



Ms Ebba Busch
Deputy Prime Minister,
Minister for Energy, Business and Industry of
Sweden

Chair of the EU Competitiveness Council

By e-mail

15 May 2023

Dear Deputy Prime-Minister,

RE: key messages to EU Competitiveness Council of 22-23 May 2023

The Swedish EU Council Presidency's focus on competitiveness is reassuring to European businesses, and BusinessEurope supports your ambition to take action in this regard and to establish it as topic for a regular ministerial debate. We call on the incoming EU Council Presidencies to take over this commitment.

We underlined the root causes of the private investment leaving Europe in our last letter addressing the Competitiveness Council of 2 March 2023, highlighting the *urgent* need for regulatory breathing space and a comprehensive set of measures enhancing competitiveness including those to address the energy situation in the EU, deepen the Single Market and prevent deindustrialisation of Europe.

The two major long-term challenges pushing investment out of Europe according to BusinessEurope's Reform Barometer 2023¹ are the **regulatory burden** that is significantly higher compared to other major developed regions and **long-term energy price rises** well above major competitors.

In March the European Commission took steps to respond to the European Council call for a specific long-term competitiveness agenda with a few legislative initiatives and policy communications, to be addressed by the Competitiveness Council on 22 May. While BusinessEurope welcomes these first steps in the right direction, neither the legislative initiatives nor the two communications (on long-term EU competitiveness and on the Single Market at 30) are a sufficient answer to today's challenges. Many questions remain open, such as how a true Single Market for services will be achieved to close the productivity gap with the US in this field, for example.

¹ [BUSINESSEUROPE Reform Barometer 2023 - The EU's global competitiveness under threat](#)



- **Competitiveness should not remain a topic of theoretical exchanges**, it needs to be brought to tangible actions. As example, we remain extremely concerned with the rushed negotiations on most complex legislative initiatives (e.g. ESPR, Data Act, Product Liability), instead of thorough considerations of all possible impacts of the initiatives on our competitiveness.
- **Long-term competitiveness requires long-term commitment.** BusinessEurope urges the Member States and the future Council Presidencies to ensure a regular political debate on Europe's competitiveness and how new initiatives affect it and efficiency of the Single Market, bringing the debate results up to every European Council of March annually. The role of the Competitiveness Council and its preparatory bodies such as the High-Level Working Group (HLG) is crucial here.
- BusinessEurope underlines the importance of **improved governance of the competitiveness check** that was announced by President Von der Leyen. As committed to in our last letter to the Competitiveness Council, we are happy to share a concrete business community [contribution to the debate on the competitiveness check design](#), highlighting a unified effort by the Council, the European Parliament and the European Commission as well as a necessity to build up this check at political level and beyond the existing better regulation tools (see our full set of concrete proposals also in annex 1).

Regulation Establishing a Framework for Setting Ecodesign Requirements for Sustainable Products (ESPR)

BusinessEurope welcomes the efforts to establish a functioning EU market for secondary raw materials and circular products through the proposal for the ESPR. However, certain changes proposed by the Council and the European Parliament risk undermining the potential of the ESPR to accelerate the circular economy transition.

We wish to highlight three matters of particular concern:

- The proposals to introduce requirements on social sustainability and due diligence aspects should be resisted, to avoid overlaps with other legislation and dilution of parameters that are vital for circularity. The ESPR is not designed to deliver on company level issues.
- The ESPR should exclusively target substances based on their relevance for circularity, in order to ensure legal clarity and avoid overburdening companies for reasons unrelated to circularity. An ESPR-specific definition covering only the substances that impede the reuse or recycling of a product should be introduced.



- The Digital Product Passport (DPP) should be based on a decentralised system, adhere to the need-to-know and data minimisation principles, and where relevant rely on existing databases. Further work is needed to ensure that the DPP can deliver on its objective to promote circularity.

Please find in annex 2 our full statement on the above issues.

Critical Raw Materials Act (CRMA)

BusinessEurope considers that the CRMA proposal is a good start, however further improvements are needed to make it workable for businesses and to avoid shortages of supply of critical raw materials or even disruptions. The co-legislators need to make more steps on several fronts and provide for the necessary instruments to ensure that the CRMA makes the EU a stronger commodity player.

The initiative needs to provide concrete answers on both diversification of our external supplies and increase of our own extractive, processing and recycling capacities: above all, adequate investment capital as well as ensured regulatory coherence with other policy dossiers. The proposed measures on permits and framework conditions for investments must be strengthened to accelerate the deployment of projects in Europe.

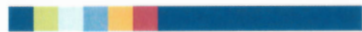
It is important to not overburden companies. It means to keep new information and disclosure requirements by companies to an absolute minimum. Trade and business secrets must be fully protected. The EU should ensure that the environmental footprint declaration does not create a negative impact on trade and the security of supply.

Direct impacts of CRMA mean that the industry must be closely involved in the implementation of this future legal act. BusinessEurope will put forward its suggestions in this regard shortly.

Net-Zero Industry Act (NZIA)

The limited scope of the NZIA proposal risks to become a handicap for Europe's net-zero transformation. The EU must acknowledge that the decarbonisation of Europe is a matter of priority for the *whole* economy, industries and businesses and their entire value chains.

The attempt to speed up the expansion of manufacturing projects for net-zero technologies in Europe is highly welcome. Simpler and faster permit-granting processes are the basis to incentivise more investment in Europe in key technologies for a successful decarbonisation. Europe is often too slow and too bureaucratic on all levels



of planning, expanding, building and implementing industrial projects compared to our main competitors. The related procedures must run faster, including the environmental impact assessments, and not be undermined by other pieces of EU legislation. Coherence of the overall framework should be guaranteed.

Greater resilience should be built on closer cooperation with our major suppliers. Protectionist elements must be avoided and NZIA must keep our markets open. BusinessEurope will share more detailed suggestions with the Council on NZIA soon.

We stand ready to discuss these issues with the Council further.

Yours sincerely,

Markus J. Beyrer