



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

13 March 2026

Dear President,

Message to EU Council meeting on 19-20 March 2026

Ahead of the crucial European Council meeting on 19-20 March 2026, which will discuss competitiveness and Single Market, and the next Multiannual Financial Framework, BusinessEurope underlines the importance of swift and united action to strengthen Europe's economy to ensure growth, resilience and security in the EU.

The war in the Middle East which comes on top of the ongoing devastating Russian aggression against Ukraine, raises concerns for the political and economic stability in the wider region close to European borders. European businesses are already experiencing a rise in energy prices, disruptions in transport and an increase in freight costs. Depending on the duration of the crisis, Europe might need to prepare for further disruptions in trade flows affecting a wider range of goods and further inflationary pressures. This additional crisis increases the urgency to act and implement policies to enhance competitiveness in Europe.

BusinessEurope welcomes the shared sense of urgency and the objectives of the "One Europe, one market" initiative. As outlined in the attached BusinessEurope call for action "From Ambition to Delivery", European large, medium and small businesses count on the European Council to translate the common ground identified in Alden Biesen into an **ambitious roadmap with concrete measures and timelines** to:

Deepen the Single Market

- **Implement the Single Market Strategy with an ambitious roadmap and clear KPIs to 2028**, starting with the removal of the "terrible ten" barriers by the end of 2027 and focussing on much broader and de-politicised enforcement agenda. In particular, the reduction of bureaucratic barriers to labour mobility and the provision of services must be addressed explicitly.



- **Establish longer-term Single Market integration targets** as guiding future reforms and meeting the integration challenges identified by the Letta and Draghi reports.
- **Advance the delivery of key initiatives such as the 28th regime, harmonisation of permitting, licensing and authorisation schemes in services key to the manufacturing industry, modernization of the competition framework (including the revision of the merger guidelines) and the revision of public procurement legislation.** They must effectively help companies of all sizes establish, operate and grow on the internal market. The proposals should be drafted with simplification in mind and not include additional layers of requirements which would impede SME growth, such as mandatory social considerations.

Bring down energy prices and prevent carbon leakage

- **Reinforce targeted measures to reduce energy prices in the short term** while preserving the level playing field within the internal market and addressing structural challenges that hamper European competitiveness in the long term.
- **Keep the marginal price-setting mechanism in the electricity market** as any significant interventions in the market will only increase uncertainty and weaken investors' confidence.
- **Ensure a central role of the ETS in EU's post-2030 climate framework while introducing flexibilities to ensure long-term viability**, including the adjustment of the Linear Reduction Factor (LRF) to avoid an 'ETS endgame' in 2040, and future-proof adjustments to the Market Stability Reserve (MSR).¹
- **Boost the arsenal of carbon leakage measures and rethink the handling of free allowances** by swiftly adopting an effective CBAM export solution and reconsidering the planned phase-out of free allowances for all sectors in the upcoming ETS reform.

¹ In light of carbon leakage risks, Confindustria calls for suspension of ETS obligations and a fundamental reassessment of the system.



Simplify regulation and reduce regulatory burden

- **Effectively reduce regulatory burden by at least 25% for all companies and 35% for SMEs**, by urgently completing the announced Omnibus packages and establishing a continuous stream of additional and ambitious burden reduction measures in all policy areas, including reduction in numbers of delegated legislation and withdrawals of the proposals failing the proportionality and/or subsidiarity principle.
- **Measures with high priority for further burden reduction initiatives include the Water Framework Directive, the eDeclaration, the modernisation and simplification of Regulation 883/2004 on social security coordination, as well as the Pay Transparency Directive** which needs to be simplified to facilitate compliance and protect collective bargaining autonomy. Furthermore, the Commission proposals for the Green Claims Directive and the Late Payment Regulation should be withdrawn as they create significant new regulatory burden.
- **The simplification agenda must be backed up with deadlines and quantitative targets so that the reduction in bureaucracy has a tangible impact** on businesses in the Member States. New legislative initiatives should be introduced only where strictly necessary and must not add additional burdens for companies.
- **Accelerate, simplify and streamline industrial permitting procedures** in a way that leads to tangible speed-up of investments and eliminates non-necessary burdens for companies of all sizes.

Boost investments and innovation to regain technological leadership

- **Further increase the budget for Horizon Europe beyond the level in the MFF proposal, in line with the Draghi report.** Pillar 2 must be at the core of the new programme, with an increased budget share. Ensuring close alignment between Horizon Europe and the European Competitiveness Fund will be essential to link innovation with competitiveness and cover the entire innovation cycle, from early-stage research to deployment.
- **Strengthen the involvement of private sector in the design and implementation of cohesion policy**, to improve its impact and ensure cohesion policy is adequately funded under the next MFF, ensuring support both for competitiveness related objectives and for those specific to cohesion policy.



- **Swiftly complete the Savings and Investment Union** by implementing agreed measures that improve access to capital markets and facilitating private investments as well as the free flow of capital in the EU
- **Encourage investments by institutional investors in long-term risk capital** by addressing barriers to equity investment, for instance through prudential rules.

Diversify trade and secure market access

- **Implement the EU-U.S. Joint Framework agreement**, make sure that the US holds its part of the agreement, and find solutions to outstanding issues, particularly those regarding Section 232 tariffs on steel, aluminium and copper, including the growing list of derivatives.
- **Swiftly ratify and implement pending trade agreements and accelerate ongoing negotiations with new Partners, such as the ASEAN countries**, while fostering closer ties with existing economic partners in our neighbourhood, such as the UK and Türkiye and ensuring the integrity of existing supply chains with EEA/EFTA partners.

BusinessEurope stands ready to support you with data, analysis and technical expertise to help deliver on your ambition to strengthen our economy, industrial innovation, productivity and quality jobs in Europe.

We thank you for your leadership and look forward to continued cooperation.

Yours sincerely,

Fredrik Persson
President

Markus J. Beyrer
Director General