



CONFINDUSTRIA



MEDEF

III FORUM ECONOMICO CONFINDUSTRIA - MEDEF

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Joint Declaration

Partner



PRIMA SOLE COMPONENTS S.p.A.

On the occasion of the third Franco-Italian business forum meeting in Rome on June 10 & 11, the Presidents of Medef and Confindustria recall the determination of the two organizations to intensify their cooperation. They welcome the new political impetus that the two governments intend to give to the bilateral relationship.

Faced with the covid crisis, French and Italian entrepreneurs, aware of their responsibilities, have made every effort to ensure safe conditions for their employees, customers and suppliers and thus allow our economies to function. They call on the governments of the two countries to further intensify the vaccination strategy, including in the workplace. The gradual lifting of restrictive measures is imperative to ensure the integrity of the internal market and free trade throughout the Union. The effective entry into force of a genuine *EU Digital Covid -Certificate* by the end of June will be one of the keys to ensure that restrictions currently in place can be lifted in a coordinated manner and to facilitate the safe free movement of citizens within the EU.

The discussions between French and Italian business leaders around environmental and digital transitions highlighted several priorities such as the urgency of a European Cloud, the development of digital skills to meet the needs of the labour market, and the balance to be found between climatic challenges and business productivity requirements. The French and Italian Entrepreneurs insisted on the exceptional effort to be made in terms of financing innovation, bureaucratic simplification, and speed in the provision of European funds.

To make the emerging recovery as lively as possible, the watchword is confidence. Our entrepreneurs are committed to invest and innovate. It is up to our two governments to send a strong signal to our fellow citizens, both economically and healthily:

1. Our companies are at the heart of the fight to ensure employment in our territories and the maintenance of our social system and our values. The efforts of our governments, as well as the European initiatives, to help companies get over the course have saved most of the activity, but the coming months will be decisive. Also, the national recovery plans that will be deployed, backed by the *Next generation EU* plan of which France and Italy are among the first beneficiaries, constitute an unprecedented opportunity to develop bilateral projects in the key areas of infrastructure, digital technology, carbon-free energy. Provided they can be implemented without delay. Our organizations will work, alongside businesses, to encourage joint initiatives and develop synergies for the success of the environmental and digital transition, especially in adaptation and skills development.
2. As a key component of the Recovery and Resilience Plans, a strong emphasis must be placed on structural reforms – public administration and simplifications, justice, social policies, taxation – which must be launched as soon as possible to accelerate the implementation of the plans and the modernization of our respective countries. Any initiative that would increase taxation and administrative and regulatory burdens in the private sector risks to jeopardize our recovery trajectory and should therefore be avoided.
3. The social dimension must be at the heart of recovery and investment plans: it is about supporting inclusion and promoting the employability of workers and job seekers. Our companies are committed to facilitate access to employment for young people, particularly affected in our two countries. This implies ambitious public policies to encourage hiring, combined with private/public partnerships with a focus on initiatives to bridge the gap between education and labour market needs. Measures to enrich core educational competences (STEM) are crucial.

4. The recovery will only be solid if the conditions for financing our economies are secured. We call the attention of European leaders to the need not to compromise the ability of financial actors to finance the recovery and sustain the real economy. In this context, it is necessary to transpose Basel IV rules in a calibrated way, preventing a reduction in investment and lending to enterprises, in particular SMEs, and to avoid penalizing debt restructuring operations with automatic rules. It is also important to consider the specific features of European banks, ensuring a level playing field with other countries. Moreover, it is necessary to properly revise Solvency II (capital requirements for insurers) to reduce the risk of procyclical effects, removing unnecessary costs and barriers, in particular in relation to long-term products and investments. Guaranteeing the deployment of private investments alongside public ones is also crucial to boost the recovery and ensure a sustainable growth as well as a sustainable public debt which will remain very high (150% of GDP for Italy, 118% for France) for several years. It will be important to use the Recovery and Resilience Plans to combine efforts and equip our countries with the appropriate instruments aiming at accelerating joint investments in key technologies, strengthening the digital and green capacities of the industry, and supporting Europe's technological leadership. While acknowledging the need of avoiding distortions of competition in the single market, a flexible and adjusted European State aid framework is highly needed, in coherence with the ambitions of the PNRRs.
5. Beyond the recovery plans, targeted efforts to support the most vulnerable sectors – especially the “hard to abate” manufacturing and Small and Medium-sized Enterprises - must be continued until the vaccination campaign has allowed a full recovery in activity. Support for digital transformation is a priority in this regard. Europe has several assets to be used to strengthen its digital sovereignty and ensure its digital independency. Nevertheless, many strategic sectors (such as ICT) increasingly depend on components and platforms from third countries while many of the national critical infrastructures (hardware and software) are built outside the EU. Regulation plays an important role: in fact, only within a certain and predictable regulatory framework can companies define their business strategies and catch the new opportunities linked to digitization and the online market. Equal efforts must be deployed, either at EU and national level, to ensure top quality, stable, secure, and robust infrastructure and to encourage investments in key digital technologies (e.g.: High Performance Computing (HPC), Quantum computing, AI, Blockchain). We call on our governments to strengthen digitization assistance programs, in particular for SMEs and very small businesses which are still insufficiently digitized.
6. On behalf of French and Italian entrepreneurs, we reaffirm our ambition for Europe and our attachment to the deepening of the internal market and to fair undistorted competition. The Covid crisis has demonstrated the need for the Union to assert its sovereignty and embody its values. We welcome the industrial eco-systems-based approach of the updated 2020 New Industrial Strategy for Europe's Recovery and its objectives to strengthen the single market, reduce the Union's external dependencies and enhance the technological base of European territory. The need to support EU technological leadership in certain priority areas through major investments in R&D&I, represents a *sine qua non* condition for increasing the competitiveness of European industry and strengthening European and national value chains. The increasing centrality of IPCEIs is of particularly importance given the strong commitment that our governments are assuming to position Italian and French companies on the major projects in preparation (cloud, hydrogen, microelectronics, and health). Taking in account that IPCEIs represent the only instrument financing not only R&I but also early industrial deployment, the ongoing revision by the European Commission must go in the direction of strengthening the instrument, reducing the administrative burdens, and

accelerating the decision-making and implementation process. Promising industrial alliances can start if the Union accelerates the establishment of a consistent legal and financial framework. Like Gaia X, a European alliance on the sharing of sectoral data, which Medef and Confindustria have supported from the start. The strengthening of Europe's open strategic autonomy must be approached without taboos while improving the attractiveness of Europe as a privileged place of investment. In this regard, strengthening the international ambition of the euro should make it possible to assert Europe's place in the global geoeconomy.

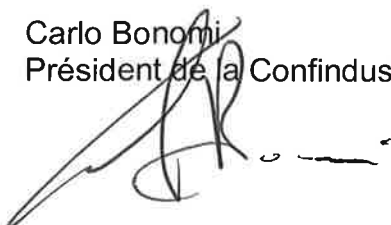
7. CONFINDUSTRIA and MEDEF consider the Single Market as a critical asset to deliver the transition towards a green and circular economy, as it is a main driver of investments in innovation. Urgent action is needed at EU level to stop the growing trend of diverging national measures, which threaten the integrity of the Single Market. The ambitious political goals of the Green Deal must rest on an open, dynamic, and fully functioning Single Market and should not lead to the erosion of its fundamental principles. Our companies are investing significant economic resources in the ecological transition, to achieve the objectives of the circular economy. We consider it essential that both the EU and the Member States promote a proportionate legislative approach based on the results of scientific assessments and benefit/risk analyses that take into account environmental, economic, social and health impacts.
8. Our entrepreneurs are fully aware of their role in combating climate change. The raising of European objectives in terms of reducing greenhouse gases and the projects of our two governments impose increased challenges on our companies. We will only be able to seize these opportunities if clear and understandable investment signals are defined: an ambitious framework to support the development of low-carbon technologies - especially in hard-to-abate sectors -, complete energy market integration and conditions of real competition with less ambitious countries, with new clear and feasible sustainability goals. We therefore welcome the Commission's initiative to set up a carbon border adjustment mechanism (CBAM) at the borders of Europe provided a gradual integration with other carbon leakage measures. More precisely, the conditions for the success of the CBAM depend on the maintenance of adequate protections in the transitional phase, in particular the mechanism of free quotas allowances. It's also important to integrate the new energy taxation policies (based on carbon footprint or carbon tax) with the ETS mechanism in order to avoid overlaps and market distortions. Furthermore, we have to ensure that some important Directives, such as the Single Use Plastic Directive which will have important economic impacts, are applied in a harmonized way by all Member States, in order to avoid a severe fragmentation of the Single market and gold-plating phenomena.
9. On a wider scale, we are aware of the circumstance that in order to remain competitive, companies need to embed sustainability considerations into their decision-making and strategies; nonetheless the EU framework has already been proven to be able to foster the transition towards new sustainability goals. We are not starting from ground zero (e.g.: Shareholders Rights Directive II and Corporate Sustainability Reporting Directive), corporate governance codes and company best practices. and for that we must consider our progress and efforts so far: this means that any further action needs to be deeply thought and prepared following better regulation principles with the involvement of the first stakeholders of the present initiative that business are. This can certainly help to repel any unintended drawback or consequence which could become a bigger issue than the one we are facing nowadays.

10. We call for combating all forms of protectionism. The reform of the WTO is a unique opportunity to revamp the multilateral trading scheme, while addressing urgent matters such as the close interconnection of trade and investment with climate action and sustainability in a coordinated way, thereby avoiding disrupting unilateral measures. At the same time, we are in favor of adapting existing agreements like the one on subsidies and developing multilateral and plurilateral agreements in emerging fields like e-commerce. Moreover, we call for the establishment of a modern rulebook to enable the WTO to carry out effectively its core functions. Our two countries, by their history as by their situation, have specific assets both towards the Euro-Mediterranean Partnership and for joint cooperation projects in Africa. We will work for the success of the partnership agreement with the United Kingdom while ensuring that the conditions of fair competition are respected.

The B20, which meets in Rome next October, will be an opportunity for our two organizations to further consolidate their relationships in the framework of the most prominent global fora. Medef and Confindustria are determined to allow a renewed dialogue between all French and Italian economic players. The next forum will be held in Paris in the fall of 2022.

The next debate on the future of the Union must be an opportunity to embark on bold reforms to give Europe a more agile and effective framework in a changing world. Business representatives from our two countries will actively participate.

Carlo Bonomi
Président de la Confindustria



Geoffroy Roux de Bézieux
Président du Medef

