



20 March 2024

Tripartite Social Summit on 20 March 2024

An economically and socially strong Europe to play its role in the world

ADDRESS BY FREDRIK PERSSON, PRESIDENT OF BUSINESSEUROPE

Dear Presidents Von der Leyen and Michel,

Dear Prime Minister De Croo and Deputy Prime Minister Dermagne,

Dear Ministers,

Dear Executive Vice-President Dombrovskis and Commissioner Schmit,

Dear colleagues,

Strengthening our economy and improving the attractiveness of the EU as an investment location is essential to achieve Europe's environmental and social goals and continue to act as an anchor for security (in an increasingly uncertain world).

When we met last year, I underlined that 90% of our members consider that the EU investment environment compared to our global competitors is less favourable than 3 years ago. Unfortunately, this decline has not been halted.

BusinessEurope's Reform Barometer 2024 (distributed to you today) shows it:

- The gap in productive investment¹ between the EU and US continues to widen (15% of GDP in US vs 11% of GDP in EU).

¹ only non-residential investment



- 88% of our national member federations believe that there was no improvement in the attractiveness of the EU's investment environment vis-à-vis our major competitors over the last 12 months, and
- 54% (of our member federations) reported that the regulatory burden for companies operating in the EU increased in 2023 as a consequence of legislative changes introduced by the EU.

Some first steps were taken, for example with the adoption of the Net Zero Industry Act and the Critical Raw Materials Act. And the proposed action plan on labour skills and skills shortages deals with a crucial challenge. However, we are still very far from living up to the promise that “Europe will do ‘whatever it takes’ to keep its competitive edge”.

In fact, some recent decisions go in the opposite direction. For example, on due diligence, industry was in favour of workable EU rules, with:

- meaningful harmonisation,
- clear definitions,
- balanced enforcement and liability provisions.

They are not there. European companies with global operations will be put at a disadvantage and might pull out of important markets due to the risks of litigation and sanctions. The fact that 10 member states representing more than 31% of the EU population abstained shows that many have understood the problems looming because of this bad compromise. EU decision-makers should address these concerns before the final adoption of the Directive.

Policy coherence is key to improve Europe’s attractiveness as an investment location.

The present nexus of EU energy, climate and industrial policy is not currently able to effectively support industry and the overall economy.



There is no time to waste. Europe's industrial resilience is at risk. Year-on-year industrial production in the EU was down by 5.7% in January 2024 compared to January 2023 and quality jobs are at stake.

We agree with our friends from the ETUC that a European Industrial Deal needs to be developed by the European institutions, in concertation with the social partners because it is imperative to make sure that the European Union will decarbonise its economy without deindustrialising.

The geopolitical challenges we are facing make it even more urgent to ensure that the European Union delivers economic development and social progress, based on a strong industrial basis and competitive companies of all sizes in all sectors.

BusinessEurope is looking forward to working with the European institutions and our social partners on how to shape this Industrial Deal.