



**Mr Étienne Schneider**  
Deputy Prime Minister of Luxembourg  
Minister of the Economy and Foreign Trade  
19-21, Boulevard Royal  
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Luxembourg

## Competitiveness Council meeting on 1 October 2015

Dear Minister,

In a changing world, with many emerging economies stalling, the need to do our homework and make the European economy more competitive is more urgent than ever.

### Competitiveness check-ups

During your meeting on 1 October, you will discuss the so called "competitiveness check-ups", which should become a standing item on the agenda of each Competitiveness Council meeting.

BUSINESSEUROPE strongly welcomes this initiative, which is essential to ensure that competitiveness is systematically taken into account in all policy areas, including issues debated by other Council formations, such as energy and climate policy, or data protection.

We need bold actions. The Competitiveness Council must truly examine all relevant initiatives, with the support of the High Level Group on Competitiveness.

Competitiveness check-ups cannot be limited to general discussions with no concrete follow-up actions if we want to make progress in mainstreaming competitiveness.

### A balanced approach on ETS

The debate you will have on ETS reform is an essential concrete step to show that the Competitiveness Council is serious about competitiveness mainstreaming.

BUSINESSEUROPE firmly endorses the EU Emissions Trading Scheme as the cornerstone of climate and energy policy.

While opposing back-loading – which we believe was an ad-hoc quick fix to a much deeper problem - we clearly support a reform of the system to achieve less carbon price volatility in the future (the 'Market Stability Reserve'). This is important for the energy industry which requires a carbon price that is meaningful to utilities' investment decisions today and tomorrow.



At the same time, we take the risk of carbon, or in other words, investment leakage, very seriously and we will continue to defend the legitimate concerns of exposed industries.

This is why it is important to keep strong protection measures for industrial sectors exposed to international competition, until our main competitors have comparable carbon costs. And on this very specific point, we do not think the European Commission's proposal from July 2015 has reached the right balance so far. Under the fixed emissions reduction cap, it is unnecessarily reducing the amount of free allowances available to sectors exposed to carbon and investment leakage.

### **Better regulation**

A key tool to ensure competitiveness mainstreaming is the better regulation agenda.

We urge the Competitiveness Council to swiftly adopt the proposal for an inter-institutional agreement.

Cutting red tape and devising proportionate legislation should be a mindset of all policy- and decision-makers. The Council should make better use of impact assessments. Furthermore, impact assessments should be updated if any of the EU legislators introduces significant amendments. It is essential that an impact assessment is carried out on any substantial amendments that the European Parliament or Council propose and that, when they find an agreement that is significantly different from the initial proposal, the likely economic, social and environmental impact and regulatory burdens are properly assessed.

Transparency of trilateral negotiations between the three Institutions (e.g. through publication of a timeline for trilogue meetings and of their results) is also crucial for stakeholders, who depend on good law-making.

For simplification and burden reduction proposals, legislators should agree on a true fast track procedure so that they can be dealt with quickly without adding new and additional burdens on business.

Finally Member States, when transposing EU legislation, should be required to explain the reasons and impact of any decisions to add requirements that negatively affect the single market, competitiveness and growth.

The Luxembourg Presidency has adopted the right approach to improve competitiveness mainstreaming. BUSINESSEUROPE now counts on the Presidency and on the Competitiveness Council to deliver the expected results.

Yours sincerely,

Markus J. Beyrer