

Ms Margarete Schramböck
Minister for Digital and Economic Affairs
Federal Ministry for Digital and Economic Affairs
Stubenring 1
AT - 1010 Vienna
AUSTRIA

27 November 2018

Dear Minister,



Message to the Competitiveness Council meeting on 29 and 30 November 2018

The robust economic activity, job creation and investment strength we have recently experienced are already expected to slow down this and the following year. This is why EU decision-makers must ensure all actions can strengthen the EU's capacity to become more competitive and innovative. The Competitiveness Council has a crucial role in ensuring key legislative files and non-legislative agenda's progress in this direction so to strengthen the EU's capacity to act in face of the challenges ahead and to lead in an increasingly uncertain global context.

Under the Austrian Presidency of the Council, several important steps have already been taken. It is now crucial to take this momentum forward and follow through on the key issues ahead.

Future of the Single Market Programme: bring it back to the top of the political agenda

BusinessEurope is willing to contribute to the discussion on the future of the Single Market, and our strategy paper with initial suggestions was already distributed to the Member States on 20 November.

The Single Market is the crown jewel of European integration. It is crucial that there is understanding why the Single Market is the strongest tool to reap benefits of globalisation and address the primary challenges people of Europe face, such as climate change, migration, global trade and technological rivalry tensions, and Brexit along with a generally unstable global geo-political landscape. No EU Member State is capable of addressing it all alone. Freedoms of movement of capital, goods, services, people and data in the Single Market can give huge economic power to the EU, its members individually and as a whole, in this regard. It enables faster economic and social convergence that is so needed in the EU, and we should firmly support it while saying a clear "no" to the protectionist tendencies.



The Single Market should be brought back to the top of the political agenda urgently, and BusinessEurope highlights the following key messages in this regard:

- Further opening and integration of the markets of goods and services, including logistics and network services, is needed in order to unleash the full economic potential of the EU and establish a solid basis for global competition in the long run.
- Digitalisation is crucial for European competitiveness, so the framework conducive to the roll-out of digital technologies and fair rules on access to data, free flow of data, and liability should be achieved through a holistic policy approach.
- Infrastructure investment conducive regulatory and financial framework must be ensured so that physical and digital infrastructures are significantly improved and interoperable.
- Single Market legislation should consistently reflect the market integration ambition through reduction of barriers and be future-proof: it should allow for innovation, flexibility for business to respond to fast-changing environment, enable new business models and be technology-neutral.
- Better regulation principles and their practical implementation should remain a key priority so that the Single Market is the best place to do business and work.
- The Single Market governance infrastructure should be vastly reinforced at EU and national level in order to strengthen timely, transparent and efficient implementation and enforcement of the Single Market rules.

BusinessEurope underlines the necessity of adequate financial framework supporting the Single Market and its governance. Therefore, we support the Single Market programme under the new MFF. The Programme's general objectives rightly refer to continuous SME support, facilitation of the Union law enforcement and market access as well as enhanced cooperation among the Member States' competent authorities. In order to ensure transparency in terms of foreseen financial support in its entirety, very clear links between the objectives, amounts and eligibility provisions should be established in terms of all the elements of the programme.

Horizon Europe: ambition is needed to reduce the innovation deficit

While countries around the world are investing massively in research, development and innovation, the EU keeps on struggling with its innovation deficit. The Union has still not reached its own 3% of GDP research and development investment target. We must contradict this situation and boost the EU's efforts in research, development and innovation by promoting collaboration between all actors of the research, development and innovation value chains, and by anticipating future societal challenges. Strengthening the EU's scientific excellence and industrial competitiveness makes the EU grow together.

Horizon Europe can be decisive to achieve these results, but only if it is equipped with an appropriate budget. We call on Member States to increase the EU funding for research, development and innovation to reach an ambitious programme of at least € 120 billion, of which 60% shall be allocated to the 'Global challenges and industrial

competitiveness' pillar. It is important to come to an agreement on the Horizon Europe programme and we must find a timely agreement on the MFF to ensure that we are ready to use powerful EU investment incentives at the beginning of the next programming period and, in this way, address the EU's innovation deficit.

The future partnerships and missions will be two important features of Horizon Europe. Public and Private Partnerships can positively link activities across the innovation cycle and help overcome the fragmentation by creating long-lasting pre-competitive collaborative networks. They are also key to leverage investments to finance far-reaching research, development and innovation projects. We therefore call for more funds to be allocated to partnerships rather than capping their budget. On the missions, they have a great potential to harness the directionality of innovation and improve the impact of projects. It is important to set technology-neutral and overarching mission areas. On the contrary, strictly defining the scope of the missions would be detrimental for innovation. Equally important, missions shall be financed from all three pillars in light of their cross-disciplinary aspect and involve business in co-designing their process and implementation.

Platform-to-Business Relations: need for transparency and fairness

We support greater transparency and fairness within the platform economy. While platforms have enabled favourable circumstances for businesses to scale up and reach markets they could not before, this opportunity has become a reliance. Business users should be able to transparently determine whether they should enter or continue to have a relationship with a platform. Platforms should be transparent on their use of differential treatment, data access and use of parity clauses, in relation to the services they offer. We would like to see all business users benefit from this Regulation whether services are being offered for a fee or for free and whether the contracts are individually negotiated or not. Harmonising some critical elements included in the terms and conditions platforms use is necessary in this regard.

At the same time, we should limit the abilities of platforms to offer users the services they require or promote small emerging platforms and start-ups from competing. For example, the standstill obligation should only apply when essential changes are made to terms and conditions that actually impact business users. The fairness of the relationship can also be improved for the business user if platforms ensure they offer accessible and efficient dispute handling mechanisms. But publicly depicting the information of individual business user cases and annually releasing them in a report would again require a considerable effort from the platform side. It is important to note that this proposal should only be aimed at platforms offering services to business that ultimately offer to a consumer (p2b2c). The platform-to-business user (p2b) part of the relationship is the only one that should be covered.

Industrial policy: setting the ground for a long-term vision

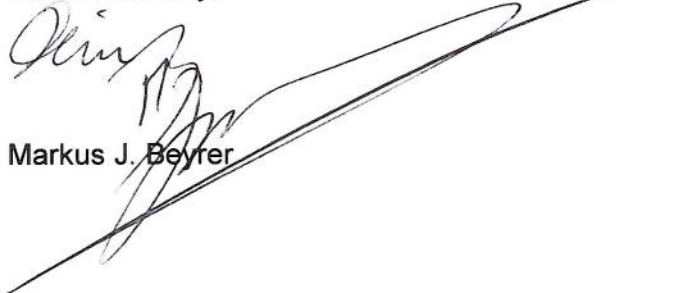
BusinessEurope welcomes the work that has been done under the Austrian Presidency. The Council Conclusions on “A future EU Industrial Policy Strategy” as well as the Presidency Report on “Industrial Policy – Governance and Mainstreaming” mark important milestones along the path towards an ambitious Industrial Strategy 2030. It is now key to take this momentum forward into next legislative cycle and the formation of a new European Commission.

Reflections on a long-term vision for the EU’s industrial policy must evolve at good speed so that we have a common understanding on the way forward by the time the next Commission takes office. With the recent changes in the geopolitical context at global level and aggressive economic strategies from other global players, the EU must be ready to ensure its industry can continue to thrive and innovate, respecting national specificities.

The EU’s industry, and related services, must be able to be leaders in finding solutions to continue playing its role also in finding solutions to societal challenges. A key objective of a revised industrial strategy must therefore be to ensure that EU policy can steer positive change and that the EU has the tools to handle difficult challenges ahead, be it job changes and mobility trends due to technological development, the effects of an ageing population, or the energy transition. Achieving this goal will furthermore demand putting in place a governance structure that allows for effective industrial mainstreaming. Perusing an ambitious industrial policy needs some clearly formulated, top-level targets, which can be monitored efficiently through an indicator framework. Setting adequate headline indicators is important to understand the progress of the EU’s overall industrial strategy. These indicators should be direct, easy to read, and strategic – aligned with Europe’s long-term vision for the future of the EU; and ensure a comparison between the EU with the rest of the world rather than focus only on intra-EU comparisons. Moreover, they should be restricted in number, focus on key issues, and therefore avoid dispersing attention across too many areas or issues.

BusinessEurope stands ready to continue the discussion on these issues of utmost importance with the EU institutions and Member States.

Yours sincerely,



Markus J. Beyrer