



Mr Antti Rinne
Prime Minister of Finland
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Dear Prime Minister,

BUSINESSEUROPE'S PRIORITIES FOR THE FINNISH PRESIDENCY OF THE EUROPEAN UNION

At the beginning of this new political cycle 2019-2024, the Finnish presidency has a key role to play in laying the groundwork to bring the European agenda forward.

BusinessEurope is aware that the work of the Finnish Presidency will be affected by the appointments for the EU top jobs and that legislative activity will therefore be reduced. Nonetheless, European companies strongly believe in the EU and you can count on BusinessEurope and its member federations to support you to make sure that Europe remains one of the best places to live, work and do business and to promote our European values in the world.

Our Ambition for Europe 2030 is a European Union that is:

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

The European Council agreed on the outline of a strategic agenda for the EU during the next 5 years. Like us, it seeks to ensure that Europe remains a model for democracy and the rule-of law as well as a model for economic development, social inclusion and environmental sustainability. Like us, it underlines the need to join forces in order to develop our European economic model for the future, to implement an effective industrial strategy, to embrace the digital transition, promote innovation and invest in skills, to deepen the EMU, strengthen the Single Market and stand-up for a rules-based multilateral order.

Faced with an increasingly challenging world economic outlook, strengthening Europe's economy is more urgent than ever. For 2019, we expect GDP growth of 1.6% in the EU and 1.4% in the euro area, considerably lower than our previous forecast. This slowdown of the European economy is partly the result of the recent escalation of trade tensions, particularly between the US and China, alongside a possible no-deal Brexit.



We therefore count on you to pay the necessary attention to improving competitiveness, growth and employment to strengthen our economic base from the very first days of this new political cycle. BusinessEurope identified 10 crucial priorities on which the EU will need to see progress during the next 6 months, and we urge the Finnish Presidency to:

1. defend **rules-based trade, fight protectionism and create a level playing field**, by supporting a reformed multilateral trading system while maintaining an ambitious bilateral trade and investment agenda,
2. further strengthen and develop cross-border trade and investment within a barrier-free **Single Market** as the basis of European prosperity,
3. continue working on **better regulation**, giving more attention to the impact of new EU legislations on our competitiveness and attractiveness as a place to invest,
4. support and facilitate **research, development and innovation** throughout the EU and the European Economic Area to regain our world leadership in technology and bring innovative products and services to the market,
5. put in place a more **strategic industrial policy** that will allow European manufacturing and services value chains to compete with global economic powers such as the US or China and increase growth and employment across Europe,
6. accelerate the **cybersecure digitalisation** of the European economy with freedom to innovate, upholding societal interests and ensuring that education and skills are fit for the digital age,
7. complete the **Economic and Monetary Union** to strengthen trust in the Euro and provide a stable environment to investors,
8. work towards the objective of **climate neutrality** (net-zero greenhouse gas emissions), while ensuring our competitiveness and security of energy supply,
9. foster gradual **economic and social convergence** among member states driven by productivity gains and competitiveness and facilitate labour mobility in the Single Market,
10. build a coordinated European solution to better **manage migration** and ensure the proper functioning of the Schengen area.

We also count on the Finnish Presidency to promote an **entrepreneurial European society** and further strengthen EU action in favour of small and medium sized companies. Finally, we urge you to strive to avoid a no-deal Brexit whilst ensuring that all the necessary measures are taken to mitigate the disruptive effect of a **possible no-deal Brexit** for European companies.

More details on the concrete actions we expect from the Finnish EU Presidency are set out at annex.

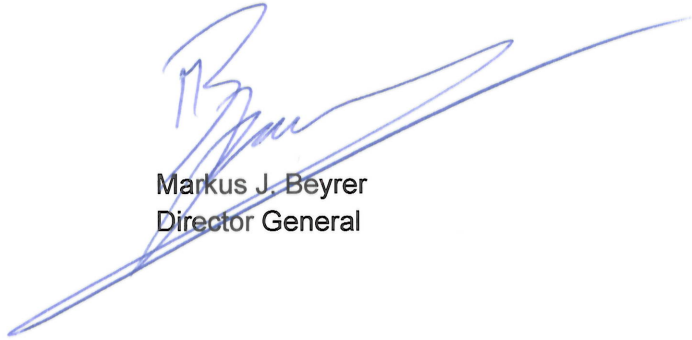
We look forward to working with you and the different members of your government to put the European Union on the right track from the start of the new institutional cycle.

Yours sincerely,



Pierre Gattaz
President

Enclosures: 2



Markus J. Beyrer
Director General

BusinessEurope priorities for the Finnish Presidency

To defend rules-based trade, fight protectionism and create a level playing field:

- ensure that the Commission puts in place the right organisational structures to address more effectively the challenges posed by major EU competitors, permitting independent research to substantiate and defend European interests and ensuring good coordination among different DGs, with other European entities like the EIB as well as with member states;
- ensure that the Commission has the resources necessary to deliver an ambitious EU trade agenda;
- step up actions to avoid a collapse of the WTO Appellate Body in December 2019 which would put at risk the whole dispute settlement system and the WTO itself;
- encourage the Commission to act on the two negotiating mandates with the USA on industrial tariffs and conformity assessment and find a negotiated solution for existing problems like the steel and aluminium tariffs or the follow-up of the Airbus-Boeing case;
- ensure that China delivers the commitments agreed during the 21st EU-China Summit on the Geographical Indications agreement, the Comprehensive Agreement on Investment and on improved market access for European companies in China;
- support the Commission in bringing the EU-Vietnam Free Trade Agreement (FTA) for ratification and ensuring full ratification and implementation of all FTAs;
- make sure to deliver and have swift ratification of the EU-Mercosur trade agreement;
- fully implement all the 28 Guarantees foreseen in the European External Investment Plan by the end of the year to improve uptake and participation from European companies with a special focus on Africa and work towards a Post-Cotonou agreement in order to have more effective EU-ACP relations;
- ensure that European companies are effectively safeguarded from the extraterritorial impact of third countries' sanctions and that they are able to continue their legitimate business operations;
- keep close economic and political relations with the Eastern Partnership countries, fostering reforms and contributing to peace and prosperity at EU's borders.

To further strengthen and develop cross-border trade and investment within a barrier-free Single Market as the basis of European prosperity:

- ensure that the EU puts in place an effective alternative mechanism to protect cross-border investments in the Single Market before the termination of intra-EU Bilateral Investment Treaties at the end of the year to safeguard investment protection and a level playing field with third country investors;
- support stronger cooperation schemes for market surveillance, to be supported by the Single Market Programme under the next Multiannual Financial Framework (MFF);
- encourage the Commission to conduct a comprehensive mapping of remaining regulatory barriers to free movement of goods and free provision of services and



identify ways to remove these barriers, notably on business services such as logistics that are crucial for manufacturing value chains;

- stand for vigorous enforcement action for single market legislation and ensure full implementation of the Services Directive on which there are many infringements;
- set up a regulatory and financial framework conducive to infrastructure investments to improve physical and digital infrastructures;
- insist on a harmonized European approach towards the bi-annual seasonal time changes to avoid fragmentation of the EU Single Market due to a patchwork of standard times;
- continue to explore the possibilities for a European company law form designed for SMEs taking inspiration in the work done on the European Private Company proposal.

To continue working on **better regulation**, giving more attention to the impact of new EU legislations on our competitiveness and attractiveness as a place to invest:

- encourage the Commission to fully apply the political principle of discontinuity and re-assess the cost and benefit of all pending EU proposals to decide which ones should be maintained, which ones should be modified and re-submitted, and which ones should be simply withdrawn;
- make sure that a sound impact assessment is carried out on all new EU proposals both before submitting them to the Council and Parliament, taking into account the cumulative effect of EU legislation on companies, especially SMEs and the impact of new EU legislations on EU's competitiveness and attractiveness as a place to invest compared to the rest of the world, and make sure that this assessment is updated throughout the EU legislative process;
- ensure that the REFIT Platform pursues its mandate and becomes a permanent body making proposals towards regulatory burden reduction through its bottom-up approach;
- make sure member states implement and enforce EU related legislation in a more consistent and coordinated manner, avoiding gold-plating and divergent transposition.

To support and facilitate **research, development and innovation** throughout the EU and the European Economic Area to regain our world leadership in technology and to bring innovative products and services to the market, taking into account increasing pressure from China and the US:

- firmly defend an ambitious budget of at least € 120 billion (in constant 2018 prices) for HorizonEurope in the final negotiations on the next Multiannual Financial Framework;
- make sure that all new EU proposals respect both the innovation and the precaution principles;
- facilitate the creation of start-ups as well as the growth of existing businesses and support the digital transition of SMEs.



To put in place a more **strategic industrial policy** to allow European industrial and services value chains to compete with global economic powers such as the US or China and increase growth and employment in Europe:

- strongly encourage the Commission to elaborate on the concrete steps to put in place the EU's industrial policy as requested by the European Council on 21-22 March 2019;
- more strategically support value chains gathering industry, services, SMEs and large companies that are key to EU industrial competitiveness and technological leadership;
- make sure that its governance fully captures the urgent need for a more proactive and strategic approach to industrial policy;
- make sure that European competition policy is fit for purpose, guarantees fair competition within the Single Market and allows for the emergence of new innovative firms that can grow into sizeable European companies, able to compete with global enterprises operating by different rules.

To accelerate the **cybersecure digitalisation** of the European economy with freedom to innovate, upholding societal interests and ensuring that education and skills are fit for the digital age:

- promote uniform implementation of the General Data Protection Regulation (GDPR) across all member states, ensuring an innovative framework and supporting companies' efforts to comply with these new rules;
- coordinate a European response to the growing threat of organised, state-funded, cyber espionage and accompany the implementation of the Cybersecurity Act with full business inclusion to raise cybersecurity capacities;
- encourage member states to invest in digital skills in order to bridge the current skills gap in science, technology and mathematics;
- encourage member states to take a coordinated European approach to the roll-out of 5G networks to bring about the strategic benefits that this new technology can bring to the European economy as a whole;
- conclude the MFF discussion as soon as possible to ensure the Digital Europe programme supports the political will of implementing the digital single market strategy;
- support the reinforcement of Digital Innovation Hubs to aid common industrial platforms to bring the physical and digital world together.

To complete the **Economic and Monetary Union**, strengthen trust in the Euro and provide a stable environment to investors:

- foster progress on completion of both the Banking and Capital Markets Unions and further integrate EU capital markets to increase financing options for businesses, such as Venture Capital provision, and remove barriers to cross-border investment;



- follow-up on the agreement of the EcoFin Council on the details of the proposed euro area budgetary instrument for convergence and competitiveness, access to which should be conditional on member states implementing structural reforms and include a stabilisation element such as the Investment Protection Scheme proposed by the previous Commission to improve the resilience of the EU economy to asymmetric shocks and increase reform implementation;
- ensure that member states respect the Stability and Growth Pact whilst being able to continue to draw on the in-built flexibility to support structural reforms and productive public investment.

The Finnish Presidency should work towards the objective of **climate neutrality** (net-zero greenhouse gas emissions), while ensuring our competitiveness and security of energy supply. Reaching climate neutrality by around mid-century, as the IPCC Special Report and the European Commission's 2050 climate strategy consider is necessary to limit average global temperature increases to 1.5C, will fully depend on meeting a set of crucial framework conditions and related actions on both European and global level, and notably requires to:

- coordinate more strategically the use of the different EU funding instruments to support public and private investments in the development and deployment of breakthrough technologies to lower emissions;
- support a strategic mapping process linking future industry low-carbon energy needs to infrastructure development through a bottom-up approach;
- ensure that major trading partners also live up to their responsibilities and consider additional global safeguards to keep industrial production in Europe and prevent carbon and investment leakage;
- help better integrate Europe's energy markets to make Europe's energy prices more competitive.

To foster gradual **economic and social convergence** among member states driven by productivity gains and competitiveness and facilitate labour mobility in the Single Market:

- ensure that the Commission fully plays its role in keeping member states to their commitments regarding labour market, education and training and social protection reforms in the context of the European semester;
- support those member states that may be lagging behind in the use of structural funds to ensure productive investments;
- encourage the Commission to provide clear guidance on how to implement the posting of workers directive and regulation on social security coordination and urgently clarify that member states are not allowed to require A1 forms for short business trips as these cannot be considered as postings of workers;
- give the necessary space to the European level social dialogue.

To build a coordinated European approach to better **manage migration**:

- work towards an agreement on a new Common European Asylum System to pave the way for returning to a normal functioning of free movement in the Schengen area;
- consider actions to accelerate the reinforcement of the European border and coast guard agency with the agreed European standing corps to assist member states protecting the EU external borders;
- bear in mind the importance of legal migration that responds to labour market needs.

To continue to strive to avoid a no-deal Brexit and the adoption of a withdrawal agreement in the UK, whilst mitigating as much as possible the disruptive effect of a possible no-deal **Brexit** for European companies:

- address the shortcomings in the EU contingency measures in critical areas such as data flows allowing European firms to limit the negative impacts of Brexit in their operations;
- support businesses in their efforts to comply with new customs requirements and encourage member states to take a pragmatic approach in case of unintended breach;
- secure reciprocal treatment from the UK Government concerning intra-corporate transfers of personnel to match the right to stay in the EU that intra-corporate transferees from UK companies present in the EU will keep under the existing EU directive on such employees.