

Héctor Gómez,
Minister for Industry, Trade and Tourism of Spain
Chair of the EU Competitiveness Council

Sent by email

20 November 2023

Subject: **Eurochambres contribution to the 07 December Competitiveness Council**

Dear Minister Gómez,

Ahead of the Competitiveness Council meeting on 7 December, Eurochambres urges ministers of states to be acutely mindful of the growing burden on businesses from over-regulation and the impact on Europe's competitiveness. Earlier this month, Eurochambres presented the results of its latest Eurochambres Economic Survey (EES2024) which identifies the main challenges and expectations for 2024, based on responses from over 43.000 entrepreneurs from 27 European countries. The results of EES2024 demonstrate the need for decisive policy responses to the high costs of energy, raw materials and labour, as well as to skills shortages and regulatory burdens. They also underline the low levels of confidence across the European business community, with investment, job creation and growth prospects accordingly very low and our competitiveness in relation to other major international economies undermined.

With this in mind, Eurochambres hereby provides 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.

Net Zero Industry Act

There is a sharp increase in global competition to attract private investment in clean technology production. It is positive that major economies around the world are stepping up their efforts to become climate neutral. However, increased global competition must remain fair and not be at the expense of established international trade rules that should ensure legal certainty and protect economic operators from discrimination. In this context, the Net Zero Industry Act's objective of creating a business case for net zero technologies in Europe and stimulating their deployment across all sectors is welcome. Simpler and faster permitting procedures are a basis for attracting more investment in Europe in key technologies for successful decarbonisation. The successful implementation of the Net-Zero Industry Act hinges on robust public-private partnerships, necessitating a well-structured dialogue with businesses and the chamber network at the EU level. Hence, the inclusion of private sector voices in the Net-Zero Platform is crucial. Finally, alongside the Net-Zero Industry Act, it's essential to fully utilize existing EU and national financing programmes to bolster investments that align with the EU's climate objectives.

Regulation on prohibiting products made with forced labour on the Union market

The European Chamber network is fully committed to sustainable and responsible economic activity that fully respects human rights, including the prohibition of forced labour. To that end, and in times of an economic slowdown when European SMEs are already facing increased compliance requirements from EU and national legislators, it is critical that the regulation does not place excessive burdens on economic operators and facilitates companies' compliance, which is why the Commission's proposal to place the burden of proof for establishing violations on competent authorities in member states is to be welcomed and retained. At the same time, any new legislative measure must be consistent and coherent with related regulatory acts that have already been

presented or adopted by the EU, whether the Critical Raw Materials Act, the Net Zero Industry Act, or indeed to the Corporate Sustainability Due Diligence Directive. This is essential to avoid overburdening our companies and SMEs.

SME Envoy Network report

The report of the SME Envoy Network provides a precise overview of the state of the EU SMEs and the implementation of SME policy. Eurochambres plays an active role within the network and has contributed to the preparation of the Commission's September SME Relief Package. We are pleased to see the European Commission place a strong emphasis on the role of better regulation to deliver fit-for-purpose legislation. The long overdue appointment of an EU SME Envoy will be instrumental in guaranteeing that the impact of legislation considers the SME angle appropriately and in mitigating the damage of the economic downturn on smaller businesses. Eurochambres will fully support the new EU SME Envoy to ensure that the expected impact of legislation is monitored throughout the legislative process and does not result in additional reporting obligations. Eurochambres also contributes to the discussions of the Fit for Future platform (F4F) by providing concrete recommendations for the Opinion on the SME Test.

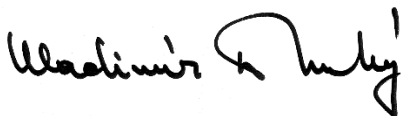
Belgian Presidency of the Council of the EU

The Belgian Presidency of the Council of the European Union is an opportunity to strengthen EU Competitiveness and deepen the EU single market. Chambers of commerce and industry support the European Council conclusions from 29-30 June calling for an independent High-Level Report on the future of the Single Market. Eurochambres is currently running a major pan-European survey to assess the obstacles encountered by businesses within the single market and to gather solutions. A similar survey four years ago highlighted that businesses are adversely affected by onerous administrative burdens, diverging goods/services rules and the costs of regulation. This data will feed into the High-Level Report on the future of the Single Market and thus help shape the EU's strategy towards the single market for the 2024-2029 term.

We also look forward to contributing to former Italian Prime Minister Mario Draghi's future competitiveness report. This report should present opportunities for EU businesses to recover from the ongoing perma crises, but also present opportunities for new integrated and all-encompassing single programme focused on driving the twin transition investment and job creation. Reducing reporting requirements on businesses is not only a task of the Commission but it should actively involve all co-legislators to mature a culture of lighter legislation for SMEs.

Thank you in advance for taking this input into consideration and for sharing our ideas with the ministers during the discussions.

Yours sincerely,



Vladimír Dlouhý, President