



## BUSINESSEUROPE'S PRIORITIES FOR THE CZECH PRESIDENCY OF THE EUROPEAN UNION

Further to the [declaration](#) adopted by its Council of Presidents on 3 June 2022, BusinessEurope developed the following detailed priorities for the Czech Presidency:

- **Economic policy:** We need to find a proper balance between controlling inflation and the need to support the recovery while avoiding recessive effects. The suspension of the rules of the Stability and Growth Pact in 2023 as a consequence of increased short-term government spending requirements related to the Ukraine war must not delay the long-term strengthening of public finances. It remains essential to make the best use of the EU's Recovery and Resilience facility to drive productive investment and reform. In addition, an ambitious industrial policy is the best way to strengthen innovation and global competitiveness of European business.
- **Energy prices and repowering the EU:** To tackle skyrocketing energy prices, the Czech Presidency must ensure appropriate financial compensation for businesses, create the right investment conditions for more renewable and low-carbon energy and fuels besides intensifying the diversification of supply routes and taking a realistic approach to phasing out the dependency on Russian fossil energy sources.
- **Green transition:** In the negotiations on the Fit-for-55 package, the Czech Presidency must ensure that the green transition is economically and socially workable and successfully move the EU towards a more sustainable economy, while reinforcing our European competitiveness and global technology innovation leadership.
- **Single Market and digitalisation:** To strengthen our Single Market and accelerate its digitalisation, the Czech Presidency must pursue protection of the Single Market freedoms not only in negotiations on the upcoming Single Market Emergency Instrument that will address crisis situations, but in all the proposals setting new requirements for products and services in Europe, as well as in the initiatives on data economy, AI and cybersecurity.
- **Employment and social policy:** Given the tight labour markets, with record levels of vacancies and skill shortages, the Czech Presidency must focus on labour force and skills shortages. A balanced approach is needed on key files, including platform work, and pay transparency. The principles of subsidiarity and proportionality have to be respected, as well as national practices and social partners autonomy.
- **International trade:** In the current tense geopolitical context, and Russia's invasion of Ukraine, the Czech Presidency must aim at strengthening the resilience of the EU economy, by building coalitions with like-minded partners, diversifying sources of supply and accelerating ratification of negotiated bilateral free trade agreements.
- **Workable requirements for companies:** All ongoing initiatives must fit together, be SME-friendly, not overlap and not reduce the resources available to companies to deal with the current crisis situation. Moreover, EU rules on due diligence must be effective, workable, and proportionate while providing for a true a level playing field.



- **Conference on the Future of Europe:** The future of Europe and of our cherished European Way of Life depends on the ability to maintain our economic strength and competitiveness. Many proposals made during the conference would make it more difficult for our companies to contribute to growth and the creation of jobs. A competitiveness check on all pending and/or future legislative proposals, as suggested in the recommendations of the conference, is urgently needed to make sure that the proposals are growth and employment friendly.

There is no time and space for legal uncertainty, standard approaches and business-as-usual policymaking. All mid and long-term EU policy measures will need to factor in the new reality and the principles of better regulation must be strictly adhered to. If the European legislators hinder innovation and deployment of new technologies, if they over-burden European companies in their home-market, if they fail to simplify and fast-track procedures to authorise investment projects in the EU, they hinder the digital and green transitions and undermine job creation, as well as re-industrialisation efforts to increase our open strategic autonomy.



## LIST OF CONCRETE POLICY RECOMMENDATIONS FOR THE CZECH PRESIDENCY OF THE EUROPEAN UNION (ANNEX)

### ECONOMIC POLICY

To build a more **resilient European economy** in these difficult times, the Czech Presidency should aim at:

- **Proper enforcement of the Stability and Growth Pact**, revised following the conclusion of the ongoing review, preferably with simplified rules and reduced procyclicality and reflecting the post-pandemic context. The suspension of the rules of the Stability and Growth Pact in 2023 as a consequence of increased short-term government spending requirements related to the Ukraine war must not delay the long-term strengthening of public finances.
- **Encouraging all member states to implement their recovery and resilience plans**, putting sufficient emphasis on future oriented productive investment and growth-enhancing reforms linked to the country-specific recommendations under the European Semester and making sure that funds are used as intended by the EU's Recovery and Resilience facility to drive productive investment and reform. All players must be vigilant to the growth of inflationary expectations and ensuring that temporary price rises do not give rise to a damaging wage-price spiral. At the same time, measures should be tailored in order to avoid possible recessive effects.
- **Supporting access to finance for companies, and SMEs in particular, by simplifying rules to promote access to the market and** make capital markets more attractive for EU companies. Making public capital markets more accessible and competitive, without prejudice to the investor's protection, is strategically relevant. The planned Listing Act initiative could have a virtuous leverage effect also in light of the national recovery and resilience plans.
- **Ensuring that implementation of the Basel III standards in prudential regulation for banks does not unnecessarily increase capital requirements** for EU banks and preserves the so-called "SME supporting factor," which reduces the cost of lending to SMEs by mitigating the disadvantages of lending stemming from the combined effect of enhanced capital requirements and liquidity rules.



## ENERGY PRICES AND REPOWERING THE EU

To tackle the **skyrocketing energy prices and prepare for further supply disruptions**, the Czech Presidency should aim at:

- **Ensuring appropriate financial compensation for businesses for the increase in energy prices in order to safeguard their competitiveness.** In this context, the Temporary Crisis Framework should be reviewed to better reflect the immediate needs of many European businesses.
- **Creating the right investments conditions for more renewable and low-carbon energy and fuels deployment in the context of the RePowerEU Plan.** The legislative proposal on permitting for renewable energy projects to decrease the length of administrative procedures should be reinforced and swiftly adopted by the Council. In the upcoming trilogues on the revision of Energy Efficiency Directive and Renewable Energy Directive, the Czech Presidency should focus on improving access to corporate sourcing of renewable and low-carbon energy and fuels, as well as on adequately incentivising energy savings.
- **A realistic and feasible approach to diversifying and phasing out the dependency on Russian energy sources.** The need for forced curtailments must be avoided at all costs, as this would deeply harm the European economy and compromise Europe's strategic autonomy as well as the ability to achieve the green and digital transitions. Any initiatives to prepare at the EU-level for demand curtailments next winter should be market based to the extent possible and coordinated to prevent a patchwork of national measures, which might disrupt the Single Market.
- **Further incentivising decarbonisation of industrial processes.** As decarbonising our economy and deploying more renewable and low-carbon sources will require investments in a multitude of products and technologies, some of them being very energy-intensive, the potential for industrial decarbonisation should not be limited through introducing a simple cap on energy consumption or applying too stringent criteria hindering the production of renewable hydrogen in Europe.
- **Accelerating the negotiations on the EU gas and hydrogen package.** Electrification alone will not get the EU to climate neutrality. Not only is the development of an internal hydrogen market of vital importance for the successful implementation of the European Green Deal. In the light of the Russian invasion in Ukraine it is ever more urgent to increase the resilience of the EU energy system and immediately unlock existing barriers for the deployment of renewable and low carbon gases, notably hydrogen. Swift negotiations on the December package matter for the implementation of the reinforced target of **10 million tonnes of domestic renewable hydrogen** production and 10 million tonnes of imports by 2030.



## GREEN TRANSITION

To make the **green transition** economically and socially workable and successfully move the EU towards a more sustainable economy, while reinforcing our European competitiveness and global technology innovation leadership, the Czech Presidency should aim at:

- **Promoting an EU level debate on the challenges related to accelerating permitting of industrial and infrastructure projects in addition to renewable energy projects and setting in place a set of consistent EU-level recommendations and immediate actions.** The Versailles Declaration rightly calls for “drastically reforming, simplifying and fast-tracking administrative procedures to authorise investment projects in the EU”, which is key to succeed in the green transition. In particular, critical cross-border connections should urgently be completed for improved interconnections of the European electricity and gas networks.
- **Focussing on proven solutions, giving businesses the long-term investment security needed for large-scale enhancements in negotiations on the Fit-for-55 package.** At the same time, it is crucial that European policy makers refrain from adding disproportionate cost burdens or undermining existing carbon leakage measures that remain vital to maintain industrial employment in Europe and decreasing global emissions.
- **Maintaining the competitiveness of European businesses in the negotiations on ETS and CBAM.** By rushing from free allocation of emission allowances within the ETS to CBAM, before the latter has been properly tested and has proven its effectiveness, EU policymakers would put Europe’s industrial strength, which provides for millions of good jobs in Europe, at risk. The addition of rigorous decarbonisation plans to the ETS would severely impede entrepreneurs by forcing them to disclose sensitive business data at installation level, without a clear environmental benefit.
- **Maintaining the principle of technological neutrality and not closing the door on low-carbon and renewable fuels regarding cars and vans emissions,** which could make a significant contribution to emission reductions.
- **Ensuring the continuation of a cost-efficient Industrial Emissions Directive.** The IED revision proposal will require substantial amendments to avoid legislative changes that can deplete the capacity of companies to invest in their transformation in a cost-effective manner. It raises a number of implementation concerns which lead to legal uncertainties, risk to prolong and complicate the permit procedures, and ultimately undermine the ongoing industrial transformation. It is also happening at a moment in time when the whole sustainability legislative framework is under revision, risking double regulation and inconsistencies with questionable benefits on the environment.
- **Supporting the proposed Ecodesign for Sustainable Products Regulation** as a unique opportunity to achieve a functioning EU market for secondary raw materials and circular products. The Digital Product Passport must strictly follow the following five principles: be relevant to circular economy, be product specific, be focused on the needs of recipients, protect confidential information, and ensure good quality, comparability, and interoperability.



## INTERNAL MARKET

To strengthen the **internal market and its digitalisation**, the Czech Presidency should aim at:

- **Solving the Single Market bottlenecks across the board.** Further and urgent attention to the four freedoms of the Single Market in any product or service regulation is a must, like we call for in the [Joint industry statement](#) of 27 June 2022.
- **Narrowing the scope of the upcoming Single Market Emergency Instrument (SMEI)** to achieve a framework that protects the freedoms of the Single Market in any emergency, rather than an extended scope covering strategic dependencies of the EU economy. The Presidency should ensure that the better regulation principles are adhered to, and that an impact assessment, which will hopefully accompany the proposal, will be discussed at the Council working party in charge. BusinessEurope strongly rejects mandatory obligations for businesses to disclose commercially sensitive information, which could further undermine our industry's competitiveness.
- **In discussion on the Annual Burden Survey 2021, mobilising support for the 1in-1out principle** announced by the Commission President at the start of her mandate and scrutinising how it is applied in practice to avoid an ever-increasing burden of regulatory requirements.
- **Clarifying the definition of AI system as well as classification of “high-risk” AI systems in the discussion on the AI Act**, to avoid the inclusion of systems that have no impact on the health and safety and/or fundamental rights as well as other systems already covered by sectoral legislation in the scope of the AI Act. The Czech Presidency should also clarify the allocation of responsibilities in the AI value chains, while preserving the risk-based approach in the AI Act.
- **Clarifying the scope and definition of data in the negotiations on the Data Act.** The Data Act is a key legislative proposal to promote more data sharing across the board, however rules should not discourage innovation and investments. The central definitions in Chapter I of the legislative proposal “data”/“product”/“data holder”/“user” are not clear enough and cause great uncertainty with regard to the concrete scope of application. Security of data is important to avoid unintended consequences for users, companies, and public sector bodies alike. Mutual trust and safeguards to make data available are paramount for the data sharing ecosystem. Alignment with existing legislation on data protection, data governance and sharing is crucial to create legal certainty for businesses.
- **Supporting robust cybersecurity, which is threatened by an increased number of attacks.** The revision of the NIS 2.0 Directive is a cornerstone legislation. To reduce costs for companies when implementing cyber requirements, it will be essential to streamline cybersecurity requirements and give more guidance and support for businesses, especially SMEs, in the upcoming cybersecurity certification schemes under the Cybersecurity Act, as well as the expected new Cyber Resilience Act proposal.



- **Keeping a risk-based approach and proportionate requirements for economic operators in the General Product Safety Regulation.** It is also important to ensure maximum consistency with the New Legislative Framework for products and the Digital Services Act, notably regarding the role and obligations of economic operators and online marketplaces.
- **Promoting a market-driven and inclusive standardisation environment in the context of the implementation of the Standardisation Strategy,** as proposed in our joint industry [statement](#) on the standardisation strategy. Building the EU's resilience and a model for open strategic autonomy should not mean that the EU resorts to isolationism. Instead, the EU should further reinforce its ties in standardisation with key trading partners and should further promote the participation of European stakeholders in international standardisation activities.
- **Maintaining the ambitions of the Commission's proposal when working towards a general approach on the TEN-T Regulation,** as this legislative proposal is key for Europe's twin transition. The Regulation's objectives should also include smooth functioning of the Single Market and the mobility of European citizens, to address the missing links at cross-border sections in the Single Market. Resilience of the European economy to any economic or geopolitical shocks cannot be achieved with significantly underfinanced transport infrastructure.

## EMPLOYMENT AND SOCIAL POLICY

Across the EU, firms are facing tight labour markets, with record levels of vacancies and skill shortages. Regarding **employment and social policy**, the Czech Presidency therefore should:

- **Support Member States in tackling labour force and skills shortages that are a bottleneck for all businesses across the EU.** Ageing and shrinking working population is paired with a relatively high inactivity rate and important skills mismatches. To address this challenge, the Czech Presidency should work towards encouraging the development of in-work benefits to increase employment, improving mobility in the EU as well as economic migration of the third country nationals to fill unfilled vacancies across Europe. In these times of high labour and skills shortages, active labour market policies have a key role to play including supporting services (i.e., alternative methods of reaching out to inactive people and focusing on their motivation to work) and enabling measures (i.e. childcare or long-term care) and improved skills intelligence at EU, national and local level.
- **Replace the presumption of employment proposed by the Commission in the draft Directive on platform work** by a more balanced and neutral framework which allows people to work through platforms either as self-employed or in the context of an employment relationship, depending on which best reflects the actual situation. The Czech Presidency should ensure that the criteria introduced in the directive should remain non-binding and act as a guidance to Member States to set up their national classification systems for employment and self-employment. To ensure that the distinction between different employment status' is not blurred, the directive must avoid giving to self-employed workers rights which are solely meant for employees and



instead allow for more flexibility and support for social partners to conclude collective agreements on working conditions in platform work, in line with their national industrial relations practices and social dialogue systems. At the same time, it should not prevent self-employed from enjoying the benefits of this statute – flexibility and independence.

- **Safeguard the progress made in respecting and upholding the role of social partners in pay setting systems in the Council's general approach on the proposed directive on pay transparency**, in particular, the possibility for social partners to maintain negotiate, conclude and enforce collective agreements which establish arrangements on pay transparency that have the same aims as the directive. The Czech Presidency will need to make further changes to provide more flexibility to Member States to design and implement pay transparency measures, to reduce the overly detailed reporting requirements for companies, to ensure that pay comparisons are done at company level and only when a certain threshold is reached and to remove the obligation to introduce a Gender Action Plan at company level.
- **Initiate a discussion on the new Skills and Talent Package among Member States and social partners**, in particular the role of the proposed EU talent pool, with the aim of supporting the matching of skilled third-country nationals with job vacancies in the EU.
- **Continue to explore the possibilities for common ground between the Member States and the European Parliament on the revision of Regulation 883/04 on the coordination of social security** and to lay the foundations for reaching an agreement as soon as possible in the coming months. Following the rejection of the provisional agreement in December, we understand the Council's decision to take the time needed to further improve the compromise with the European Parliament before concluding this trilogue. However, an agreement that brings sound solutions is badly needed because bureaucracy around business trips and short-term postings must be urgently reduced.

## INTERNATIONAL TRADE

To promote **international trade** as a key pillar for Europe's economic resilience, the Czech Presidency should aim at:

- **Strengthening the resilience of its economy through diversification of suppliers**, given the current geopolitical context, in particular Russia's invasion of Ukraine. Looking for alternative sources of supply while promoting new trade and investment opportunities for European companies is of critical importance to mitigate supply chain disruptions and support economic growth. Bilateral trade and investment agreements are key to promote European competitiveness, standards and rules needed to ensure a level playing field. The conclusion of the process to modernise the agreements with Chile and Mexico is critical and we hope that negotiations can be finalised with Australia and New Zealand. We also hope that progress can be achieved in the negotiations with India and Indonesia both key markets for the EU's diversification strategy. Finally, we hope a way forward can be achieved in what concerns the agreement with Mercosur that is not only of economic but also strategic importance for the EU.



- **Deepening political and economic ties through increased trade and investment flows, with like-minded partners in the EU's neighbourhood** including the UK and Switzerland, Western Balkans, and countries in the process of accession to the EU and more broadly also with the African continent.
- **Enhancing Transatlantic trade and investment through the Trade and Technology Council (TTC)**, which has already led to more cooperation and alignment between the EU and US in critical areas like export controls and sanctions. Going forward, businesses on both sides want to see concrete deliverables that can enhance trade, investment, and data flows across the Atlantic for a more robust bilateral relationship.
- **Engaging with China while recognising existing tensions and trade frictions.** EU-China relations remain difficult despite the resumption of dialogue at high political level. The war in Ukraine and China's political stance in the conflict, together with the country's zero-COVID strategy, is leading many European companies to reassess their exposure to the market. While being firm in safeguarding European interests and addressing existing problems, including China's blockage to products from Lithuania, the EU should also look for areas where there is interest in engaging with China like climate change, standardisation, or WTO reform.
- **Re-building trust and insert momentum in the multilateral trading system.** We welcome the agreement reached during the 12th WTO Ministerial meeting (MC12) that allows keeping the multilateral trading system alive. Although in some areas results were not positive for business, in particular regarding the TRIPS Waiver, we welcome the strong commitment from members to embark in the path of reform ahead of the next WTO Ministerial. Addressing shortcomings in the dispute settlement system and modernising multilateral trading rules is fundamental to ensure the WTO remains effective in responding to the current challenges and needs of 21<sup>st</sup> century in the digital economy area, industrial subsidies and more broadly in the area of sustainability.
- **Creating safe data space with reliable partners.** The rules for data transmission and digital trade should be included in the newly negotiated free trade agreements, both regionally and within the WTO. The EU needs to remain an active and reliable partner negotiating, concluding, and implementing trade agreements that also set high sustainability standards.
- **Continuing the work to safeguard the EU's interests and those of its companies.** We welcome the adoption of the International Procurement Instrument and the good progress achieved on the Instrument on Foreign Subsidies and the Anti-Coercion Instrument. It is important that these instruments remain targeted, effective and in full compliance with the international rules.
- **Promoting more sustainable trade while making sure these initiatives do not hamper EU competitiveness and a level playing field globally.** These principles should be observed when designing initiatives like the incoming ban on forced labour products that could have a significant impact on the EU's single market and international trade.



## DUE DILIGENCE AND SUSTAINABILITY REPORTING

To put in place **workable requirements** for companies, the Czech Presidency should aim at:

- **Ensuring that related sustainability initiatives rules on corporate sustainability due diligence, on corporate sustainability reporting and on sustainable finances taxonomy) fit together**, are SME-friendly, do not overlap and do not reduce the resources available to companies to invest in sustainability even in the current crisis situation. Companies should not be put in the position of having to interpret unclear legislative requirements under unrealistic timelines and a level playing field in the internal market should be preserved. In addition, full application of the SME Test in European Commission's impact assessments is needed.
- **Ensuring that the directive proposal for Corporate Sustainability Due Diligence becomes truly workable for companies**, by applying it to supply chains rather than value chains and promoting a risk-based approach in line with existing voluntary frameworks such as the OECD guidelines and UNGPs. Legal certainty must be ensured, which requires clarification of the vague terminology used (e.g., established business relationship, stakeholders, appropriate measures), revision of the material norms in the Annex (most of them stat-to-state applicable) and clarification of provisions around termination of contracts and model cascading contract clauses.

For the new framework to fulfil its intended purpose, a level playing field must be ensured both intra-EU and vis-à-vis non-EU companies via for example an internal market clause, and more prominence should be given to existing sectoral and industry schemes, to guidance and authoritative information to companies. The civil liability provisions are not operable and should be re-examined. Corporate governance provisions, unrelated to due diligence, risk leading to unnecessary and adverse interference with national company law systems (breaching the principle of subsidiarity) should be removed.

## CONFERENCE ON THE FUTURE OF EUROPE

Regarding the **Conference on the Future of Europe**, the Czech Presidency should:

- **Keep in mind that the future of Europe and of our cherished European Way of Life depends on the ability to maintain our economic strength and competitiveness**, when following on the recommendations of the Conference on the future of Europe. Many proposals – if adopted - would make it more difficult for our companies to contribute to growth and the creation of jobs. In these difficult times, it is particularly important to focus EU policies on making the European economy stronger and to avoid initiatives that could weaken our capacity to generate sustained growth and employment.
- **Support a competitiveness check on all pending and/or future legislative proposals**, as suggested in the recommendations of the conference, to make sure that the proposals are growth and employment friendly.