



**Mr Kostis Hatzidakis**  
Minister of Development and Competitiveness  
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21 May 2014

Dear Minister, *Dear Mr. Hatzidakis*

**Competitiveness Council meeting on 26 May 2014  
An industrial governance for EU competitiveness**

First of all, I would like to thank you for your invitation to address the informal Competitiveness Council on 11-12 May in Athens.

Further to the fruitful exchange of views we had on that occasion and in view of the formal meeting of the Competitiveness Council on 26 May 2014, BUSINESSEUROPE would like to reiterate its call to act now to improve industrial competitiveness and industry's contribution to the success of the European economy.

In the last five years, we lost 6 million jobs across the EU, compared to around 1 million in both the US and Japan and the EU's share of worldwide FDI flows fell to 24% in 2012 compared to 40% in 2000.

We desperately need a new industrial governance to ensure that competitiveness is really taken into account in all relevant policy initiatives and at all institutional levels. This is essential to regain the ground lost.

In this new industrial governance, the Competitiveness Council has to play a much stronger role as guardian of competitiveness and take clear positions on all issues with strong competitiveness implications discussed in various Council formations.

We therefore urge you to discuss the competitiveness impact of the 2030 energy and climate package during your meeting on 26 May 2014.

In this new industrial governance, the Commission must also make sure that competitiveness is systematically prioritised in all the policy initiatives it proposes. This can be done through the creation of thematic clusters or a high-level industrial coordination group within the college. The Competitiveness Council must give a strong message to that effect to the incoming Commission.



Impact assessments play a key role in minimising the regulatory cost and adverse effects on competitiveness. BUSINESSEUROPE therefore strongly supports the idea of creating an independent body making the impact assessment of the initial Commission proposals as well as of important subsequent amendments proposed by the European Parliament and Council.

In terms of content, the following policies are of particular importance for European competitiveness and require special attention

- 1. Energy and climate:** We support a binding greenhouse gas reduction target post-2020 but urge Member States to thoroughly assess what a minus 40% by 2030 really means for each country at national level. Such a reduction will require enormous efforts. As the low hanging fruits were already harnessed, every additional percentage of reduction will become more costly. It is therefore all the more important to ensure that the EU does not put itself again in the position of lone frontrunner. The envisaged greenhouse gas reduction target of 40% must therefore be conditional on the completion of an international climate agreement in 2015 in Paris with comparable and measurable contributions by our main partners. In addition, it will be fundamental to mitigate the effects of high energy prices through measures such as a genuine revision of the ETS including compensation measures.
- 2. Innovation.** An innovation principle must complement the EU's precautionary principle in order to avoid stifling innovation. Member States must work towards improving close-to-market innovation in Europe. Compared to other countries, Europe's scientific leadership is not sufficiently translated into industrial advantage. A silo mentality does not support innovation. Innovation increasingly relies on cooperation among businesses. Dynamic clusters and networks for innovation therefore need to be encouraged.
- 3. Access to finance for companies on reasonable terms.** Comprehensive and timely implementation of the European Banking Union will lead to deeper and more liquid markets, more resilience to financial shocks and better support to cross-border trade and investment. The agreement reached on the Single Resolution Mechanism must be swiftly implemented.
- 4. Infrastructure development.** The deployment of digital infrastructure is essential to enable industrial productivity gains. Innovative ICT solutions require a well-functioning, developed, secure and resilient network, providing high speed connections at a competitive price. These considerations must be taken



into account during the discussions on the proposal for an EU Single Market for telecommunications. In transport too, we need better interconnections as the degree of interoperability between national networks directly affects the efficiency of transport services and therefore European competitiveness as a whole. In this context, BUSINESSEUROPE urges Member States to reach swift agreement on the 4<sup>th</sup> Railway and Single European Sky 2+ packages.

During your meeting on 26-27 May, it is important that you adopt a general approach on the Commission proposal regarding trade secrets. This directive will contribute to better protect companies against theft and misuse of their know-how. It will boost technology transfer and innovation that increasingly relies on cooperation among companies generating growth and jobs. BUSINESSEUROPE welcomes this important step and calls for rapid adoption of this general approach.

We understand that trade defence instruments could be discussed during your working lunch. BUSINESSEUROPE supports the Trade Defence Instruments Modernisation package based on three pillars: basic laws, guidelines and practical self-help especially for SMEs. We would be very concerned if the Commission adopted the guidelines separately in the coming weeks as this could alter the overall balance of interests that is subjacent to the package approach, jeopardising the outcome of the overall reform. We therefore urge member states to defend the package approach and find a workable compromise on the remaining sensitive issues swiftly.

To conclude, we recognise that the importance of industrial competitiveness is now better understood. But there is still a huge gap between words and action. Europe is walking when the rest of the world is running. We must speed up the momentum to rekindle Europe's attractiveness as a business and investment location.

We count on the Competitiveness Council to ensure that real actions are taken swiftly to implement the conclusions of the spring European Council meeting of 6 March 2014.

Yours sincerely,



Markus J. Beyrer