

Mr Zdravko Počivalšek
Minister of Economic Development & Technology
Republic of Slovenia

Vienna, 24 September 2021

By email to zdravko.pocivalsek@gov.si, cc Marusa.Baus@gov.si

Subject: Key messages for the 29 September 2021 Competitiveness Council meeting

Dear Minister,

Ahead of the upcoming Competitiveness Council meeting that you will chair on 29 September, EUROCHAMBRES would like to provide comments on some of the key agenda highlights to be discussed from the perspective of the European chamber network and the millions of businesses – mostly SMEs – that they represent and serve.

Updated Industrial Strategy

EUROCHAMBRES welcomes the **updated 2020 New Industrial Strategy** but highlights the need for a realistic approach that reflects the post COVID-19 era. Recovery will take time and businesses require continued financial support to absorb the impact of 2020-21 and rebuild their activities, supply chains and client base.

EUROCHAMBRES appreciates the thorough analysis of the impact of the COVID-19 pandemic based on an assessment of **14 industrial ecosystems**. The ecosystem matrix is important, but measuring cross-sectorial performance cannot be overlooked as it is fundamental to assessing challenges and opportunities in industrial policy. EUROCHAMBRES recommends a strong coordination between ecosystems to achieve industrial symbiosis and progress on single market integration.

Fitfor55 Package

The appropriate enabling framework must be put in place quickly and ensure **long-term predictability**, as well as **short-term planning security** for companies. Environmental and due diligence legislation must be developed in a business-friendly manner, providing supports and incentivising adaptation to new requirements.

Such economic incentives, combined with the sharing of success stories, will also be crucial in shifting to a more **circular economy**. Future legislation must therefore ensure a functioning secondary materials market. The **EU Emissions Trading System (ETS)** should be maintained in its current form as an effective tool for reducing emissions, with the gradually increasing carbon price serving as the primary incentive to invest in cleaner technologies. Even with the implementation of a **Carbon Border Adjustment Mechanism**, free allowances of the EU ETS must be kept as an effective tool against carbon leakage as long as a global level-playing field is not achieved.

Businesses need to have sufficient and affordable **renewable and low-carbon energy (including hydrogen)** available for the technological shift and the decarbonisation of their production processes. Improved framework conditions must incentivise and facilitate the on-site use of renewables installations for businesses, as well as streamline permitting procedures.

The **European taxonomy and the renewed sustainable finance strategy** should encourage investments for a cleaner economy, while ensuring that businesses' access to finance is not limited and the administrative burden, especially for SMEs, remain proportionate. Transition activities (e.g. related to gas) will play an important role in long-term decarbonisation and must therefore be acknowledged in the taxonomy.

A Solid Single Market

Efforts to reduce barriers in the single market must continue in earnest. 91.2% of companies replying to the [EUROCHAMBRES Business Survey on Single Market Barriers](#) are in favour of measures aimed at cutting red tape. New legislation, whether national or at European level, should take this consideration into account.

EUROCHAMBRES supports the work of the **Single Market Enforcement Task Force (SMET)**, designed to monitor and address current single market barriers. The business community is willing to contribute to the work of the SMET by providing feedback from the market. For this, we need greater transparency about the SMET and its working programme. We look forward to the launch of the consultation on the establishment of a Single market Emergency Instrument, which should help to maintain the integrity of the Single Market in times of crisis.

We appreciate the work on digital policy carried out in the Council and the Working Party for Competitiveness and Growth which seems to progress steadily on the Digital Services Act. In particular, we welcome the fact that the new regulation shall not affect the application of the e-Commerce Directive. The emergence of new technologies and ways of doing business warrants new laws, but they should continue to be based on principles that have stood the test of time.

Competition Policy

EU competition rules should be adapted to digitalization and the transition to greater sustainability. However, the interests of companies must be considered and their competitiveness in international competition must be ensured. The EU must agree on effective use of instruments to mitigate the impact of unfair competition in third countries on European businesses, about unjustified subsidies from foreign companies and other unfair practices. **The Digital Markets Act** is an important tool to ensure fair competition in digital markets. The focus of the International Procurement Instrument and the tool for third-country subsidies should be on reciprocity and avoiding protectionism.

Joint ministerial declaration on innovation procurement in the EU

Innovation-friendly procurement markets and cross-border investments are vital to Europe's economic recovery. This can be pursued through fostering the involvement of start-ups and SMEs in public tender procedures, as well as clarifying the links between innovation procurement and other policy objectives. EU funding opportunities must be promoted at local level, barriers to smaller players applying to Horizon Europe calls removed and financial incentives for SMEs provided.

Efforts should be made to facilitate knowledge sharing, collaboration and strengthened expertise through the European Innovation Council, the Enterprise Europe Network, European Digital Innovation Hubs, and EU expert groups such as that on Interregional Innovation Investments.

You can count on the support of EUROCHAMBRES in pursuing these important issues and the chamber network as a whole to continue with its efforts to drive Europe's recovery.

Yours sincerely,



Christoph Leitl,
President of EUROCHAMBRES