BUSINESSEUROPE

Mr Antonio Costa
President of the European Council
European Council
Rue de la Loi 175
B-1048 Brussels
BELGIUM

20 October 2025

Dear President,

Message to EU Council meeting on 23/24 October 2025

Swift, coordinated and determined action needed for a competitive and secure Europe

In view of rising geopolitical tensions and security threats, economic headwinds and the continued Russian aggression against Ukraine, unity and determined, future-oriented action to strengthen Europe are more urgent than ever. A competitive, secure and resilient European economy with strong companies is the prerequisite for solving the geopolitical and societal challenges ahead. It is also the basis to ensure that the European Union succeeds in its security, green and digital ambitions, while also preserving its social model and continuing to stand by Ukraine and its people.

European businesses welcome the reiterated commitment to boost competitiveness and simplify EU regulations, with the objective of cutting overall regulatory burdens and unnecessary bureaucracy. However, companies still lack perceptible progress. The high energy cost gap compared to major competitors remains a key issue and current simplification efforts are still insufficient to reduce the regulatory overburden to a digestible level for companies.

BusinessEurope counts on the European Council to:

Deliver on an EU competitiveness agenda with the swift adoption of real measures, felt by companies

- Deepening the Single Market and substantial regulatory burden reductions will be key. We urge the European Commission, the European Parliament and Member States to act swiftly, and ensure long-term commitment to better regulation.

- In particular, we call for an ambitious Single Market roadmap to 2028, which addresses persistent market barriers, to unlock the full potential of European integration and strengthen cross-border growth opportunities. This includes removing overlaps and inconsistencies in the EU acquis causing Single Market fragmentation (including gold-plating), reducing compliance costs, and ensuring that future legislation is proportionate, innovation-friendly and consistently applied across Member States.

- The EU urgently needs to accelerate regulatory simplification efforts across all levels of governance, ensuring that the burden reduction efforts initiated at EU level are also implemented effectively at national level. Against this backdrop, we count on the European Council to support the adoption of the envisaged Omnibus packages without delay, and to send a strong signal on the need to simplify the Pay Transparency Directive, in order to facilitate transposition by Member States and compliance by companies.

Focus on enabling conditions necessary to reach EU climate ambitions

- While European businesses remain fully committed to climate neutrality by 2050, targets alone will not deliver the needed results. There must be incentives and a business case to invest in decarbonisation. The debate on the 2040 target must therefore focus on the key enabling conditions that will create this business case and make the EU's climate ambition achievable.

- Securing access to affordable energy, mobilising massive public investments, building the necessary infrastructures, and creating lead markets will be key. We also need a stable and technology-neutral regulatory environment that avoids overregulation and fosters innovation.

- European industry needs strong protection against carbon leakage until there is a level playing field. If CBAM proves not to be effective, the phase-out of ETS free allowances should be postponed until other appropriate instruments are found. Flexibility mechanisms, including high-quality international credits and certified removals, can also play a role in reducing costs and recognising sectoral differences.

Bolster Europe's security, defence, and resilience capabilities

- Europe's future security and competitiveness will depend largely on its ability to foster innovation and investments in Europe. The development of a European security and defence industry is key for the competitiveness and reindustrialisation of the EU.

- Thus, a common defence and preparedness strategy and swift action is needed, while respecting the repartition of competences in the Treaties. It should encourage effective public-private cooperation to safeguard the functioning of critical infrastructure, industries and services in times of crisis and must also address fragmentation in the Single Market for defence to foster increased production capacity in the European defence industries.

A competitive and secure Europe, that fosters investment and makes it easier to do business, will allow companies to strive, innovate and contribute to the common challenges Europe is facing. Business Europe counts on the European Council to take the necessary steps to enable this vision - and stands ready to contribute to this endeavour.

Yours sincerely,

Fredrik Persson
President

Markus J. Beyrer
Director General