

Ms. Ebba Busch  
Deputy Prime Minister  
Minister for Energy, Business and Industry of Sweden  
Chair of the EU Competitiveness Council  
Mäster Samuelsgatan 70  
SE-103 33 Stockholm

Brussels, 15 May 2023

Subject: **Key Messages for the Competitiveness Council meeting on 22 May**

Dear Deputy Prime Minister,

Ahead of the upcoming Competitiveness Council meeting on the 22 May 2023, 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 20 million businesses – mostly SMEs – that they represent and serve.

On the **Single Market**:

- The European Commission in its role of the guardian of the Treaties should monitor **market barriers** carefully and propose solutions. It should not shy away from the enforcement of EU rules. The idea of creating a dedicated **Single Market Office** to address single market barriers seems to overlap with existing structures (e.g. SOLVIT, EC Single Entry Point, EC complaints system to fight trade barriers), and legislation created to report barriers in specific areas (Technical Regulation Information System (TRIS)). It may also collide with outcomes from dialogue platforms such as the Single Market Enforcement Taskforce (SMET). The chamber network should be present in the SMET to point out real problems. It seems that the Commission has access to the necessary information but the problem remains how this is analysed and tackled.

On the **Communication on Long-Term Competitiveness of the EU: looking beyond 2030**:

- The chamber network welcomes 25% reporting reduction target and is ready to provide the decision-makers with a list of suggestions. Before this exercise takes place, the EU decision-makers should clean up the proposals they have on the table. Eurochambres calls on EU institutions to apply high-quality **competitiveness checks, including SME tests**, as it has the potential to avoid red tape and **additional cumulative burdens**.

On the **Critical Raw Materials Act**:

- The **Critical Raw Materials Act** must increase extractive, processing, and recycling capacities and offer pathways to increase our access to critical minerals at home and abroad. Implementing these goals will take time, and companies should not be overburdened with added information and disclosure requirements. Trade and business secrets must be fully protected to prevent any negative impact on trade and the security of supply.

On the **Regulation establishing a framework for setting eco-design requirements for sustainable products and repealing Directive 2009/125/EC:**

- Eurochambres, along with 14 European business organizations, released a [statement](#) in early May calling for caution on the inclusion of social sustainability requirements in the Ecodesign for Sustainable Products Regulation (ESPR). This would dilute the effectiveness of ecodesign and limit manufacturers' ability to comply quickly. The current ecodesign framework is a precise mechanism targeting products with energy and environmental efficiency requirements. Expanding this focus would create significant overlaps with existing and upcoming legislation dedicated to address social sustainability and due diligence of value chains, as well as jeopardising the main objective of the ESPR framework to enable environmental improvements at the level of product design.

On the **Net Zero Industry Act:**

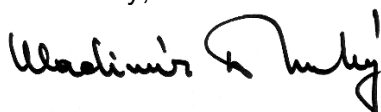
- Enhancing resilience requires closer collaboration with major suppliers. It is crucial to avoid protectionist measures and keep markets open to foster healthy competition, thus encouraging the **Net-Zero Industry Act** to thrive. The commendable efforts to expedite the development of net-zero technologies in Europe must be accompanied by streamlined and efficient permit-granting processes for all economic sectors, rather than a select few. Eurochambres welcomes the EC's ambitions to address the skills challenges posed by the net zero transition. Chambers do not consider the establishment of sector-specific European Skills Academies for each net-zero technology to be fully appropriate, since the demand for labour in the designated net-zero technology sectors does not only relate to skills that can be directly derived from technology, but also to various others qualifications. The chamber network already offers VET programmes focusing on green skills.

On the **Work programme of the incoming Presidency:**

- Eurochambres calls on the Spanish Presidency to lead the process for the EU with respect to completing negotiations on the open files related to Europe's strategic pillars for boosting competitiveness within the Single Market, such as the Net Zero Industry Act and EU Critical Raw Materials. The right balance must be achieved between short term and long-term relief measures, especially for SMEs. Efforts to reduce compliance and reporting costs must encompass both the existing stockpile of EU legislation and proposals in the pipeline. We also look forward to an increased focus on two crucial regions: Latin America and the Southern Neighbourhood, with the EU-CELAC Summit in Brussels and the ministerial meeting in Barcelona of the Southern Neighbourhood.

Dear Deputy Prime Minister, I would be pleased if Eurochambres were invited to provide explain the view of our business community during forthcoming discussions with competitiveness ministers. You can count on the chamber network to provide valuable input from the grass roots economy and to support the EU institutions and member states in their pursuit of Europe's growth and prosperity.

Yours sincerely,



Vladimír Dlouhý  
President of Eurochambres

cc: Commissioner Thierry Breton

## **ANNEX**

### **Single Market at 30 and beyond**

- The Single Market is often said to be the EU's greatest achievement. Indeed, since the 1980s, Europe's common market advanced in many ways. And yet, 30 years after its formal establishment, the Single Market remains far from complete. EU policymaking has recently focused too little on the Single Market. Moreover, during the crisis new EU and national barriers were created characterised by restricting access to the movement of people, goods and services, as well as protecting national production. Heavy "inflation" of directives allowing for national discretion in implementation and enforcement undermines the pursuit of a level playing field.
- In a [joint statement](#) between Eurochambres, BusinessEurope, DIGITALEUROPE, ERT and EuroCommerce on Single Market , we call for a regulatory regime that either provides complete full harmonisation law or effectively applies country of origin principles based on a culture of trust among Member States and their administrations. This is necessary to address over-implementation and gold-plating.
- Eurochambres particularly asks to remove all barriers to cross-border business operations and intra-EU investments, forming a fully-fledged Single Market for all economic activities and eliminate unjustified or disproportionate regulatory and administrative barriers and focus on simplification of access-to-market.
- The European Commission in its role of the guardian of the Treaties should monitor market barriers carefully and propose solution. It should neither take a shy stance in the enforcement of EU rules. The idea of creating a dedicated Single Market Office to address single market barriers seems to overlap with existing structures (e.g. SOLVIT, [EC Single Entry Point](#), [EC complaints system to fight trade barriers](#)), and legislation created to report barriers in specific areas (Technical Regulation Information System ([TRIS](#))). It may also collide with outcomes of dialogue platforms such as the Single Market Enforcement Taskforce (SMET). Business representatives should be present in the SMET to point out to real problems. It seems that the EC is in possession of the necessary information but the problem remains how these are analysed and tackled.
- Regulatory sandboxes are a promising idea that should be expanded beyond the digital sphere. Companies need a space to test and experiment before investing.

### **Communication on Long-Term Competitiveness of the EU: looking beyond 2030.**

- Eurochambres welcomes that the competitiveness angle is back in the EU institutions' narrative. The energy crisis has impacted the economy in terms of high inflation, weak economic growth, strong pressure on public finances, and the purchasing power of households and businesses, as well as a loss of external economic competitiveness (with a substantial worsening in comparison with the pre-2020 period.) Any EU legislative proposal must be checked against competitiveness in order to ensure that EU businesses are able to innovate, employ and produce in Europe. We see a dangerous trend of European de-industrialization, whereas the bankruptcy declarations hit the highest record level.
- The means and methodologies to reach the objectives of the Competitiveness communication need to be clarified and shared with the business community. It should not remain an idea but should be put in practise together with the pledge to reduce reporting burden by 25%. Before this exercise takes place, the EU decision-makers should clean up the proposals they have on the table.

- Eurochambres is collecting input from the chamber network on the areas where a reduction in reporting obligations is needed. This exercise is a step in the right direction but would be undermined if pending and forthcoming legislative initiatives in parallel create new burdens. Indeed, businesses – especially SMEs – are struggling with the increasing cumulative effects and costs of compliance obligations and increasingly concerned about the implications of pending new EU legislation, such as the Corporate Sustainability Due Diligence Directive. The Commission and co-legislators must be conscious of the implications of their proposals and amendments in relation to specific regulations, but also in the broader context of businesses' compliance requirements and their competitiveness.
- We urge the Commission to map burdensome areas and swiftly proceed with implementing a regulatory burden reduction programme. Such programme should tailor measures, sectors, and areas of intervention according to country-specific needs. It is important to provide key indicators on how the Commission intends to monitor the progress. Furthermore, a review of the results and re-calibration of the target and objective should be performed periodically.
- Eurochambres considers the “One-In-One-Out” principle insufficient as it would de facto result in the current status-quo instead of reductions. To be consistent with the Commission intentions of reducing reporting requirements, we call for a “one-in-more-out” principle. The efficiency of the OIOO approach depends on the implementation of a solid methodology for calculating the compliance costs that will need to be offset vis-à-vis the savings in other regulatory areas, when and how the offsets will take place.
- Whilst the Commission does not always include SMEs in the direct scope of its legislative files, the risk of trickle-down effects for SMEs is not negligible. Each time this materialises is a contradiction to one of the principles enshrined in the Small Business Act: to “Think Small First”. Our joint SME Test Benchmark 2022 exercise with Business Europe and SMEUnited is a reflection of the importance that business representatives attach to an evidence-based approach to in EU policy-making as a means of delivering policy objectives in a manner that avoids unnecessary or disproportionate burdens on SMEs. Regrettably, the better regulation guidelines are still not applied consistently across all Commission services and must be improved.
- Co-legislators also have an important part to play, and it is disappointing from a business perspective that the 2016 Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making seems to have gained little or no traction. The Competitiveness Council can and should play a central role in redressing this.

### **Regulation establishing a framework for setting eco-design requirements for sustainable products and repealing Directive 2009/125/EC.**

- Eurochambres calls for a caution against excessive eco-design requirements that could limit product diversity and hinder innovation. It is important to strike a balance that promotes sustainability without stifling the development of new products. We believe that specifications on durability, repairability, and recyclability should be included, while allowing flexibility for companies to innovate and create new offerings.

- Regarding the establishment of a digital product passport, we acknowledge its potential benefits. However, we have concerns about protecting confidential data and ensuring compatibility with existing legislation. We also recognize the need to maintain competitiveness and minimize administrative burdens. Therefore, we propose the exclusion of trade secrets and intellectual property rights from the passport's scope, or alternatively, the implementation of stringent cybersecurity measures to safeguard sensitive information. Additionally, we suggest implementing different access levels to protect sensitive business data appropriately.
- Lastly, we caution against certain proposals by the European Parliament to include product requirements on 'social sustainability' in the Eco-design and Energy Labelling Regulations. We believe this approach would dilute the effectiveness of the Eco-design framework and hinder manufacturers' ability to comply quickly. The current framework efficiently targets products with energy and environmental efficiency requirements. Illustrating the previous point on cumulative burdens, expanding its scope to include social sustainability would create unnecessary overlaps with existing and upcoming legislation dedicated to addressing social sustainability and value chain due diligence. It could also compromise the primary objective of the Eco-design and Energy Labelling Regulations, which is to drive environmental improvements through product design.

### **Net-Zero Industry Act**

- Eurochambres welcomes the introduction of the Net-Zero Industry Act (NZIA) as a vital component of the Green Deal Industrial Plan. While the proposal has potential to drive Europe's net-zero transformation, it is crucial to acknowledge its limited scope, which could potentially hinder its effectiveness. The effectiveness of the plan will depend on the support provided by accompanying legislation and the development of other related policies. Ensuring consistency with existing legal acts, such as the Critical Raw Materials Act (CRMA), Habitat Directive, and Corporate Sustainability Due Diligence duty (CSDDD), is of utmost importance.
- The commendable efforts to expedite the development of net-zero technologies in Europe must be accompanied by streamlined and efficient permit-granting processes. Such improvements would attract greater investments in critical technologies, facilitating successful decarbonization. Europe often faces bureaucratic hurdles and sluggish implementation of industrial projects in comparison to its global competitors. Therefore, it is vital to expedite permitting procedures for all economic sectors, rather than a select few.
- To harness the benefits offered by critical technologies, it is imperative to equip ourselves with the necessary skills to confidently adopt and integrate them. We oppose the establishment of separate European "Net-Zero Industry Academies" in addition to existing vocational training and continuing vocational training structures within member states.
- The implementation of the Green Deal including the transition to a carbon neutral economy and maintenance of a competitive EU industry requires vast investments from public and private sources. However, the EU lacks a long-term framework for robust financing of the Green Deal implementation. The EU needs an adequate framework in order to support measures financing the transition to a climate neutral economy in a simple and efficient manner.
- Eurochambres appreciates the Net-Zero Europe Platform's governance framework and expresses interest in supporting and contributing to its objectives. It is essential to avoid delays caused by lengthy administrative processes and burdensome sustainability and diversification requirements in public procurement. Therefore, regulatory sandboxes should be made accessible to businesses from all economic sectors.



- Enhancing resilience requires closer collaboration with major suppliers. It is crucial to avoid protectionist measures and keep markets open to foster healthy competition, thus encouraging the Net-Zero Industry Act to thrive. Only through such an approach can Europe realize its ambitious climate targets and emerge as a global leader in sustainable practices. Exploring new bilateral trade agreements would enable diversification of supply chains without the need for government-imposed quotas.

### **Critical Raw Materials Act**

- Co-legislators must take additional steps to ensure that the CRM Act makes the EU a stronger commodity player. To achieve this, the initiative must increase extractive, processing, and recycling capacities and offer pathways to increase our access to critical minerals at home and abroad.
- Our main annual economic publication, [the Eurochambres Economic Survey 2022](#) has in recent years - even before the beginning of the war- revealed strong concerns about access to affordable energy and raw materials and a shortage of skilled workers. The Critical Raw Materials proposal is a positive step towards enhancing the security of supply of raw materials necessary for the green transformation of European industries. However, further improvements are needed to ensure that the initiative is workable for businesses. Therefore, such requirements must be kept to an absolute minimum. Furthermore, trade and business secrets must be fully protected to prevent any negative impact on trade and the security of supply. As the CRM Act has a direct impact on industry, it is crucial to involve industry stakeholders (like European chambers) closely in the implementation process

### **Work programme of the incoming Presidency**

- Spain's Presidency of the Council of the European Union in the second half of 2023 comes at a key moment, as the EU will undoubtedly still be facing great economic, energy-related, challenges.
- Eurochambres therefore calls on the Spanish presidency to lead the process for the EU with respect to completing negotiations on the open files related to Europe's strategic pillars for boosting competitiveness within the Single Market such as the Net Zero Industry Act and EU Critical Raw Materials, striking the right balance between short term and long-term relief measures especially for SMEs and working on reducing compliance and reporting costs from both existing and proposed new EU legislation.
- We are looking forward to an increased EU focus on two crucial regions: Latin America and the Southern Neighbourhood, with the EU-CELAC Summit in Brussels and the ministerial meeting in Barcelona of the Southern Neighbourhood. Eurochambres is in favour of a swift agreement of EU-MERCOSUR, as this trade agreement will not only eliminate key market access barriers for our companies, but will also boost the competitiveness in both markets for the coming years.