

State of the Union 2023: business competitiveness and tackling regulatory burdens must be priorities

Meeting at the headquarters of the Spanish Chamber of Commerce in Madrid today on the eve of President von der Leyen's final State of the Union address of the 2019-2024 European Commission term, the Eurochambres Presidency discussed the key pending EU initiatives for businesses in relation to the priorities set out at the start of the mandate.

Fundamentally, chambers urge the European Commission and co-legislators to attach utmost priority to strengthening Europe's competitiveness, improving the business environment and reducing regulatory burdens, especially for SMEs.

A European Green Deal

- We need to ensure a **stable and affordable energy supply**. As Europe strives for decarbonization, marked by initiatives like the Carbon Border Adjustment Mechanism (CBAM) and the climate goals set for 2030, there is an imperative need to strengthen ties with our traditional energy collaborators.
- The European Commission must ensure coherence between industrial strategies and climate policies, always keeping in mind the needs and challenges faced by our business community. The **Net Zero Industry Act** in this respect should provide a simplified regulatory framework for clean tech, while addressing bottlenecks arising from permitting procedures e.g., environmental regulation to speed-up the green transition. It is also important to accelerate permitting procedures for all economic sectors.

A Europe fit for the digital age

- Too many structural regulatory obstacles and non-technical barriers to doing business across borders remain. Further integration of the **single market** is needed to strengthen the European economy, stimulating innovation and ensuring that the EU remains an attractive manufacturing location for both already established businesses and foreign investors.
- The EU needs to increase **supply chain resilience**, especially for critical goods and raw materials. The Critical Raw Materials Act proposal has the potential to accelerate and de-bureaucratize strategic projects for the sourcing of raw materials, but also has shortcomings in terms of scope, and the likelihood of additional obligations and reporting and monitoring burdens.

An economy that works for people

- Chambers expect an **SME Relief Package** containing implementable and effective measures to tackle the urgent need for affordable and secure energy supplies, offer financial stability, and provide breathing regulatory space. The Commission must ensure fast deployment of the current allocation of EU financing and provide incentives for private investment. Commission services should apply the SME Test guidelines consistently, in line with the "Think Small First" principle.

- Efforts to tackle **skills shortages** remain crucial. Actions and funding to reinforce VET provision and lifelong learning, to improve skills forecasting or the recognition of qualifications, as well as the efforts to foster regional and multi-stakeholders' partnerships, are steps in the right direction. The ongoing efforts to streamline procedures for international recruitment and facilitate skills matching can prove important tools in harnessing talent and resorbing labour shortages.
- The EU Green Industry Plan, REPowerEU, and the revised Temporary Crisis and Transition Framework can help to underpin vital **investment in the EU**. The Commission should ensure that the Recovery and Resilience Facility and the NextGenerationEU budget are absorbed impactfully and effectively. In particular, SMEs require guarantees to underpin investment opportunities for the digital and green transition.
- Chambers support the objective of **reducing reporting obligations by 25%** and urge the Commission to consider the substantial input provided by business associations under the Industrial Forum to map a list of 20 EU regulations. The scope must cover not only existing reporting obligations, but also those linked to pending and potential new legislative requirements. This effort should represent the first step of a broader and systematic European regulatory burden reduction programme.
- European business remains supportive of the objectives of the proposed directive on **corporate sustainability due diligence (CS3D)** and we urge co-legislators to work on a reasonable approach that is manageable for companies. We strongly call for full harmonisation to ensure a level playing field to avoid further internal market fragmentation.

A stronger Europe in the world

- The **EU trade agenda** must be revitalized, seizing all opportunities to strengthen Europe's global competitiveness.
- The Commission must prioritise the **conclusion and ratification of trade agreements** before the end of the 2019-2024 term, notably EU-Mercosur, EU-India and EU- Australia, as well as seeking to reinvigorate relations with Latin America and the Caribbean, building on the current momentum of the Spanish Presidency of the Council of the EU.
- Eurochambres welcomes the dedicated European Commission Facility to **support Ukraine's recovery, reconstruction and modernisation**. The chamber network is ready to mobilise the business community to contribute to these processes.
- Eurochambres maintains its support for the **enlargement process** and invites the European Commission to continue engaging with chambers to provide technical assistance throughout.

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