



Mrs. Kadri Simson
Minister of Economic Affairs and Infrastructure
Suur-Ameerika 1
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ESTLAND

20 November 2017

Message to the Competitiveness Council meeting of 30 November/ 1 December

Dear Minister,

Recent data shows that the EU economy is experiencing a pick-up in growth momentum, and European business federations expect a continuation of the recovery, with indications that the business climate is likely to see some further improvements.

The European Union must take advantage of the present moment and not lose time in setting the ground for the next decade and ensuring it maintains a leading role in the global context. We must therefore prepare for the opportunities and challenges ahead, embracing the changes that are quickly occurring in terms of digital and technological progress, while ensuring we shape the way forward according to our values and standards.

BusinessEurope believes the Competitiveness Council has a key role to play in moving forward central dossiers that will define the role of Europe in the years ahead – in particular, regarding an industrial strategy for Europe, the single market and the digital economy, and our combined efforts in terms of research, development and innovation. Getting it right in these agendas will empower us to deal with the profound changes our society is facing and ensure Europe leads the way, setting an example to be followed.

A structured way forward on an industrial strategy for Europe

A renewed industrial policy for Europe is finally part of the EU agenda, and its importance for the Future of Europe understood. BusinessEurope welcomes the Commission communication as a first step but stresses the need for a structured way forward, involving EU member states, to steer positive change while ensuring our industry remains competitive.



The high-level industrial roundtable that is being set up, has the potential to consolidate the EU governance on industrial policy and ensure that industrial competitiveness is well reflected in EU policies. However, the success of such a new EU body relies heavily on how effectively it is set up. BusinessEurope believes that this roundtable should be involved in providing opinions regarding major legislative files with impact on industry and should debate a long-term vision for European industry, including a new set of indicators for 2030.

It is important to create a virtuous triangle between the roundtable, the industry day and the European Council: building on the work done by the High Level Industrial Roundtable and outcome of the Industry Day, the European Commission should then report and put forward proposals for further action to the European Council, followed by continuous work on the subject.

The role Competitiveness Council should also be scaled up. It is important to explore ways to incorporate the views of the Competitiveness Council in legislative dossiers, which are not attributed as direct field of competence of Competitiveness Ministers, and to ensure these have a concrete impact.

It is also important that there is a greater understanding of the different challenges as well as cumulative costs industry faces, and that these are taken into consideration when designing new policy initiatives.

All of these elements will be fundamental to improve the “mainstreaming” of industrial policy in EU legislation that so far has only brought mixed results.

Define the right framework for Research and Innovation

The next Framework Programme for research and innovation (FP9), must be given increased financial means, and we should strive to have research and innovation funding at least doubled in the next EU multiannual financial framework. This would give us an opportunity to scale-up both public and private efforts with a clear and strong EU added value. Industry across the EU is committed to playing its part, bringing indispensable private capital to finance far-reaching research and innovation projects.

The next FP9 should also have a strong focus on overcoming the EU's innovation deficit. Knowledge needs to be turned into new products, solutions and business models faster and more intensively. Strengthening the EU's industrial leadership and cross-border industrial collaborative research and innovation will play a crucial role in this transformation.

Moreover, the success of the FP9 will depend on the close partnership of all actors from public authorities to industry, research, academia and citizens. All have a role to play to speed-up the innovation chain from basic to applied research and close-to-market actions. While keeping in check the European R&I partnerships landscape is important, contractual Public Private Partnerships and Joint Technology Initiatives should be enhanced in FP9 as a fundamental precondition to overcome the valley of death between fundamental research and commercialisation of products and services.

The Lamy report has a number of interesting proposals regarding the funding of the FP9, how to counter the innovation deficit, and turn ideas into products and services that should be duly analysed for the preparation of the next FP9 programme.

Empower companies to operate across the single market

The single market is a key asset for the EU and focus must continue on removing barriers to free movement and fostering competition. We need to empower in particular smaller companies to operate across borders and continue to push to make the digital single market a reality. Especially in the area of services, great growth potential can be unleashed. Not only linked to better implementation and stronger enforcement of existing EU legislation - which can add roughly 1.5% to EU GDP - but also to the development of digital services, servicification and e-commerce.

The Commission must play a leading role in explaining precisely which formalities and administrative procedures could be skipped with the European Services e-Card (ESC) that have already been fulfilled or complied with in the home Member State. For its take-up it is essential that it is clear what the added value of the ESC is in practice. Generally, the ESC proposals need to be improved and be made more precise. For example, regarding the responsibilities of the home and host Member State and the procedures for updating the information included in the e-card. It remains of fundamental importance throughout the legislative process that the EU institutions listen very carefully to the concerns and views of the sectors and companies specifically targeted by the ESC proposals, namely the construction and business services sectors. The European Commission's Services Package also contains other concrete proposals that can help companies to operate across borders, which BusinessEurope supports, such as a new notification procedure to avoid the introduction of new regulatory barriers, the proportionality test and guidance to reduce the number of regulated professions that can fragment labour markets.

Often companies are unaware of their rights and access to appropriate remedies if these rights have been denied. We therefore support the proposal to put in place a Single Digital Gateway. This gateway should provide businesses with all the information they



need to operate across borders, offer the possibility to complete administrative procedures online and make companies aware of information and remedy tools such as SOLVIT. Furthermore, as most of the procedures included in the proposal currently relate to citizens, we would like to see these extended to include at least the declaration of business taxes and the setting-up of a company abroad. Businesses should have access to effective and direct remedies when they encounter problems in the single market, in particular also for issues related to Mutual Recognition. Further reinforcement of SOLVIT is important in order to enhance its use by companies.

Competition is crucial for business: it provides the best incentive for efficiency, encourages innovation and guarantees consumers the best choice. BusinessEurope therefore supports creating a genuine common competition enforcement area as proposed by the Commission. National competition authorities should have key investigative powers but it is absolutely necessary that such powers are counterbalanced with appropriate procedural guarantees to protect companies from unnecessary investigations and disproportionate fines.

Advance with the digital single market

Development of our digital single market is in a crucial phase. The Commission has prioritised its construction through tabling 24 legislative proposals and only 6 have been adopted. It is high time for the Council to match this ambition. The sheer pace of the 4th industrial revolution will wait for no one. As other regions on the international stage race ahead to take advantage of its economic and societal benefits, Europe has been indecisive. Urgent acceleration of key legislative files is required for Europe to reap the full benefits digital offers.

Enabling the free movement of data by eliminating national measures should be at the forefront of this work to enable an open, competitive and innovative digital economy. Our cybersecurity capacities also need to be improved to foster trust in the digital economy. At the same time, Europe must champion better regulation as it progresses. Our policy frameworks need to be robust, technology neutral and uphold a level playing field. Digital is a truly cross cutting topic and our legislation should be digital by default, taking its digital impact into account regardless of the policy area. Furthermore, the new skills agenda for Europe should take a cross sectoral approach and ensure employers play a strong role in digital skills and jobs coalitions. Europe must be ready to seize the jobs of tomorrow created by this 4th industrial revolution.

BusinessEurope and its member federations strongly reiterate the importance of the above-mentioned issues and remain committed to contribute further to their development.

Yours sincerely,



Markus J. Beyrer