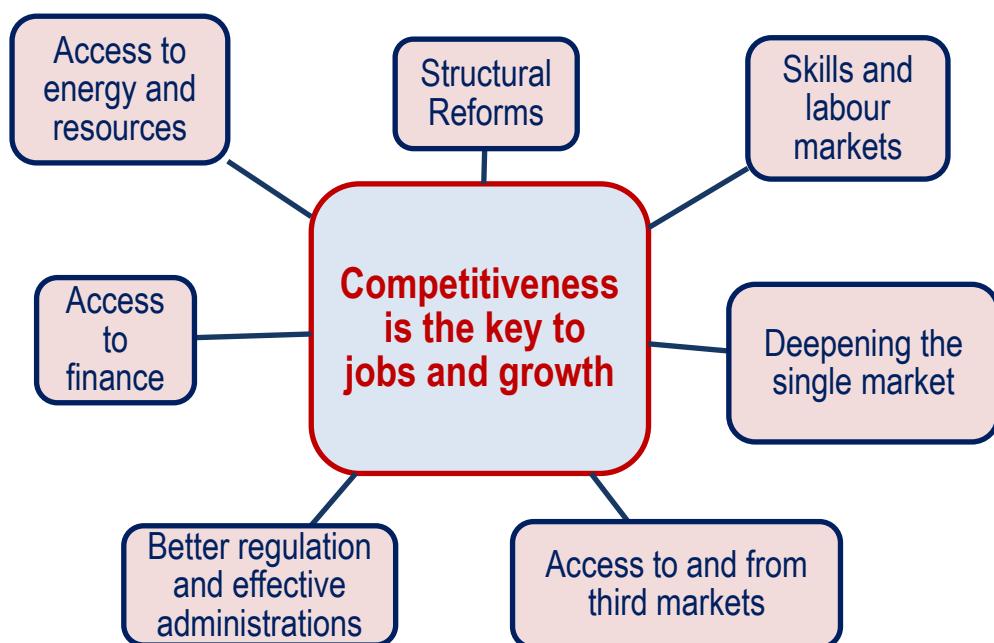


Competitiveness First

Competitiveness is the key for jobs and growth in Europe. Improving the economic performance of the European Union is the main challenge for the incoming European Commission and the new European Parliament, while the Council must also play a strong role in ensuring political support and effective delivery of policies agreed at EU level. Europe needs to create jobs for the 25 million unemployed, to give young people the chance to enter the labour market and to make social systems and public households sustainable.

Our four European business organisations are convinced that making Europe more attractive for private investment in the real economy is the only way to achieve such stronger growth. To achieve this aim, Europe's economy has to become more competitive and competitiveness has to be the priority for any future policy initiative. This requires a coherent approach that covers all aspects of competitiveness.



Improving the competitiveness of Europe's economy must be the overriding priority for the new five year term. This must be the case both for EU level and in setting out policy reforms for Member States in the framework of the European Semester, including the Macroeconomic Imbalances Procedure. This document sets out the most important areas to be addressed.

1. Europe's businesses need to see more efforts to implement structural reforms

Structural reforms to the goods and services markets are necessary to create new business opportunities, to attract new investment and to optimise Europe's socio-economic architecture in order to facilitate growth and competitiveness. Furthermore, reforms to the provision of services of general economic interest can improve the quality and the price competitiveness of such services.

Europe's businesses ask the EU institutions to:

- Design Country Specific Recommendations to enhance the process of structural reforms and their proper implementation.
- Make access to new forms of EU support conditional to an effective implementation of structural reforms.
- Ensure competition and up-hold a market-based approach in the provision of services of general economic interest.
- Engage effectively and regularly with a range of pertinent local, national and European stakeholders in defining reform agendas and monitoring their implementation and effectiveness.

2. Europe's businesses need a skilled workforce and modernised labour markets

The availability of people equipped with the skills and competences required by businesses is crucial to competitiveness. This necessitates education and training systems that reflect the needs of businesses and labour market regulations that reflect the needs of the modern economy and production processes.

Europe's businesses ask the EU institutions to:

- Promote improvements in vocational education and training systems, in particular by developing work-based learning.
- Ensure the availability of different types of contractual work arrangements and

leaner employment protection to avoid labour market segmentation.

- Respect the autonomy of wage setting mechanisms, which fulfil companies' needs for flexibility and keep wages in line with productivity.

3. Deepening the single market

The completion of the single market is vital to improve the competitiveness of Europe's economy. A more integrated single market can, in most cases, be achieved through better implementation and enforcement of the existing EU legal acquis. Efforts to that end must be intensified so as to ensure fair competition and to provide a level playing field for companies of all sizes and business models:

Europe's businesses ask the EU institutions to:

- Effectively address the many remaining obstacles to a fully functioning single market for services, notably through ensuring that the Services Directive is fully implemented, correctly applied and strongly enforced in all Member States.
- Adopt a genuine 'zero tolerance' approach to the transposition of internal market legislation and a similar tough stance on the correct implementation and on enforcement.
- Address the legal fragmentation that hampers the development of the digital single market, and think 'digital' in law-making.
- Tackle the remaining barriers to the single market for goods.

4. Ensuring a better access to third-country markets

Better access to third country markets is an important element of a growth agenda for Europe. This has to tackle both tariffs and non-tariff barriers and must be based on fair competition. Europe must develop a coherent Economic Diplomacy, which promotes and defends our interests with third countries.

Europe's businesses ask the EU institutions to:

- Pursue an ambitious trade agenda that promotes the elimination of tariffs and non-tariff barriers, better opportunities for trade in services, enhanced regulatory coherence and regulatory cooperation, simplification of trade procedures, promotion of investment friendly environments, ensuring that trade restrictive practices in third markets are effectively addressed.
- Enhance coherence between EU policies and actions with a strong external dimension such as trade, development, energy or competitiveness.

- Provide a set of predictable rules that efficiently address unfair trading practices by third countries, in order to ensure balance in the markets and that importers' concerns are properly addressed as well.
- Better capitalise on the leverage of the EU's 500 million consumers in negotiations with third countries.

5. Europe's businesses need better regulations as well as effective administrations

Europe's businesses suffer from complex and burdensome regulations. SMEs in particular are obliged to spend too much time dealing with administrative requirements. Regulations need to be properly designed by strictly applying the Think Small First principle, based on independent impact assessments and a compulsory SME test. The EU needs an ambitious smart regulation programme including competitiveness proofing.

- Europe's businesses ask the EU institutions to: Impact assessments, to which SME tests must be integral, have to take all adaptation, compliance and administrative costs into account.
- Develop an impact assessment body that is available to all three institutions, responsible for overseeing the process of gathering and analysing evidence and for scrutinising and supporting cost benefit analysis throughout the policy making process.
- Rigorously apply the 'think small first' principle at EU and national level, giving full consideration to SMEs throughout the policy making cycle.
- Ensure the correct implementation of legislation, deterring "gold-plating" and adopting a zero tolerance to cases of poor transposition or implementation.
- Apply the REFIT programme first to the most burdensome regulations, such as REACH.

6. Europe's businesses need sufficient access to finance

Sufficient access to finance is a prerequisite to allow companies to finance investments, innovation, and internationalisation and a key factor in stimulating business creation. Currently, SMEs in particular are suffering from reduced supply of credits and loans and from limited access to alternative sources of financing.

Europe's businesses ask the EU institutions to:

- Complete the Banking Union.
- Review financial market regulations with the aim of revitalising the financing of the real economy by intermediaries.
- Improve the legislative and fiscal framework for alternative forms of finance and for risk finance instruments.
- Extend public support for guarantee instruments, mezzanine finance and securitisation and
- Facilitate access to European financial instruments.
- Respect the 30 day limit set out in the revised Late Payment Directive for the settlement of invoices by public administrations.

7. Europe's businesses need access to energy at affordable prices

Improving industrial competitiveness will not be possible without a secured access to resources, especially to energy, at affordable prices.

Europe's businesses ask the EU institutions to:

- Ensure that the EU 2030 GHG (greenhouse gas) target is adaptable to other major economies' commitments and that the goal to increase industry's share of EU GDP to at least 20% by 2020 can be fulfilled.
- Ensure further reduction of energy prices by continuing the liberalisation and integration of energy markets and by eliminating policy driven surcharges, in particular stemming from distortive national support schemes for renewables;
- Improve the security of energy supply, by working for the diversification of both domestic and external energy sources.
- Encourage energy efficiency through the promotion of voluntary practical support initiatives towards businesses, in particular SMEs, to accelerate the uptake of effective measures and to tap the potential of resource efficiency for new commercial opportunities.

In order to create growth and jobs, our four European business organisations insist that the competitiveness implications of all policy measures must be checked from their inception within the European Commission and throughout the EU decision-making process.



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