



Mr Pierre-Yves DERMAGNE

Deputy Prime Minister, Minister of Economy
and Labour

Chair of the EU Competitiveness Council
Rue Ducale 61, 1000 Brussels, Belgium

22 May 2024

Dear Deputy Prime Minister,

Key messages to EU Competitiveness Council of 23-24 May 2024

The business environment remains very tense and challenging for European companies, especially due to Russia's ongoing war in Ukraine. The past year marked another setback for the European economy, with an aggregate growth of just 0.5%, trailing the US and China, which recorded growth rates of 3.1% and 5.2% respectively. Investments in Europe are lagging behind our global competitors, in particular when it comes to investments in RDI.

BusinessEurope calls on EU policymakers to recognize that a successful green and digital transition requires rapid improvement of business conditions for the European companies, aimed at boosting their competitiveness on the international level, so that necessary investment finds its way in the EU. There is a need for a strong “new European competitiveness deal” as underlined by the European Council of 17-18 April.

Next EU Competitiveness Council meeting is a milestone in designing the EU's next strategic agenda with competitiveness at its core. We appreciate that the Belgian EU Council Presidency put the sets of EU Council conclusions on industrial policy, Single Market and public procurement for discussion.

Competitive industry and the Single Market

BusinessEurope supports the call towards a comprehensive and proactive European business policy framework that provides long-term predictability, incentives for increased private investments in Europe and a clear commitment to reduce bureaucracy and regulatory burdens. It is the right direction to put Europe back to the top in the international competition. At the same time, we caution that the EU needs to be extremely careful regarding “mirror clauses” in EU legislation and should not take any additional steps in this direction without a proper cost-benefit analysis. These might entail a breach of the EU's international commitments multilaterally in the WTO context and bilaterally in our trade agreements and they can also have a very negative impact on competitiveness by curtailing the EU's ability to procure inputs it needs from third countries, namely critical raw materials.



European businesses are committed to perform their role as a key enabler for the green and digital transition. To do so successfully, BusinessEurope calls for a **reboot** in EU policies, to build a **Resilient European Union** with **Energy** at affordable prices, **Better** and simpler regulation, **Open** and rules-based trade leading to more **Opportunities** for companies and people in the Single Market through **Technological** innovation and talent development¹. Only the reinforcement of its economy and improvement of competitive conditions for European businesses as the priority in the EU policy agenda 2024-2029 will enable the EU to achieve its ambitious twin transition and social objectives as well as prepare for the imminent enlargement of the EU. The **major driver for such a reinforcement is obviously the Single Market** that needs a significant boost.

The recently published High-Level Report on the Future of the Single Market prepared by Mr Enrico Letta keeps up the momentum in the discussion on the key competitiveness driver of Europe's economy, our Single Market. BusinessEurope invites the Council to back the ambition of fast further economic integration. Therefore, we support some of the key directions set out in the report, though we also see a need for further discussions as noted by the European Council, as to how we can unleash the full potential of the Single Market:

- The future agenda for the Single Market should rest upon **the pillars of free trade and openness**, and we support the European Council's call for a comprehensive Single Market strategy to be prepared by June 2025.
- The focus on further **cross-border integration of energy, telecoms and transport** markets is positive, as it is one of the key elements BusinessEurope has been calling for since the present Commission took office in 2019. The integrated network industries are a pre-requisite for the Single Market resilience and competitiveness gains in the global competition.
- Mr Letta's call to focus the **private and public finance on implementation of the twin transition measures** while maintaining the level-playing field is a welcome step too, however BusinessEurope underlines that **the key element for our transition success is the investment climate and regulatory environment in general**. Therefore, consistently applied better regulation principles and regulatory burden reduction initiatives together with the suggestions for improved Single Market governance and enforcement of its existing rules are of major importance to boost investment in the EU.
- The Council will also react to the recent report of the European Court of Auditors (ECA) on **public procurement** in Europe in a separate set of conclusions, while the public procurement topic takes a prominent place in the Letta report as a big building block of the Single Market. BusinessEurope welcomes the fact that the Council acknowledges the challenges identified in the ECA report. We agree that next step is a thorough **analysis of the underlying reasons for a malfunctioning public procurement market, especially taking into account unacceptably low cross-border procurement and reduced competition**

¹ [Reboot Europe](#)



overall. Political decisions should be made on the basis of such an analysis and evidence, without hastily adding new complexity to the existing framework.

Designing the future of the Single Market will require strong coordination of policies and the Council's commitment, where the Competitiveness Council plays the central role. Further in-depth discussions will be necessary on concrete recommendations in the Letta report, how the upcoming Draghi report will complement the package of recommendations, and whether both reports provide a sufficient basis to address the EU competitiveness challenge and to translate into policy decisions.

Corporate sustainability due diligence directive

In view of the probable upcoming Council vote on the Corporate Sustainability Due Diligence proposal (CS3D), we would like to reiterate that the text on the table is still far from a balanced and workable compromise. A better compromise would be needed also to assist SMEs, not in the scope, but heavily impacted because of participating in value chains.

The targeted internal market clause only applies to a few key obligations and is contradicted in the recital part which leaves the door open to 27 due diligence requirements in the future. Proportionality has not been achieved on termination of contracts (too strict), on stakeholder involvement and on liability. We call on the Council to take account of these concerns and suggestions before agreeing to the new rules.

BusinessEurope stands ready to discuss these issues with the Council further.

Yours sincerely,

Markus J. Beyrer