

**Mr Klaus Iohannis**  
**President**  
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ROMANIA

21 January 2019

Dear President,

**BUSINESSEUROPE'S PRIORITIES FOR THE ROMANIAN PRESIDENCY  
OF THE EUROPEAN UNION**

The Romanian Presidency will focus on 4 priorities: building a converging Europe, a safer Europe, a Europe that is a stronger global actor and a Europe of common values.

BusinessEurope's own ambition for Europe is to deliver an EU that is:

- strong and setting the agenda in the world,
- a global leader in innovation, digitalisation and sustainability,
- functioning efficiently, and
- economically cohesive and socially inclusive.

We have achieved much over the past decades thanks to the European project but the world is changing rapidly and profoundly. Global alliances shift and populism rises. What we are witnessing is not just another era of change but a change of era.

European integration is more important than ever and we must act now if we want to deliver a Europe with opportunities for all.

Business is committed to transforming the challenges we are facing into opportunities in order to defend our European way of life. However, in order to fulfil their role in society, companies of all sizes and all sectors need a business-friendly environment. Further strengthening EU action in favour of small and medium sized companies and ensuring that EU legislation is in line with Better Regulation principles, paying special attention to the need to avoid putting unnecessary burden on SMEs so that they can grow into larger businesses, is crucial for Europe's future prosperity

We count on the Romanian Presidency to ensure adoption of the following pending EU measures before the European elections:

- **Brexit:** the withdrawal agreement is vital for business as it includes a transition period with the U.K. staying in the Customs Union and the Single Market at least until December 2020 in order to give time to companies to adjust; a no deal scenario would have dramatic economic consequences and must be avoided; the UK must come up with a credible plan of action and both sides need to do their utmost to find



the best solutions and timeline to give the necessary assurances to citizens and companies

- International trade: standing by a rules-based trade system, maintaining a positive agenda with the US and China to reduce trade tensions and successfully concluding negotiations with Mercosur. After the ratification of the agreement with Japan it is also critical to ensure ratification of Singapore and Vietnam FTAs to further develop the EU network of trade agreements;
- Single Market: it is the crown jewel of European integration and a powerful convergence-driver that can help Member States reap the benefits of globalisation and address the challenges facing Europe, hence the need to say a clear “no” to protectionist tendencies and to put further development of the Single Market at the centre of the political agenda;
- Multi-annual Financial framework for future EU budgets (MFF): we cannot afford delays in powerful investment incentives and must ensure adoption of an MFF reflecting the future priorities of the EU and helping industry to compete and innovate in October 2019 and conclude as many as possible negotiations on sectoral MFF proposals before the EP elections;
- EMU: strengthening our Economic and Monetary Union is essential for the investment climate and more needs to be done to ensure that our EMU delivers convergence towards higher growth and more employment in all Member States, building on the positive steps made during the December European Council meeting;
- Employment and social cohesion: difficulties in hiring qualified workers are a rising concern and labour market and skills are therefore a key priority for reforms; furthermore, EU social policy should avoid imposing additional costs that undermine job creation and the sustainability of social protection systems;
- Digitalisation: Single Market legislation should not be artificially divided into “digital” and “offline”; furthermore, adoption of the proposed Digital Europe Programme is part of the solution to help bridge the existing digital investment gap;
- Research and innovation: today more than ever Europe needs to be an attractive place for nurturing new ideas, technologies and solutions; making decisive progress on the Horizon Europe programme is essential to pave the way to higher EU investment in research and innovation as soon as possible after the adoption of the full MFF package;
- Industrial policy: there will be no strong Europe without a strong industry and related-services, hence the need to make further progress in ensuring that all EU policies are fully mobilised to improve our industrial competitiveness, building on the achievements of previous Presidencies;



- Energy and climate policies: the rules and procedures to implement the Paris Agreement (the “Paris Rulebook”) have largely been agreed, but the Romanian Presidency needs to continue the preparatory dialogue to strike a deal on international carbon markets under Article 6 at COP25; within Europe, it should provide a thorough assessment of the Commission’s long-term greenhouse gas reduction strategy, specifically looking at the underlying assumptions, investment needs and impacts on innovation for each of the scenarios mentioned in the strategy;
- Environmental protection: following on the many files related to circular economy that were reached in 2018, the EU should fully focus on implementing the new regulation as soon as possible;
- Company law and consumer protection: close the triologue negotiations on the proposal granting companies open access to digital tools to perform basic corporate operations such as company registration; furthermore, the New Deal for Consumers must ensure a fair balance between consumer protection and a workable Single Market in business to consumer transactions and must not be misused to pursue other objectives such as the fight against non-compliance with tax or social legislation as this is better done by other tools.

Further details about our priorities for the Romanian EU Presidency are set out at annex.

I look forward to working constructively with you and the different members of your government during the next six months in order to deliver this set of measures before the European elections and pave the way for further progress during the next institutional cycle.

Pierre Gattaz  
President

  
Markus J. Beyrer  
Director General

## **Annex: BusinessEurope priorities for the Romanian Presidency**

### **1. Brexit and future EU-UK relations**

European business is extremely disturbed by recent developments in the UK. No-deal is absolutely unacceptable for the European business community. It will create chaos and disarray and must be avoided.

The withdrawal agreement is vital for business as it includes a transition period with the U.K. staying in the Customs Union and the Single Market at least until December 2020. This is the only available option to give time to companies to prepare and adjust.

With the U.K. exit date approaching fast, the UK must come up with a credible plan of action and both sides need to do their utmost to find the best solutions and timeline that give the necessary assurances to citizens and companies.

Nevertheless, preparations for no-deal must be fast-tracked. Considering the short time available, both sides should focus on areas that are key to mitigate major disruption. Among others, they need to ensure that supply of food and medicines is not disrupted, transport and key infrastructure operate normally, citizens' rights are safeguarded (including residence, working and travelling), data continues to flow, customs are operational, financial markets remain stable and Irish peace and stability are protected. During this process a close cooperation and dialogue between competent authorities and business is of critical importance.

Regarding future relations between the EU and the UK, the aim of business is to get an ambitious and comprehensive framework that ensures as close as possible economic relations between the EU and the U.K., while preserving the integrity of the single market.

### **2. International trade**

Protectionism and unilateral actions put at risk the international trading system. It is more important than ever that the EU stands by a rules-based trade system and works with like-minded countries to reform the WTO and make it fit to the reality of the 21st century.

Maintaining a positive agenda with the US and China is crucial to de-escalate trade tensions. The EU and the US have discussed the possibilities of negotiating a trade agreement eliminating tariffs for industrial products, voluntary regulatory cooperation as well as reforms of the WTO and ways to cooperate on China, following on the meeting between Presidents Trump and Juncker in July 2018. BusinessEurope believes that this can lead to mutually beneficial trade negotiations based on the mandates to be finalised by the EU and the US as soon as possible.



In parallel, the EU must engage in a sound and balanced economic relation with China and ensure that ongoing negotiations of an agreement on investment lead to an ambitious outcome as soon as possible.

Continuing to develop the network of free trade agreements of the EU is also essential. After the ratification of the agreements with Japan, it is critical to ensure the ratification of Singapore and Vietnam FTAs and we hope to see a successful conclusion of the negotiations with Mercosur.

### **3. Single Market**

The Single Market is the crown jewel of European integration. It is a powerful tool to reap the benefits of globalisation and help Member States address challenges, such as climate change, migration, technological competition, Brexit, etc. Free movement of capital, goods, services, people and data in the Single Market must be firmly supported, removing remaining obstacles, guaranteeing its well-functioning and saying a clear “no” to protectionist tendencies.

For BusinessEurope, the strategy to further develop the Single Market must be brought back to the top of the political agenda and we look forward to a more in-depth discussion on Single Market development to be held during the EU Council in March 2019. The focus should be on:

- further opening and integrating markets for goods and services, including logistics and network services;
- ensuring that the Single Market framework helps the roll-out of digital technologies and has fair rules on access to data, free flow of data and liability;
- having a regulatory and financial framework for investment in infrastructure that leads to significant improvements in physical and digital infrastructures and interoperability;
- ensuring that Single Market legislation fulfils the ambition to reduce barriers and is future-proof and innovation friendly;
- keeping better regulation principles and their practical implementation as a key priority;
- reinforcing the Single Market governance tools at EU and national level in order to strengthen implementation and enforcement of Single Market rules.

Negotiations on Single Market proposals that still have to be finalised by the Romanian Presidency under this legislature should stick to these strategic guidelines. For example, completion of the Trans-European Transport Network (TEN-T) on time is essential to ensure an effective cross-border and EU-wide transport network. To tackle significant delays occurring across the EU, harmonised measures are needed to streamline national permit granting procedures along the lines of original Commission proposal.



Furthermore, informed decisions of good quality should be sought rather than a rush in adoption just because of the nearing end of the present EP and Commission mandate. The co-legislators should take a carefully balanced decision on the proposal on compliance and enforcement from the goods package to avoid disproportionate compliance costs for fair players on the market. Regarding E-Privacy, one should see how GDPR applies first rather than rushing a bad result in a complex area as this could lead to further fragmentation by national authorities applying these acts.

#### **4. Multi-annual Financial Framework for future EU budgets after 2020**

The European Council aims at finalising an agreement on the next Multi-annual Financial Framework (MFF) in Autumn 2019. BusinessEurope insists on the need to ensure its adoption in October 2019 and to conclude as many negotiations as possible on sectoral MFF proposals before the EP elections. We cannot afford delays in powerful investment incentives.

Furthermore, the next MFF must reflect the future priorities of the EU. European budgets, concentrate efforts on enhancing our competitiveness, focus on areas where the EU can deliver concrete benefits and help preparing industry for megatrends like digitalisation and energy transition.

Countries around the world are investing massively in research, development and innovation while the EU has not reached its own 3% of GDP research and development investment target. Horizon Europe can boost the EU's efforts in research, development and innovation, provided it is equipped with an appropriate budget.

BusinessEurope counts on Member States to increase the EU funding for research, development and innovation after 2020 to reach an ambitious programme of at least € 120 billion, with 60% allocated to the 'Global challenges and industrial competitiveness' pillar.

Last but not least, the next MFF should boost the success of cohesion policy by turning it into an integral part of a European investment strategy, with an adequate financial framework to support a cohesive Europe.

#### **5. Economic and Monetary Union**

Completing EMU and strengthening trust in the Euro is essential. Investors need a safe and predictable environment based on a well-functioning EMU.

On 14 December 2018, the European Council has endorsed the terms of reference of the common backstop to the Single Resolution Fund and of the reform European Stability Mechanism (ESM), asked to prepare the necessary amendments to the ESM Treaty, to advance work on the Banking Union and called for ambitious progress on the Capital Markets Union by Spring 2019. These are positive steps forward. However, more needs



to be done to ensure that our Economic and Monetary Union delivers convergence towards strong growth rates in all member states.

Completing and enforcing the Single Market is a crucial and powerful convergence driver. However, the European Semester also has a crucial role to play and all Member States must implement agreed growth and employment enhancing structural reforms. Furthermore, attention should be paid to the quality and composition of public finances for a proper implementation of the Stability and Growth Pact (SGP), drawing on its in-built flexibility to help member states put their public finances on a sustainable footing. Fiscal sustainability, including where appropriate fiscal consolidation, is key in order to strengthen investors' trust in the Euro area, while giving the fullest support possible to member states who wish to orientate their budgets towards investment and growth-supporting expenditure.

BusinessEurope welcomes the fact that the Eurogroup was mandated to work on a budgetary instrument for convergence and competitiveness in the context of the MFF. However, it is important to ensure that this instrument delivers in term of stabilisation and provides rapid and temporary support without creating moral hazard. Therefore, access to such a stabilisation fund should be conditional on Members States implementing structural reforms and should not lead to increases in the overall tax burden. For us, the Commission's proposal for an investment protection scheme provides a good basis to build up the capacity of a stabilisation fund in future years.

## **6. Employment and social cohesion**

Labour markets and skills are a key priority for reforms. Difficulties in hiring qualified workers are a rising concern, including in countries still marked by high unemployment. The EU should encourage Member States to urgently address structural labour market challenges through further actions to:

- tackle skills shortages and mismatches which create bottlenecks to growth (with special attention to scientific, technical, mathematical, digital and engineering skills);
- facilitate labour market participation of all the available workforce (unemployed and the inactive who can work, younger and older, women and men, skilled and less skilled, local workers and legal migrants);
- have clear, simple and flexible labour market regulations to support our competitiveness and encourage employers to hire;
- reduce non-wage labour costs, through targeted cuts in the tax wedge (which remains, on average, one third higher in Europe than in the US and Japan, with barely any changes compared to 10 years ago).

Furthermore, European social policy should avoid imposing additional constraints and costs that undermine the sustainability of social protection systems or job creation. For example, the proposed Directive on transparent and predictable working conditions should focus on



informing workers about their working conditions, without introducing a harmful European definition of “worker”.

The ability to recruit and retain highly skilled third country nationals is important to bridge the skills gap. BusinessEurope counts on the Romanian Presidency to ensure adoption of the Blue Card to establish an attractive blue card scheme, alongside existing national schemes.

## **7. Digitalisation**

If we want to digitalise the European economy, the Single Market should not be artificially divided into “digital” and “offline”. Ignoring the fact that the digital dimension becomes a natural “ingredient” of goods and services leads to partial solutions and unintended consequences.

For example, the Commission proposal for a Digital Services Tax whereby “digital” companies would be taxed on their gross revenue rather than profits takes the wrong approach and would violate a long-standing international taxation principle. The real answer lies in intensifying efforts to find a solution at global level. In parallel and whilst allowing the OECD a reasonable opportunity to reach agreement, the EU should, undertake thorough analysis with a view to identifying ways for the EU to address any clearly identified distortions in taxation of digital and non-digital businesses without undermining competitiveness.

Greater public financial support from the EU can be useful to help fill the existing gap in digital investment in Europe. We therefore welcome the Commission’s proposal creating the first ever Digital Europe Programme earmarking €9.2 billion in the next MFF to support the digital transformation and ask for its swift adoption.

To ensure greater fairness and transparency in the platform economy, without limiting the attractiveness of the services platforms’ offer, BusinessEurope counts on the Romanian Presidency to conclude the negotiations on the proposal for a Regulation on online platforms (P2B Regulation).

## **8. Research and innovation**

Investing in research and innovation is increasingly crucial for shaping Europe’s future in a globalised world. Countries around the world are investing massively in research and innovation. This is intensifying global competition for innovative solutions. However, Europe does not capitalise enough on the knowledge it has and produces. The EU needs the right framework to be faster and more intensively turn innovations into new products, technologies and services.

The Horizon Europe programme is a unique opportunity to deepen Europe’s innovation capability and to ensure the necessary investments. We expect Member States to beef up the Commission’s proposal by increasing the overall budget to at least €120 billion and by



strengthening key provisions for companies such as the budget for the second pillar, the attractiveness of partnerships or the role of Key Enabling Technologies. Excellence should remain the determining selection criterion for future funded projects, as it is today under Horizon 2020.

## **9. Industrial policy**

A strong industrial base is fundamental for strong economic activity across all sectors of the economy including services and having competitiveness and innovation-friendly legislation is essential to strengthen our industrial base. A renewed European industrial strategy must reflect the ongoing transformations, be mindful of the several challenges at hand for society and industry, and of Europe's persistent competitiveness shortfall. These issues are of fundamental importance in the debate on the Future of Europe, and should be an integral part of it, if we want to ensure that the EU can better deliver growth and jobs to its citizens and companies.

The third edition of the EU industry days provides an important opportunity to ensure that EU policies are fit for purpose. Drawing on the discussions to be held on that occasion, on the work done by the High-Level Industrial Roundtable and on the on-going work of the Strategic Forum on Important Projects of Common European Interest (IPCEI) on strategic value chains, the Romanian Presidency should build on the achievements of the previous Presidencies to make further progress in ensuring that all EU policies are fully mobilised to improve our industrial competitiveness.

## **10. Energy and climate policies**

Following on the COP24 in Katowice, the European Union should push for proper implementation of the Rulebook setting out the rules and procedures needed to achieve the objectives of the Paris Agreement. The Romanian Presidency should also continue the preparatory dialogue at the technical intersessional in Bonn in June to make sure negotiators can strike a deal on international carbon markets under Article 6 later in the year at COP25. Furthermore, Europe should continue to push other major economies to converge their climate ambitions as soon as possible with those of the European Union, which has the most ambitious climate targets out of any major economy. Only by doing so will the world be able to achieve real emissions reductions and secure a global level-playing field for European business.

That being said, Europe's efforts should also continue within its own borders. Now that most legislative reforms have been concluded, the next important step is to assess the European Commission's long-term GHG emission reduction strategy. It is important that the Presidency promotes a critical assessment of each decarbonization scenarios in order to ensure that, whichever scenario is ultimately followed, that it can be achieved with sound fundamentals. In particular, the Presidency should promote a dialogue on the critical assumptions underlying each scenario, as well as how the associated investment needs are ultimately

financed. Equally important, the strategy should be assessed to what extent it can be used by Europe to advise its major trading partners on how they too can create a long-term strategy themselves.

## **11. Environmental protection**

BusinessEurope's European Circular Economy Industry Platform ([www.circularity.eu](http://www.circularity.eu)) shows how European business adds to the circular economy and the challenges that companies face to become even more circular.

The circular economy has become one of the most prominent themes on the European agenda during this political cycle, starting with the revised Circular Economy Package. The revision of the Waste Framework Directive, the EU strategy for Plastics in the Circular Economy (including the Single Use Plastics Directive), the Interface between chemical, waste and product legislation and the Monitoring Framework on the progress towards a circular economy are key building blocks. Though some of these files are still ongoing, for the remainder of this political cycle it is important to start preparing on the implementation of the files that have already been agreed, such as the Single Use Plastics Directive for which a balanced responsibility between producers and consumers is key.

## **12. Company law and consumer protection**

BusinessEurope welcomed the long-awaited company law package aiming to modernise the legislative framework for European businesses so that companies can merge, divide or move within the Single Market in a clearer and legally certain way, whilst protecting the interests of all relevant stakeholders. The package also included measures which will grant companies access to digital tools to perform basic corporate operations (e.g. company registration). This package could finally bring EU company law into the 21st century. BusinessEurope supports the General Approach reached in Council in November 2018 on the digital part of the Company Law Package. We hope for a quick trilogue agreement on this proposal, which represents an important enabler to companies in launching or expanding their business activities.

We count on the Romanian Presidency to ensure progress on the mobility proposal, which will help companies exercise their fundamental right to move within the Single Market. However, this goal should not be reached at any cost and this proposal should not be misused to pursue other objectives such as the fight against tax evasion and non-compliance with social rights. There are other more appropriate tools at EU and national level to address those concerns. The Commission original proposal would introduce new procedures for conversions and divisions which are complex, filled with avoidable duplications and place businesses in a "guilty until proven innocent" situation whenever they move. We should ensure trustworthiness of the framework to avoid abuse, but in a proportionate way.

The New Deal for Consumers, proposes a shift on two major pillars governing EU consumer law until now and BusinessEurope does not support those shifts. The representative actions (or collective redress) proposal would transfer the responsibility of enforcement of consumer



laws to private entities via courts, which is not the legal tradition in Europe. Moreover, other proposals of the New Deal (provisions amending the Unfair Practices Directive) seem to invert the approach of full harmonisation of EU consumer law of the last 10 years, bringing back unnecessary legal fragmentation.

BUSINESSEUROPE supports fair and balanced civil justice systems with effective enforcement of consumers' rights. As such, we are not against collective redress. However, we have genuine concerns over the Proposal on Representative Actions. We urge the Romanian Presidency to ensure that any new EU judicial instrument is accompanied by the necessary safeguards against abusive litigation (currently missing in the Commission proposal) and to avoid disrupting existing, effective judicial and non-judicial redress systems implemented in many Member States as this would diminish the effectiveness of consumer protection.

Concerning the other proposals of the New Deal for Consumers, we count on the Romanian Presidency to ensure that the principle of full harmonisation of EU consumer rules remains intact as it is the only effective way to fight legal fragmentation across the Single Market. Against the Commission proposal, we support Member State's freedom to determine the modalities of imposing and enforcing penalties, whether via public or private enforcement systems. Merely increasing the fine levels as suggested in the Commission proposal (turnover-based fines of minimum 4%) will not automatically improve enforcement. As shown in the 2017 EU Consumer Conditions Scoreboard, there is no correlation between high fines and a high level of compliance and consumer trust. On the contrary, in many cases, guidance is more effective than financial penalties.

**To conclude**, BusinessEurope counts on the Romanian Presidency to make the best possible use of the time available before the European elections to ensure that:

- the necessary actions are taken to avoid a chaotic Brexit;
- the European Union can live up to its international responsibilities and defend European interests in the global economy;
- EU initiatives improving competitiveness, growth and employment in Europe are adopted before the European elections;
- sufficient progress is made in discussions on the MFF to ensure its adoption in Autumn 2019.