



CHECK AGAINST DELIVERY

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TRIPARTITE SOCIAL SUMMIT ON 19 OCTOBER 2022

Tackling the energy crisis and the cost-of-living crisis: How to protect the economy, businesses and workers

Address by Markus J. Beyrer, Director General of BusinessEurope

Dear Presidents Von der Leyen and Michel,
Dear Prime Minister Fiala,
Dear Ministers,
Dear Executive Vice-President Dombrovskis and Commissioner Schmit,
Dear colleagues,

Companies of all sizes across Europe are facing the prospect of an extremely challenging winter. Business and consumer sentiment has fallen dramatically during the summer as companies are increasingly unable to further absorb high energy and raw material costs. Moreover, companies have to cope with record-skill shortages and are now facing the prospect of higher borrowing costs, and lower consumer demand. Let me be clear: many European companies struggle for survival at the moment. Policymakers need to use every lever at their disposal to combat inflation and avoid a deep recession with many job losses.

The immediate focus must be on the energy market. The dramatic rises in energy prices are increasingly impacting millions of European households and businesses. Skyrocketing energy bills have a direct impact on business viability in Europe and on the whole economy as production losses in one sector affect other companies in the supply chain.

There is an imminent risk of production losses and shutdowns of thousands of European companies. 70% of Europe's fertiliser production has been shut or slowed down and 50% of total aluminium production capacity of the EU has been lost. There is a real danger that businesses (in particular energy-intensive industries) relocate outside of Europe permanently, which will dramatically increase our dependencies on third countries and lead to a loss of competitiveness and jobs.

BusinessEurope urges you to find ways at the European level to mitigate the impact of crippling energy prices faced by European business. Well-designed emergency measures must be implemented on a strict temporary basis, closely monitored, and adjusted if necessary. There are some proposals going in the right direction, but more and bolder action are needed to tackle the energy crisis. We need to take away the justified fear of companies and households that their energy bills become unaffordable - with measures at national and EU level.



There are **4 key actions** that need to be put in place urgently to prevent further production losses:

Action n°1: The EU state aid framework must be adjusted to temporarily enable Member States to grant aid to affected businesses, while maintaining a level playing field in the single market

This involves prolonging the Temporary Crisis Framework (TCF), with less restrictive eligibility criteria for energy costs compensation. And an extension of the list of eligible sectors for indirect costs compensation under the ETS state aid guidelines.

Action n°2: Policymakers should urgently consider a temporary EU-wide measure to decouple electricity prices from gas prices.

This exceptional measure could only be justified by the exceptional situation on the energy market. If designed well, taking into account the impact on security of supply and demand, such measure could effectively lower the energy bills. We regret the absence of such a measure in yesterday's proposals by the European Commission and urge EU leaders to work it out at the European Council this week.

Action n°3: All efforts must be deployed to increase energy supplies in Europe.

Every megawatt-hour and billion cubic meter will count this winter. The EU must further intensify the external outreach to suppliers and deploy additional renewable, nuclear, low-carbon energy, and natural gas capacities in Europe as soon as possible. All options to ease energy production should be considered, including temporary legislative adaptations or implementation moratoria.

Action n°4: We should not lose sight of our decarbonisation goal. While moving forward with exceptional temporary and short-term measures, Europe needs to revert as soon as possible to a functioning energy market, a market which incentivises investments in low-carbon technologies, grids, and interconnectors.

Ladies and gentlemen,

The energy crisis is not the only challenge facing us. Unfortunately, **the war in Ukraine is going on**. As you know, European business is standing fully behind the sanctions that were adopted as a response to Russia's invasion and many of our companies are also very engaged in supporting Ukraine. To ensure good compliance and harmonised implementation of these sanctions across the single market, enterprises need clear guidance and support from the European Commission as well as governments.

We support the recently launched **pilot of a talent pool for Ukrainian refugees** but it will not be enough to bridge the existing skills gap that our companies are faced with. The EU talent pool should be expanded to other third countries rapidly.

And we call for forceful action to improve coordination of national reforms to update qualifications to the twin digital and green transition, and to facilitate the mobility of people working in shortage occupations in our single market. The 2023 European year on skills is a good first step on which to build.

There is cumulative effect of high energy prices, supply chains disruptions, labour shortages and rising interest rates.



We urgently need the European Council to **take the necessary decisions on the energy crisis**.

We cannot afford legislative business as usual in this multicrisis. We therefore urge the three EU institutions to work together on **easing the legislative burdens for companies**. This would give positive signals to European enterprises in this very difficult period. And it would improve growth and employment prospects in Europe. BusinessEurope stands ready to assist you in this endeavour.
