



Mr Zdravko Pocivalsek
Chair of the EU Competitiveness Council,
Minister for Economic Development and
Technology of Slovenia
Kotnikova 5
SI-1000 Ljubljana
Slovenia

23 September 2021

Dear Minister,

RE: key messages to EU Competitiveness Council of 29 September 2021

BusinessEurope would like to bring forward the key messages to the Presidency and Ministers of the Member States in relation to the foreseen EU Competitiveness Council policy debates on the Fit for 55 package, better regulation and progress on the Single Market, shared by the European business community.

Fit for 55 package

- The European Climate Law sets the objective of making the EU the first climate-neutral continent by 2050. The recently published Fit for 55 package aims to align the EU climate and energy regulatory framework with this new ambition. It is a radical upgrade of the existing framework.
- European businesses, across the board, are committed to the climate ambition and will continue reducing their own carbon footprint and bringing zero- and low-carbon technologies and solutions to society.
- Because of the magnitude of the efforts involved and the pace of the transformation implied, the accelerated transition is bound to have profound economic and social impacts. The transition will bring about a number of positive effects, such as growing markets for clean technologies, new wave of technological progress, abatement cost curves shifting downward etc., however challenges are also foreseen, e.g. impact on energy prices, risk of closures and carbon leakage, difficulties with labour reallocation, huge increase in investment demand etc., in particular in the short run.
- Determination over the transition to a carbon-neutral economy is no reason to overlook challenges and transition costs. They are likely to be significant and therefore need to be thoroughly assessed and debated in order to minimise them



as much as necessary. Far more substantive financial resources than those currently foreseen at national and EU levels should be mobilised, too.

- Even if the Competitiveness Council is not *chef-de-file* on the preparation of the Council's position on any of the Fit for 55 legislative proposals, it has a crucial role to play in monitoring and discussing the overall impact of the package on the economy, and notably its effect on the competitiveness of European industry. Against this background, we call on the Competitiveness Council to firmly engage in the debate on the Fit for 55 package.
- Given the macro-economic implications involved in decarbonising the economy, we will also invite the Economic and Financial Affairs Council to engage in a structured economic review of the Fit for 55 package.

Better Regulation and the Single Market are key for successful recovery

- BusinessEurope reiterates its strong support to the better regulation agenda and a need to address challenges in the Single Market, as highlighted in our messages to the Competitiveness Council of 27-28 May 2021.
- In our position paper of 15 July 2021 ['Better regulation for a more resilient Europe'](#) we welcome the Commission's proposed further actions to strengthen and improve the better regulation framework in the EU, which is a task for all the EU institutions.
- We strongly support the Commission's renewed call on the European Parliament and the Council to fully implement the Inter-institutional Agreement on Better Law-making.
- BusinessEurope highlights the need for a workable methodology to apply the proposed "1in-1out" principle without any further delays. The pilot cases for the "1in-1out" application, to be started this year, should thoroughly consider possible offsetting of the adjustment and administrative costs where new regulations will inevitably incur new costs for businesses.
- We call on the EU institutions to ensure that the better regulation principles and tools remain policy-neutral and the current balance among the competitiveness-environmental-social pillars in better regulation and, most notably, its impact assessment system is maintained.
- BusinessEurope also believes that the links between the green and digital transition on one side, and the necessary scale of the market that the Single Market regulatory framework should ensure on the other, are still to be reinforced. This is imperative for the twin transition to succeed.



- We urge the Competitiveness Council to play its strong role in ensuring that new legislative initiatives on the green and digital transition and the renewed Industrial Strategy measures respect the Single Market freedoms and do not leave loopholes where, due to proposals lacking the Single Market proofing, market fragmentation might potentially occur.
- Such measures should complement the efforts of removing the already existing barriers in the Single Market, including actions undertaken by the Single Market Enforcement Taskforce (SMET). BusinessEurope supports the SMET in its endeavours, including to address the Single Market challenges due to Covid-19. However, we draw the attention of the Council to the fact that the Council Recommendations on a coordinated approach to the restriction of free movement (2020/1475 and 2021/961) need an update, to take into consideration not only the epidemiological developments but also the levels of vaccination in individual Member States, so that disproportionate restrictions are avoided and the Single Market freedoms upheld.
- We look forward to continued efforts of the SMET and tangible results of its work with a positive impact for European businesses.

We stand ready to discuss these issues with you further.

Yours sincerely,

Markus J. Beyrer