for business. The principle of mutual recognition deserves special attention to avoid creating red tape at EU level.

BUSINESSEUROPE also emphasises that any new **EU rules on disclosure of non-financial information** should not hamper the competitiveness of enterprises and should leave companies flexibility to report on those issues which are relevant to their business and stakeholders.

BUSINESSEUROPE has identified the key policy drivers to boost industrial investment in Europe (see publication at annex).

We count on you to make full use of our blueprint for an Industrial Compact and prepare an ambitious action plan for the Spring European Council meeting on 20-21 March 2014.

Yours sincerely,

Markus J. Beyrer