



**Mr Peter Altmaier**

Federal Minister for Economic Affairs and  
Energy of Germany  
Ministry for Economy and Energy  
11019 Berlin  
GERMANY

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Dear Minister,

**EU Competitiveness Council policy debate:  
Single Market as enabler of successful recovery and resilience of the EU economy**

On 18 September the EU Competitiveness Council will discuss the recovery and resilience of the EU economy in the midst of yet another stage of non-retreating pandemic, putting the Single Market centre-stage. This Council debate links to Europe's approach to industrial competitiveness and the overall recovery support.

The agreement on the Next Generation recovery instrument and new MFF amongst EU leaders in July was a very important step forward. Reaching such a complex agreement requires compromises from all parties, and whilst we would have preferred not to have seen cuts from the proposed levels of R&D spending, the most important thing is that Europe has shown it can come to an agreement and be part of the solution when needed. We urge all parties to now move forward and agree all legal aspects of the MFF to allow financial support to be deployed from the start of 2021. In particular, the EU must put in place strong mechanisms to ensure that all expenditure is: a) **conditional** on it being properly deployed to boost competitiveness and employment, b) available to all EU companies on a **non-discriminatory basis**, regardless of their home Member State, c) available to **companies of all sizes**, with the exception of a small number of the SME specific schemes.

For our recovery efforts to succeed, it is key that the **financial support is accompanied by strong non-financial measures connecting digital, industry and services**.

The ongoing crisis continues to demonstrate how vital Europe's digital capacity is to keep our economy and societies functioning as best as possible. Technology continues to enable citizens to stay in-touch, work, study, shop and reach public services at distance. The platform economy has been a great enabler of this but it has also offered new opportunities to businesses willing to diversify their business models.

As COVID-19 has catalysed the importance of the digital economy we must therefore ensure that it is a fair and safe place for consumers and businesses alike. The Commission intends to update the current eCommerce Directive in this regard through bringing forward **the Digital Services Act. Upholding a level playing field between the online and offline economy is crucial in this regard, as is lowering Single Market barriers**. We also believe third country operators not established in the EU but



offering services within should be covered, particularly as geographical location bears little significance when goods and services can be accessed by EU citizens online at distance.

While updated requirements could be envisaged for notice and take-down procedures to limit the amount of illegal content online, we must be clear about what illegal content this new initiative would seek to curtail. Not only can content vary greatly but other frameworks already exist in this area (e.g. market surveillance and IP enforcement). **The objective of barrier-free cross-border trade in digital services should not be lost. Therefore, the country-of-origin principle of the eCommerce Directive is crucial.** It guarantees legal certainty and should not be opened for any re-think as this is one of the cornerstones of the Single Market.

A strong European Single Market is indispensable for a successful recovery. BusinessEurope welcomes the fact that the Presidency has put forward the Single Market as one of key policy highlights in the present crisis context. We support the approach that **the twin green and digital transitions can only be successfully delivered if Europe benefits from all the potential that Single Market offers**, which also means that barely restoring the Single Market to its pre-crisis shape will not be enough. BusinessEurope reiterated this in the previous letters to the Competitiveness Council during the Croatian EU Council Presidency. We would like to also urge Member States to coordinate their actions that mitigate COVID-19 risks and to abstain from diverse unilateral decisions, such as on restrictions to free movement of people.

**While the political set of Council conclusions is a welcome step by the Council, the EU should urgently take concrete decisions to support its political narrative.** The agreement on recovery still misses the opportunity to suggest further **opening of the services markets, for example, or fixing the bottlenecks in European harmonised standardisation, both playing a key role in our digital and green transitions.** BusinessEurope stands ready to contribute, and we have prepared a non-exhaustive set of brief papers identifying the Single Market barriers and suggesting concrete solutions across a range of areas, from free movement of goods and services to company law, social policy coordination or transport ([at annex](#)). The EU could address some of these immediately and help the recovery by delivering on the “low-hanging fruits”.

Single Market is a key catalyst to create the scale necessary for the growing and innovating companies and internationally competitive European industry crucial to Europe’s economic wellbeing. This is especially the case as businesses seek to recover from the damaging impact of COVID-19. Making European industry more competitive inevitably **calls for a Europe that strengthens its industrial and technological capacities, while remaining open for trade and investment.** A well-balanced debate about technological sovereignty has the potential to trigger the right policy responses, especially in light of restrictive trade policies pursued by some of our trading partners.

Managing the green and digital transformation of EU industry while strengthening its international competitiveness can only be achieved with the timely mobilisation of smart EU levers and policy tools. In extraordinary difficult economic times, particular attention should be on:


- **Boosting public and private investments in research and innovation.** In particular, we support the upcoming review of the IPCEIs tool in order to further improve its effectiveness to rapidly mobilise public and private investments around large-scale industrial projects.



- **Letting companies choose when it might be beneficial to become self-sufficient in certain technological areas.** Europe must resist endeavours to strive for self-sufficiency. This process must be driven by market forces and not predetermined by governments.
- **Maintaining an ambitious trade negotiation agenda** to ensure that our companies have more opportunities to trade and invest in fast growing markets around the world and making sure that agreements that have been already negotiated are ratified and come into force like Mercosur.
- **Support the WTO-World Trade Organisation and its reform process.** Companies need new rules in key areas like digital trade and industrial subsidies, as well as a functioning dispute settlement mechanism.
- Making sure that, if implemented, a WTO-compatible **carbon border adjustment mechanism does not replace but complements the existing measures** against carbon leakage.
- We need to address market distortions and ensure a level playing field in the EU. In this context we **welcome the European Commission's Communication on a potential Instrument on Foreign Subsidies that could potentially address existing legal loopholes** in compliance with the EU's international commitments. BusinessEurope will contribute to the ongoing public consultation to ensure the proposed instrument is targeted, effective and does not add unnecessary burden to companies.

The Competitiveness Council discussions and decisions on these issues are of key importance to the European business community. In these extremely turbulent times, **Europe cannot afford any policy choices or legislation that could undermine our competitiveness.** We trust the Competitiveness Council input will continue being an important part of preparations for meetings of the European heads of state and government and safeguarding our competitive edge.

Yours sincerely,



Markus J. Beyrer

Annex: examples of Single Market barriers and suggested solutions (attached in pdf).