



**GETTING
BACK
TO
BUSINESS**

**EUROCHAMBRES
PRIORITIES FOR THE
2024-2029 EU TERM**

 **EUROCHAMBRES**

Eurochambres Economic Priorities for the 2024-2029 EU term

To restore Europe's attractiveness as a business location and its capacity to drive innovation, the EU needs to take immediate and coordinated steps to address the lack of investments for the scale-up of businesses and the decarbonisation process and simplify the burdensome regulatory framework. A new industrial strategy that builds on the contribution of smaller businesses must be the top priority of the next EU mandate to safeguard Europe's competitiveness and ensure economic stability. For the next legislative period 2024-2029, Eurochambres and its network of chambers of commerce and industries urge EU policymakers to:

1. Summary

For the next legislative period 2024-2029, Eurochambres urges EU policymakers to:

- ❖ Strengthen Europe's competitiveness and attractiveness as a business location by delivering a robust horizontal industrial policy agenda.
- ❖ Boost SMEs' productivity and entrepreneurs' pioneering spirit.
- ❖ Deliver SME-proof legislation and evaluate the impact on EU competitiveness.
- ❖ Better law-making is a shared responsibility of EU institutions and member states.
- ❖ Streamline reporting obligations and reduce the cumulative impact of legislation on businesses.
- ❖ Guarantee a regulatory pause to focus on the correct transposition and implementation of existing legislation.
- ❖ Diversify funding opportunities for European businesses and improve digital and financial literacy of entrepreneurs.
- ❖ Enhance the dialogue with business organisations, especially with representatives of SMEs.
- ❖ Ensure that EU policies percolate in regional and local territories with the support of the chamber network.
- ❖ Acknowledge the role of mid-caps and ensure a positive outcome from the revision of the EU SME definition.

2. State of play:

Over the last few years, multiple crises have impacted businesses and tested the resilience of European entrepreneurs. As pointed out in Mario Draghi's High-level report "The future of European competitiveness"¹, much remains to be done to diversify Europe's supply chains, ease bottlenecks in the production and commercialisation of goods and services, and ensure the macroeconomic stability, dynamism, and competitiveness of the EU area.

Actions under the new EU mandate should seek further coordination among member states to regain Europe's dynamic leadership as the driver of innovation and solid manufacturing

¹ [EU competitiveness: Looking ahead - European Commission \(europa.eu\)](https://ec.europa.eu/economy_finance/eu-competitiveness-2024-2029)

powerhouse. The EU institutions need to act swiftly to close the competitiveness gap between Europe and other economic blocs.² EU policymakers cannot rely on Europe's past success as a manufacturing base to overcome EU's slower growth. Part of the solution would be a more efficient deployment of funding instruments, especially in support of research, development, and innovation (R&D&I), which is required to become a leader in cutting-edge technologies and innovation. Europe faces important investment barriers to scaling innovative companies, forcing them to relocate where the transition from invention to commercialisation is better supported.

Based on replies from 40.000 entrepreneurs across Europe, the annual Eurochambres Economic Survey³ registered the sourcing of affordable energy and raw materials as the main obstacle across Europe. Such vulnerabilities have strong repercussions on the productivity of SMEs which, instead, need a positive and predictable outlook to thrive, invest in greening, digitize their production processes, and benefit from economies of scale.

Eurochambres calls on the European Commission, the Council, and the European Parliament to fundamentally renew their commitments to support SMEs, stimulate economic stability and growth, grant entrepreneurial space and freedom for pioneering, and ensure long-term global competitiveness with a New European Competitiveness Deal.

3. Key recommendations:

a) Strengthen Europe's competitiveness and attractiveness as a business location by delivering a robust horizontal industrial policy agenda

European industrial policy should aim to reduce single market barriers and strengthen the competitiveness of the European industrial base by cutting red tape, deploying the necessary infrastructure, creating open markets, accelerating permitting procedures, and promoting innovation – in other words, providing companies with business-oriented and competitive framework conditions.

To boost the competitiveness of the EU, new legislative initiatives should aim at improving the ability of businesses to export, enhancing their productivity levels, and attracting investments both within the EU and from foreign economies.

Future actions should address the horizontal needs of existing industrial ecosystems to accommodate competitiveness and sustainability priorities and put SMEs at the centre of the strategy for industrial transformation. This framework must encourage private-public partnerships for investments, creating space for innovation, new products and services, markets and business models, and new profiles and jobs. The Important Projects of Common European Interest (IPCEIs) mechanism holds the potential to develop large-scale and cross-border industrial projects in strategic fields. However, better coordination between the Commission and member states would guarantee faster notifications, while less bureaucratic procedures would avoid unnecessary delays.

Based on the unique contribution of SMEs to the European economy, more efforts are expected to strengthen their participation in the ecosystems-based dynamics of European industrial policy, in particular in national and regional industry-support policies. Closing the

² [Wirtschaftsstandort Europa \(wko.at\)](https://wko.at)

³ [Eurochambres Economic Survey 2024 EES2024 report](#)

existing information gap between EU decision-makers and businesses on the ground is key to strengthening entrepreneurs' confidence in EU policies. The chamber network is best positioned to support EU decision-makers in bridging the gap and encouraging greater entrepreneurial participation.

b) Boost SMEs' productivity and entrepreneurs' pioneering spirit

The European Commission should continue to support smaller businesses to capitalise on the single market potential, reducing regulatory burden, and improving access to skills, and financing. Eurochambres therefore calls for additional efforts in implementing the actions proposed under the SME Relief Package⁴ and further alignment of its objectives with the Communication on the "Long-term competitiveness of the EU looking beyond 2030"⁵ and the proposed KPIs.

Domestic and external supply chain risks and barriers in strategic sectors need to be addressed to encourage our businesses to explore foreign markets and internationalize. Member states should also focus on good framework conditions for young enterprises and for business succession. SMEs in particular need entrepreneurial space to be creative and innovative. This is a key condition for business development and growth. As a crucial service provider, the network of chambers of commerce and industry is fully committed to supporting actions towards the success of Europe's businesses. Stronger synergies between institutions at all levels of governance and the chamber network would ensure the efficient implementation of new support measures for millions of entrepreneurs.

c) Deliver SME-proof legislation and evaluate the impact on EU competitiveness

About 80% of initiatives presented in the Commission Work Programme are relevant to SMEs but only around half of impact assessments substantially focused on these companies.⁶ The SME test is a key tool for drafting legislation from the perspective of 99,2% of businesses in Europe. Regrettably, Eurochambres assessments of the European Commission's application of the SME test⁷ showed significant shortcomings in its implementation, which increases the risk of legislative initiatives creating excessive and unnecessary burdens for SMEs. There is still considerable room for improvement if we are to deliver a proportionate regulatory environment that delivers on the commitment to "Think Small First".

Solid impact assessments are crucial in designing new legislation. To serve their purpose, impact assessments should always report clear and thorough cost/benefit analyses and outline the SME test results. While improvements in the application of the SME test – now more systematic – are to be welcomed, all initiatives identified by the SME filter as "relevant" or "highly relevant" for SMEs must always foresee full impact assessments.

The competitiveness check, another key element for fit-for-purpose legislation, should always be based on solid empirical evidence for all the policy options explored in the impact assessment. Additional checks on specific territorial impacts such as insularity would also safeguard disproportional impact on companies situated in different geographic locations.

⁴ [SME Relief Package - European Commission \(europa.eu\)](https://european-council.europa.eu/media/e3000000/1/attachment_data/data/1322222.pdf)

⁵ [Communication Long-term-competitiveness.pdf \(europa.eu\)](https://european-council.europa.eu/media/e3000000/1/attachment_data/data/1322222.pdf)

⁶ [EU competitiveness: Looking ahead - European Commission \(europa.eu\)](https://european-council.europa.eu/media/e3000000/1/attachment_data/data/1322222.pdf)

⁷ [SME Test Benchmark 2022 report](https://european-council.europa.eu/media/e3000000/1/attachment_data/data/1322222.pdf)

A summary of the reporting obligations on businesses, stemming from the different policy options on the table, should be a mandatory element of impact assessments. This would facilitate political discussions during the trilogues, avoid reducing the SME test to a simple tick-the-box exercise, and ensure more predictability for entrepreneurs.

The Regulatory Scrutiny Board should systematically verify that the SME test and competitiveness check are properly carried out before issuing a positive opinion on an impact assessment. The two elements must be a pre-condition for moving forward with the legislative process.

d) Better law-making is a shared responsibility of EU institutions and member states

The European Parliament and the Council should adhere to better law-making principles also during the negotiation phase. More specifically, the coherence and impact of substantial amendments introduced by the co-legislators should be carefully evaluated.

The co-legislators must improve their impact assessment track record as committed to in the 2019 Interinstitutional Agreement on Better Law-Making, and to respect the “Think Small First” principle. Based on the SME test, the European Parliament should perform impact assessments on the final text for legislative initiatives identified by the Interinstitutional services as “relevant” or “highly relevant” for SMEs⁸. This would ensure that the Commission’s policy objectives are not undermined by amendments driven by political decisions rather than evidence.

At the member state level, gold plating practices should be avoided to achieve better implementation and uniform interpretation of EU law. Disparate contractual and legal practices, varying national service rules, and limited access to information on differing rules/requirements are identified as key barriers by entrepreneurs⁹.

e) Streamline reporting obligations and reduce the cumulative impact of legislation on businesses

Regulation is often mentioned as a major obstacle to doing business in the EU. The message coming from the business community is that bureaucracy has increased significantly over the past three years. Due to the large number of new EU rules under the European Green Deal, the tide of red tape is set to rise even further. While the single piece of legislation can be – to a certain extent – harmless, the cumulative regulatory burden on businesses represents a heavy toll. This is the case especially for SMEs as they often lack in-house legal departments and cannot typically identify the origins of reporting or compliance burdens. As a result, entrepreneurs often rely on external compliance support which translates into time-consuming procedures and out-of-pocket costs.

The announced Vice President for Simplification should create an inventory of existing reporting obligations – with the support of all members of the College of Commissioners – to make the reduction of 25% tangible. A clear methodology for identifying and evaluation of the costs must be provided together with a full commitment by all political decision-makers and a clear timeline for removing the costs. The implementation of the “One In, One Out”

⁸ [Better regulation: guidelines and toolbox \(europa.eu\)](https://european-council.europa.eu/media/en/press-articles/default/attachment/?id=111111)

⁹ The e-declaration for the posting of workers and facilitate the cross-border provision of services is an example of much needed simplification measure.

principle has, thus far, delivered very limited results and has certainly not alleviated the burden on companies. Eurochambres therefore calls for a mandatory and binding “One In, Two Out” approach for all EU legal acts to guarantee that the legislative burden on companies is substantially reduced over time.

Legislation needs to achieve objectives in cost-effective and efficient ways and minimise unintended consequences and unnecessary compliance costs on businesses. The Commission should therefore step up its efforts in reviewing the existing stock of regulation to remove redundant or disproportionate regulatory burdens, with priority given to SMEs and those economic sectors critical for Europe’s competitiveness. On ex-post evaluations, lawmakers need to remain vigilant as to whether the cost of imposing a particular regulation continues to be justified, understand whether unintended consequences have emerged over time, and assess whether the benefits of legislation continue to outweigh the costs. The Commission should not ignore the dynamic effects of regulation and its impact on innovation, productivity, and potential constraints on EU companies’ growth prospects. Without these reviews, the EU lawbook will only continue to grow in length and complexity.

Eurochambres calls on the Commission to establish a European Single Portal for national and European reporting requirements on businesses. Such a portal should contain harmonised reporting templates and information to limit incoherence and uncertainty. All member states should make full use of this portal and ensure its uptake at the national level. At the EU level, this portal would serve as a database for the simplification of legislation by collecting data and information regarding the difficulties in reporting.

f) Guarantee a regulatory pause to focus on the correct transposition and implementation of existing legislation

The previous legislative term was marked by a tremendous amount of new legislation which will have to be digested through national implementation over the coming years. Entrepreneurs are simply unable to navigate the legislative labyrinth and constantly adapt their compliance practices and duties. This usually requires time and resources which would be better allocated to increase the productivity of their business.

Further guidance for member states should be introduced to correctly transpose EU legislation into national law and avoid incoherence with existing ones. Member states should follow a similar procedure as the EU (see point 5) to streamline reporting obligations stemming from national laws. The EU should step up its efforts to ensure that cross-border activities are not hindered by differing application of laws. This leads to legal uncertainty and refrains entrepreneurs from exploring potential new markets, reducing intra-EU trade and private investments.

g) Diversify funding opportunities for European businesses and improve digital and financial literacy of entrepreneurs

Europe must continue to be attractive to both foreign and domestic investors. To achieve this goal, the EU and member states should provide incentives for corporate investments, tax relief for SMEs, facilitate the channelling of private investments into start-ups and scale-up of companies, and access to risk capital. In addition, the EU and member states should facilitate the participation of SMEs in public tenders through better implementation of public procurement directive principles and a consolidation of the current framework.

EU funding programmes are often not known, or their application process is perceived as too complicated. The EU should therefore set up standardised and digitalised application and funding processes to simplify the submission of applications. Regular exchanges with companies about their experiences regarding EU funding programmes are necessary to address remaining information barriers.

Digital tools develop at a rapid pace, creating both opportunities and challenges for entrepreneurs. Many SMEs struggle to keep up with technological advancements impacting their growth potential. EU policymakers should promote simplified access to finance through easily accessible loan procedures, digital and financial literacy programmes – drawing on the expertise and offers of local chambers of commerce and industry –, and collaboration between traditional financial institutions and emerging fintech platforms.

In parallel, with electronic invoicing being reinforced through the VAT in the Digital Age project, it will be necessary to raise awareness among businesses and assist them in implementing appropriate solutions to meet this new requirement. Support should first be provided through awareness-raising, followed by assistance for businesses in integrating solutions tailored to their needs.

The lack of deep, integrated capital markets in the EU is a key factor limiting Europe's competitiveness by hindering cross-border risk-sharing and the diversification and expansion of financing sources for European companies. We should scale up our Capital Market Union ambition to unlock financing for stronger growth processes in Europe, not least the green and digital transitions. Accelerating financial market integration would provide better and faster access to private capital. In the banking sector, we need – provided that the remaining regulatory steps are implemented in all member states - to complete the last remaining pillar to achieve the European Banking Union: the European Deposit Insurance Scheme, which would eliminate the current financial fragmentation. However, it must be ensured that differentiated banking structures are maintained that offer SMEs suitable financing options. Simplified rules in the European securitisation market are important prerequisites to create investment opportunities and allow banks to free up capital. Moreover, we need to develop market infrastructures and pan-European financing vehicles and ensure easier access to financial information.

h) Enhance the dialogue with business organisations, especially with representatives of SMEs

Eurochambres calls on the European Commission to deliver on its 2019 announcement to appoint an EU SME Envoy as an absolute priority for the new mandate. Such a role should entail important coordinating powers across all Commission services, access to Commissioners' cabinets, an active role in the RSB's appraisals, and discussions within the Fit for Future Platform (F4F) and the SME Envoy Network. The EU SME Envoy should also ensure that all impact assessments include a thorough SME test.

Eurochambres reiterates the role played by the SME Envoy Network, the Fit for Future platform, and the Industrial Forum in ensuring SME-friendly legislation. In this regard, Eurochambres strongly supports the continuation of such networks during the 2024-2029 EU mandate. The involvement of representatives of member states and business organisations is a crucial channel to support the Commission's efforts to simplify EU laws, ensure the coherence of EU policies with long-term strategic objectives, and assess the industry's risks and needs. Eurochambres welcomes the efforts to analyse the resilience of

specific supply chains, especially in areas where European industrial output has decreased e.g., semiconductors or chip design and key technologies, such as cyber security, cloud and edge computing, and data storage.

i) Ensure that EU policies percolate in regional and local territories with the support of the chamber network

The next EU budget should reflect more the needs of entrepreneurs operating in peripheral territories and at the local level as they decisively contribute to local growth and job creation. Cohesion Policy should therefore continue to be the main EU investment policy targeting all regions and cities in the EU, supporting job creation, competitiveness, economic growth, and synergies between actors at all levels of governance.

Chambers of commerce and industry are leading partners at the local level to anticipate transformations and possible synergies (lifelong learning, vocational training, links between enterprises and universities, local clusters, etc.), as they are in very close contact with the regional business community.

Chambers of commerce and industry and the Enterprise Europe Network (EEN) play a key role in advising entrepreneurs, fostering business growth and innovation, and transforming policies into daily reality. The Commission should enhance its cooperation with the chamber network and provide the support – both financial and in terms of staff – necessary to achieve the EEN strategic objectives of strengthening the entrepreneurial ecosystem. The budget allocated to the EEN under the Single Market Programme (SMP COSME) should be considerably reviewed in light of the impact of high inflation and the new challenges of SMEs. More horizontal cooperation and synergies between the varying EU funding programmes and instruments would also be beneficial for SMEs, including initiatives such as the EIC (European Innovation Council) Accelerator and the European Digital Innovation Hubs (EDIH).

j) Acknowledge the role of mid-caps and ensure a positive outcome from the revision of the EU SME Definition

Given the role of European mid-caps on the verge of market leadership in specific sectors, they are best positioned to bridge the technological and productivity gap between innovative and dynamic SMEs and the smaller group of large companies. By being locally present and internationally active, mid-caps hold the potential to boost European open strategic autonomy and strengthen value chains globally by limiting the risk of offshoring.

An EU-wide definition of small mid-cap must factor in the challenges and opportunities of the Industry 4.0 with digitisation and automatization processes set to bring structural changes into business models of technology-driven companies.

Raising the thresholds of the 2003 definition for SMEs to capture small-mid-caps (e.g. up to 500 employees) should not limit or obstruct the access of SMEs to EU subsidies and financing opportunities designed for smaller businesses. Tailored exemptions and access to funding programmes for small mid-caps should be considered. In addition, the legislative framework should aim at a more balanced and proportional administrative burden for (small) mid-caps, compared to the current complex rules, drafted for large companies.

Eurochambres Trade Priorities for the 2024-2029 EU term

Global markets are an extremely important source of growth and innovation for European companies and our SMEs in particular. Therefore, helping our companies access third markets and increasing the internationalization of SMEs is essential for Europe's long term inclusive growth. In fact, safeguarding our global competitiveness has never been more important to the Chamber network in view of the unprecedented geopolitical shifts, making an active and ambitious EU trade and foreign economic policy critical for the new EC/EP term.

1. Summary

For the next legislative period 2024-2029, Eurochambres urges EU policymakers to:

- ❖ Greater focus on the openness pillar of EU trade policy by pursuing new and renewed trade agreements and improving market access for European companies.
- ❖ Having a dedicated trade commissioner to oversee the EU's trade and investment partnerships with the world.
- ❖ Continue strengthening the position of SMEs in EU and global trade, including through a more coherent implementation agenda.
- ❖ Pursue global partnerships in a pragmatic fashion and ensure new and existing legislation strengthens the positions of our internationally active companies.
- ❖ Strengthen the WTO by ensuring a more effective multilateralism that caters to business needs.

2. State of Play

The importance of a globally competitive Europe

Europe is more exposed to global trade than many of our main competitors, and as such our interconnectedness with the world is of utmost importance to our businesses and our economic fabric. In fact, more than 38 million jobs in the European Union depend on our exports alone, that is roughly 1 in 5 jobs in the EU that is dependent on our exports to the world. Additionally, in the coming years, 90% of global economic growth expected to be generated outside Europe. Therefore, it is absolutely essential for Europe's global competitiveness, to improve our trade and investment environment with stable, transparent, and fair trade rules that work for businesses of all sizes, and ensures market access for European products and services to the world's top growth centres. At the same time, Europe must continue to decisively counter unfair competition from abroad.

This is especially important in the current volatile international context, where protectionism and geoeconomic fragmentation, -rivalry and -shocks are rising, making it more important than ever to seize every opportunity to improve trade opportunities and assist companies in remaining internationally competitive. For Chambers, it remains critical therefore, that we harness the full potential of the EU's trade policy as a key tool for our companies to maintain

a competitive level playing field globally, enabling them to grow, diversify, and become more resilient. This goes especially for our internationally active SMEs, as diversification for both sourcing options and exports is in our view the best way of increasing our collective resilience, especially in times of strained public budgets.

It is important therefore that in the new EC and EP the focus on strategic autonomy better balanced with the need for ensuring open trade that is able to enhance the competitive standing of European companies abroad.

3. Recommendations:

a) Ambitious, pragmatic, result oriented objectives for a globally competitive Europe

In line with the above, the EU's foreign economic policy should deliver an active and ambitious trade agenda that will swiftly open international markets for European goods, services, including digital services, investment and public procurement, protecting our heritage through geographical indications, reducing and eliminating unjustified trade barriers, and improving global trade rules under the framework of the WTO. The EU market access strategy, i.e. the dismantling of trade barriers with trading partners, must therefore be given a greater priority.

Equally, enhanced coordination both among relevant Commission departments and between the EU and the MS is critical to efficiently leveraging the strength of the single market abroad.

To that end, Eurochambres sees the need to foresee a dedicated trade Commissioner in the new Commission, to oversee Europe's trade and investment relations with the world.

At the same time, more collective efforts are needed to make sure the benefits of trade reach better our SMEs. In line with the *think small first principle*, all our trade agreements need dedicated and up to date SME chapters in line with business needs, tailored and easily applicable and coherent rules, paired with expanded online support tools. A more coherent and efficient implementation agenda across the Union also remains vital in this respect.

Currently, the EU has 42 preferential trade agreements that establish long-term partnerships with 74 countries and regions worldwide. Yet more uptake from our companies, especially SMEs must be achieved to further harness their economic potential. The role of business and the expertise of Chambers in particular, will thus continue to be crucial to facilitate these opportunities. In addition to using the network of trusted service providers such as Chambers of Commerce, policy makers together with the business community, should also accompany new and major existing trade agreements with trade implementation actions plans to get more SMEs to utilize the agreements that have been negotiated for them.

Moreover, given the diverse set of global partners with differing levels of development, Europe can ill afford to offer a one size fits all approach to its partners. We must strengthen our international partnerships around the world pragmatically and tailor our approach to the needs and development level of our partners without losing sight of our core interest. Our engagement should therefore take different forms: deep and comprehensive trade agreements, but also investment facilitation and protection agreements, raw material

partnerships, sectoral or mutual recognition agreements in important areas of the economy, as well as through new strategic investments.

In particular the important Global Gateway initiative, should be made more targeted and accessible to companies, including SMEs and focus on business needs.

Eurochambres also supports efforts for the reform of the Unions Customs Code to make processes more efficient and coherent for companies across the Union. However, we fail to see the needed burden reduction and simplification that our companies, especially SMEs urgently need. This needs to be undertaken in the short terms as a matter of priority and not left to the times by which the Customs reform is set to kick in.

Improving our global competitiveness must now be a prime objective that guides EU actions in the new terms. This also implies, ensuring that new and existing EU legislation, strengthens the position of Europe's internationally active enterprises, and does not hinder but rather complements the EU's foreign economic policy. The announced 25% burden reduction during the previous term needs be reflected in the day to day business of our companies as a matter of priority for them to stay competitive internationally.

Similarly, Europe must continue to invest in global and plurilateral partnerships and approaches to solve the pressing global problems of our time. Europe cannot address global problems unilaterally, nor can regulation itself guarantee competitiveness. Efforts needs to be flanked by business opportunities and rules and standards promoted through global and plurilateral partnerships.

Lastly, the Commission efforts to identify and actively reduce European economic dependencies and to decisively counter economic coercion from third countries will remain highly important for the new term. However, any targeted new steps at enhancing European Economic Security should not lend itself as a pretext to the EU becoming protectionist nor inward looking.

b) Strengthening the European economic footprint abroad

In terms of geographical areas of action, the EU and Latin America and the Caribbean (LAC) are natural partners, linked by strong political, economic and cultural ties, which especially in the current geopolitical context must be further deepened. To that end, building on the ratification of the trade agreement with Chile during the last term, the EU must now conclude and finalize the EU-Mercosur agreement that is already more than 20 years in the making. We must seize the opportunity to conclude and ratify an agreement between two key strategic partners which would cover one-fifth of the global economy and contribute to economic growth and job creation - benefiting about 750 million people in Europe and the Mercosur. Equally, finalizing the update of EU-Mexico Global Agreement is crucial and which unfortunately, could not be finalized during the previous term. Its conclusion should be political priority for the EUs contacts with the new incoming government in Mexico.

Moreover, opening more doors in the Asia-Pacific region, as one of the key growth engines for the global economy remains a top priority for EU business. While the failure to conclude negotiations with Australia is regrettable, we do welcome the recent entry into force of the agreement with New Zealand. This however can only be a step towards a more ambitious EU agenda in the region. The ASEAN countries in particular are ever important partners for our businesses, therefore concluding and ratifying the trade negotiations with Thailand, the

Philippines and Indonesia during the upcoming term would deliver major benefits to our companies investing and trading in the region. The EU will also need to build on our growing and diversified relations with Japan and South Korea, including in the ever important digital domain and in promoting business to business contacts and alliances to foster mutual supply chain resilience and synergies.

Additionally, the importance of India, as the fastest growing emerging market of 1.3 billion consumers, and a key puzzle in the diversification strategies of many companies is only growing from year to year. Therefore, EU efforts geared at finding suitable landing zones for both sides in the on-going negotiations should be a crucial next step to be able to finalize the negotiations.

In the new term, the Commission must also continue to work towards a more balanced trading relationship with China given the ever growing unbalance over the past years, using all available channels to guarantee fair competition and better market access for our companies.

In relation to Africa, Eurochambres believes the EU needs to continue to invest resources in the region to enable a more business friendly environment for European investments. In this sense, the private sector on both sides needs to be further strengthened in delivering sustainable long term growth on the continent, including through by using the upcoming EU-Africa Business Fora. Through more dynamic private sector activities, including in partnership with the public sector, Chambers would welcome further measures to reduce risks for investments, including in the area of critical raw materials, remove barriers, through the adoption and expansion of the EU's EPA's, share knowledge and skills such on vocational education, and stimulate the development of sustainable energy, and the digital economy to better integrate our supply chains and societies.

In the new term Eurochambres believes the EU must also continue its engagement and deliver more concrete outcomes from the Trade and Technology Councils (TTC's) with the United States and India, especially aligning approaches on emerging technology and barrier reduction.

With regards to the United States in particular and in the face of multiple and growing crises, strengthened transatlantic economic cooperation with our most important ally, will remain vital for EU business, especially in terms of rule setting. At the same time, the EU and the US must permanently settle the unresolved transatlantic disputes and avoid new ones for surfacing. The EU must also be ready and duly prepared to engage with a new US Administration on day one.

Furthermore, continued close coordination with the private sector must also be upheld for the effective monitoring and full implementation of the Trade and Cooperation Agreement (TCA) with the UK, especially in view of its review in 2026. Additional facilitations and arrangements, such as on professional qualification or mobility should also be sought with the new UK government to facilitate life for business on both sides of the Channel. Facilitations should also be envisaged with the UK via an SPS agreement that fully preserves the integrity of the single market and is able to avoid onerous and sometime excessive checks at the border for agri-food producers.

Lastly, in our efforts to bring the EU neighbourhood closer to the single market, it remains imperative to improve our unique economic partnership with Switzerland. In this respect, we

attach utmost importance to concluding the EU-Swiss negotiations by the end of the year, based on the common understanding reached by both parties in December 2023 and the respective negotiation mandates. Deepening and future proofing our bilateral economic relations with Switzerland is a necessary step in guaranteeing its long term success.

In this sense, it is particularly important in the sensitive negotiation chapter 'Free movement of persons' that comprehensive and preferably unrestricted access for EU citizens in Switzerland is guaranteed. This includes the demand that Switzerland cannot disproportionately restrict access to the Swiss market for service providers through accompanying or other measures in line with the common understanding between both Parties.

c) Effective multilateralism as a guarantor of economic stability for European business

Lastly, multilateral and plurilateral cooperation needs to remain a cornerstone of EU activities to ensure a predicable, fair and transparent international business environment. The importance of global economic cooperation has been consistently highlighted in our Eurochambres Global Economic Surveys conducted annually with our peers around the world and should be achieved via the WTO, UN processes, such as the COP or its technical bodies including in the important field of standardization, the G20, G7, or plurilateral initiatives such as climate clubs, to advance the needed decarbonization of our economies.

In particular with regard to the multilateral world trading system, it remains clear to us, that European prosperity depends to a great extent on the ability to maintain open markets, and the predictability of global market conditions as enshrined through the multilateral rules based trading system. In fact, over half of European trade is based on WTO rules and view of a worrying increase in geopolitical frictions and protectionism, Eurochambres believes that strengthening the WTO and the multilateral trading system will continue to be the best way to meet the challenges of increasingly fragmented world trade.

The EU must therefore continue to prioritize strengthening the WTO rules, update and reinvigorate them as part of its needed reform agenda, and make them fit for purpose in light of current business practices and challenges. This goes primarily for restoring dispute settlement, relevant global rules for the digital and green transition, MSMEs inclusion, as well as observing existing and stricter future rules against unfair industrial subsidies, theft of intellectual property, transparency, and more disciplined notification practices, as well as preventing one-sided blockades. The 2024 WTO Ministerial Conference should make progress in all of these areas and, in particular in restoring the functionality of the Appellate Body, facilitate trade in services and e-commerce and continue the ban on customs duties on electronic transmissions.

Eurochambres Neighbourhood and Enlargement Priorities for the 2024-2029 EU term

Eurochambres supports the new impetus given to EU enlargement. With its network of chambers of commerce and industry spanning the continent, Eurochambres is in a unique position to help the business community in the candidate and potential candidate countries in the economic and societal changes implied by the accession process. More widely, Eurochambres supports enhanced trade and investment relations between the EU and respectively the candidate and potential candidate and the EU neighbouring countries with a view to improve SME competitiveness.

1. Summary:

For the next legislative period 2024-2029, Eurochambres urges EU policymakers to:

- ❖ Further support SME competitiveness in the EU aspiring and EU neighbouring countries and in particular improve the business environment
- ❖ Enhance public-private dialogue both at national level and between the EU and the respective national governments
- ❖ Enhance support to Ukraine's reconstruction and recovery and ensure the involvement of SMEs in the reconstruction and recovery process
- ❖ Encourage gradual accession of the candidate and potential candidate countries to the EU single market prior accession
- ❖ Further involve the business community at the different stages of the EU accession process
- ❖ Adopt a clear timeframe for the implementation of the reforms in the candidate and potential candidate countries
- ❖ Promote the Common Regional Market in the Western Balkans
- ❖ Enhance trade and investment relations between the EU and Türkiye and support the modernisation of the EU-Türkiye Customs Union

2. State of play:

Eurochambres' survey on the business perspective towards EU enlargement published in March 2024 revealed that many companies in candidate and potential candidate countries lack information on the EU accession process and more specifically on the EU acquis. Compliance with the EU acquis by companies is still at early stage. The survey stressed the strong willingness of the business community to play an active role in the EU accession process.

Concerning the Eastern and Southern Neighbourhood, the outcomes of the EU4Business: Connecting companies project (EU4BCC) and Eurochambres previous involvement in the Southern Mediterranean highlight the importance to further develop sustainable and equitable economic growth within both regions and to strengthen the public-private dialogue between both regions and the EU.

3. Recommendations:

a) EU Enlargement

I. Support the EU accession negotiation process of the candidate and potential candidate countries

Eurochambres acknowledges the powerful transformative effect of the prospect of EU membership to boost the necessary reforms in the candidate countries. Since the 2004 EU Enlargement, Eurochambres has built longstanding and sound expertise in helping the business community prepare for the challenge of enlargement and is ready to step its efforts to make sure companies remain competitive in an enlarged EU.

II. Support the gradual accession of the candidate and potential candidate countries to the EU single market prior accession (implementation of the first pillar of the New Growth Plan for the Western Balkans and DCFTAs with Ukraine, Georgia and Moldova).

Eurochambres supports the gradual accession of the aspiring countries into the EU single market that aims at aligning and harmonising their rules with EU norms and standards prior to their formal accession. The gradual accession would allow countries which make progress to get a reward right away. Companies could enjoy benefits and opportunities even before formal accession to the EU if progress had been made. Access to the EU single market should be accompanied by the simultaneous dismantling of unjustified, non-tariff barriers to trade by candidate countries. A gradual liberalisation of the free movement of workers would also allow EU member states to tackle skills shortage which hamper their competitiveness.

In this context, Eurochambres supports the new Growth Plan for the Western Balkans which will provide new incentives to the Western Balkans to make decisive progress towards EU membership as well as the full implementation of the DCFTAs with Ukraine, Moldova and Georgia which foresee such gradual integration into the EU single market.

Eurochambres is ready to support companies in the candidate and potential candidate countries to enhance their knowledge and awareness on the relevant areas of the EU acquis to facilitate their acquis compliance and their gradual integration into the EU single market.

III. Adopt a clear timeframe for the implementation of the reforms in the candidate and potential candidate countries.

While the merit-based procedure is essential as it will ensure that each applicant is assessed on its own merit in terms of fulfilling the Copenhagen criteria, Eurochambres supports the adoption of a clear timeframe for the EU accession negotiations with each country. Such roadmaps would facilitate the planning of the necessary reforms at company level and keep the momentum for enlargement among the business community.

IV. Support the Common Regional Market in the Western Balkans

Eurochambres supports regional economic integration and in particular the creation of a Common Regional Market in the Western Balkans. Based on EU rules and closer association to the EU's Single Market, the Common Regional Market would turn small fragmented national economies into a larger integrated regional market. It is critical in

increasing the attractiveness and competitiveness of the region. Any political blockage in the implementation of the Common Regional Market Action Plan should be alleviated.

V. Further involve the business community at the different stages of the EU accession process

The enlargement process is not a purely political and technocratic process. The business community is traditionally supportive of the EU enlargement, and it should be structurally involved in the process, including in its monitoring.

One of the lessons that can be drawn from previous enlargements is that compliance with legislation at grass-root level is as important as the adaptation of the candidate legislation at institutional level. It is therefore crucial that companies are properly and timely informed not only on the business-related EU acquis, but also on the opportunities and challenges of future accession to the EU. This would allow businesses in the candidate countries to identify, at an early stage of the process, the areas where the most effort will be needed to comply with the EU acquis so that they can plan the necessary adaptations needed. It would additionally allow the business community in both the EU and the candidate countries to actively contribute to the enlargement process and ensure that their interests are considered. Eurochambres is committed to support companies in this process.

This increased involvement should go hand-in-hand with a stronger financial support for the business community. Eurochambres is advocating for prioritising the allocation of funds for private sector to SMEs.

VI. Enhance the EU-Türkiye trade relations, in particular through the modernisation of the Customs Union

EU-Türkiye relationship is based on deep and strong economic relations. Türkiye is a strategic partner for the EU. This relationship works thanks to the close cooperation of business communities on both sides. Chambers have an essential role to play in enhancing cooperation in trade and business environment but also in other areas of common interest such as energy, food security and transport.

Eurochambres supports the modernisation of the EU-Türkiye Customs and in particular the inclusion of the Digital Agenda and the Green Deal while advocating the removal of remaining trade barriers and the full implementation of the current Customs Union.

Eurochambres has been contributing to this close cooperation through the implementation of dedicated projects for the last twenty years, the latest being the Türkiye-EU Business Dialogue project (TEBD) and its leading role in the public-private dialogue between the EU and Türkiye.

b) Ukraine's reconstruction and recovery

I. Enhance support to Ukraine's reconstruction and recovery

Chambers in the EU have been spontaneously supportive and active since the beginning of the war in Ukraine. The chambers expressed their solidarity with Ukraine and the people of Ukraine through very concrete initiatives in particular twinning programmes for Ukrainian chambers and SMEs and support to the Ukrainian refugees to facilitate their integration in

the EU labour markets. Eurochambres and the chamber network is ready to step up its support to Ukraine's reconstruction and recovery.

II. Ensure the involvement of SMEs in the reconstruction and recovery process

The scale of investments required for Ukraine's reconstruction will be substantial and will require a close cooperation between Ukraine and the EU as well as other donors and between public authorities and the private sector. Public authorities in both the EU and Ukraine have to further involve the private sector in the different phases of the reconstruction from the identification of needs, the prioritisation of the reforms to the implementation of the projects in the context of the Ukraine Facility. It is crucial that the funding reach SMEs and in particular MSMEs. There is evidence that they have been less resilient than large enterprises during the war.

Innovative instruments to de-risk investments are important to attract the EU private sector in Ukraine. A specific focus should be accorded to SMEs.

Moreover, the development of infrastructures needs to be further supported to allow the businesses to operate properly.

c) Enhanced SME competitiveness in the candidate and potential candidate countries as well as in the Eastern and Southern Neighbourhood and enhanced trade and investment relations

I. Further support to SME competitiveness in EU aspiring and EU neighbouring countries

Eurochambres considers that economic development and enhanced competitiveness are key not only in the EU accession process but in the relations between the EU and its Eastern and Southern Neighbours.

Eurochambres supports measures to increase competitiveness of domestic companies and their integration in global value chains through 1/ a systematic and consistent approach to simplify business environment; 2/ enhanced internationalisation of SMEs and access to finance; 3/ tackling skills mismatch and in particular increased work-based learning component in VET; 4/ improved energy efficiency and energy security, focus should be put on decarbonisation and clean energy; 5/ enhanced digital transition; 6/ fight against corruption.

II. Enhance public-private dialogue both at national level and between the EU and the respective national governments

With a view to improve business environment as well as trade and investment relations between the EU and respectively the Western Balkans, Türkiye, the Eastern partnership and the Southern Neighbourhood, Eurochambres is actively engaged in the public-private dialogue at the EU level and support its members to enhance public-private dialogue at national level. These public-private dialogue should be further encouraged to ensure that the interest of the business community, and in particular SMEs, is taken into account in the policy-making process.

III. Improve mutual understanding and cooperation between the business communities

Eurochambres actively supports concrete initiatives to enhance mutual understanding and cooperation between business communities from the EU and respectively the Western Balkans, Türkiye, the Eastern partnership and the Southern Neighbourhood. Cooperation between business communities allow not only to exchange of expertise and best practices but to bring closer business communities.

Eurochambres Single Market Priorities for the 2024-2029 EU term

Considering the impending 2024-2029 legislative period, Eurochambres urges European institutions to prioritise the single market, ensure the proper, systematic enforcement of EU law and foster the digital transformation. Policymakers must also adopt concrete measures to enhance digitalisation, prioritise fair competition and strategic resource allocation, and eliminate all bottlenecks to growth and prosperity in Europe.

1. Summary:

For the next legislative period 2024-2029, Eurochambres urges EU policymakers to:

- ❖ Build on the outcomes of the Letta report to develop a new horizontal single market strategy with clear actions and targets to deepen the free movement of goods, services, people (including workers) and capital, increase cross-border trade, and reduce fragmentation in Europe.
- ❖ Reduce the growing legal complexity, correctly implement and enforce EU legislation, uphold the principle of mutual recognition and mitigate the most pressing single market barriers.
- ❖ Boost efforts to reduce administrative burdens on businesses, especially excessive reporting obligations, to preserve the competitiveness of the single market.
- ❖ Guarantee a more business-friendly consumer agenda by ensuring fair competition, a stable regulatory environment, and effective policies that enhance consumer purchasing power and protect companies against opportunistic litigation.
- ❖ Enhance digital competitiveness through coherent legislative initiatives that foster a consolidated digital single market and promote regulatory sandboxes to encourage innovation and facilitate market experimentation.
- ❖ Enhance advisory services for GDPR implementation, and remove Single Market barriers to the introduction of digital products and services
- ❖ Strengthen Europe's competitive edge by enhancing IP protection, investing in applied research, establishing centres of excellence, and streamlining regulatory processes with principles like digital by default and single submissions of information ("once-only principle").
- ❖ Prioritise fair competition by ensuring non-distortive allocation of state aid and increasing financial support to help SMEs digitalise and stay competitive. This is without prejudice to state aid that may be necessary to neutralise systemic handicaps of companies operating from certain territories, such as island states and peripheral regions.
- ❖ Ensure effective distribution of financial resources and support SMEs in accessing them.

2. State of play:

A well-functioning single market is key to deepen Europe's economic integration and to scale up its productivity and competitiveness. However, major economic indicators and key metrics reveal that the EU is lagging in business performance, investment in innovation, R&D, infrastructure and industrial intensity. Furthermore, long-standing challenges for productivity growth and the competitiveness of European economies have been highlighted in the EU for years and businesses still face significant barriers to cross-border trade as recently identified in our 2024 Eurochambres Single Market Barriers Report.

EU lawmakers must uphold the level playing field within the single market, seize the economic opportunities, and fully exploit supply chains at the EU level. Finally, deepening the four freedoms, addressing the legal fragmentation and adopting future-proof, business-friendly policies is essential for European firms, regardless of their size.

The digital transformation is reshaping our world at its core. Over the past decade, our social and economic activities have increasingly moved online, driven by rapid technological advancements. Despite Europe's reputation as a hub of innovation and research, its digital enterprises often struggle to match the scale achieved by counterparts in the US and China, home to the world's most valuable digital giants.

Europe has made significant progress in its digital transition in recent years, but there is still much work ahead to empower SMEs and secure global digital leadership. For SMEs, embracing digital transformation is no longer a choice but a necessity for growth, sustainability, and competitiveness. However, many SMEs underutilise advanced technologies due to awareness gaps and challenges in digitalisation. Addressing these issues requires enhancing ICT expertise and improving workforce competencies.

Digital platforms are set to remain central in the future digital economy, with projections indicating that by 2030 up to 70% of new value creation will occur through these platforms. EU policymakers must also prioritise digital initiatives and ensure fair competition through strategic resource allocation.

3. Priorities on the Single Market:

a) Ensure a functioning single market

The EU must prioritise sustained, pragmatic policy actions, reinforce its strategies for deepening the single market, guarantee its four freedoms and reduce trade barriers. Member states must commit to structural reforms that align with the broader goals of market integration and enhanced competitiveness. **Addressing the growing legal fragmentation** and implement consistent policies across the EU is crucial.

EU institutions must guarantee uniform implementation and enforcement, strengthen trust in cross-border trade of goods and services and ensure a regulatory regime that creates a level playing field. The alignment of national rules and standards can spur competition in the single market but only if the economic benefits outweigh the costs. If harmonisation leads to disproportionate bureaucracy, no business is helped. **Gold-plating must be avoided**, and member states and their respective administrations should strengthen market surveillance authorities while adhering to the **principle of mutual**

recognition. Finally, member states must adopt solutions to **facilitate the cross-border posting of workers** and mitigate its costs.

The **rule of law in the single market** (currently only addressed by infringement proceedings) need to be strengthened so that foreign investors are no longer discriminated against in some member states. An internal market chapter needs to be added to the European Commission's rule of law report to better highlight the problem faced by companies operating cross-borders.

Upcoming single market reports and insights prepared by the Commission services must deal with Europe's declining industrial output and drop in competitiveness. These reports must continue tracking structural obstacles affecting the business community and lay the path towards removing them.

Harmonised rules must eliminate unjustified administrative burdens, especially excessive reporting. Impact assessments should consider the limited capacity of businesses, especially SMEs, and the implications for their competitiveness.

EU institutions must also address **cross-border restrictions, unfair practices, and reinforce the principle of mutual recognition**, allowing items legally placed in a member state to be marketed all over the EU without additional certificates, testing or technical requirements.

Finally, the next political mandate increase administrative cooperation through e.g. the Internal Market Information System (IMI) and the Once Only Technical System (OOTS). The **Single Market Enforcement Taskforce** (SMET) should apply a results-oriented approach, work in a transparent manner and with the involvement of business stakeholders.

b) Guarantee a more business-friendly consumer agenda

EU institutions must guarantee **fair competition to enable all businesses and consumers** to reap the benefits of the single market. Consumer confidence can rise if Europe offers a stable regulatory environment for businesses to trade freely. A level playing field in terms of enforcement of rules needs to be ensured for all businesses.

The EU can enhance consumers' purchasing power and reduce inflation by shaping the right macro-economic conditions for stronger market operators. Implementing policies that lower production costs, control energy prices and streamline supply chains will **increase consumer choice** by making a wider range of affordable goods and services available.

Policies should be technology-neutral, allowing businesses to adopt optimal, cost-efficient, and feasible solutions for delivering the best possible service to consumers

The upcoming Consumer Agenda should promote access to justice while at the same time **protecting firms from opportunistic litigation**, increasingly fuelled by third party litigation funding (TPLF). The European Commission must propose sensible safeguards for effective oversight of TPLF in all areas of law and types of litigation. Particular attention must be paid to protecting companies from third party funded collective actions.

Ensure that **EU consumer law framework remains coherent and fit for purpose** and allocate the appropriate resources to guarantee its proper enforcement. Possible gaps and

challenges, specifically those linked to the online advertising market, can be addressed through the existing rules.

4. Priorities on Digitalisation:

a) Enhance digital competitiveness

The 2019-2024 term saw an array of legislative initiatives aimed at regulating the digital sphere: DSA, DMA, Data Act, Chips Act or AI Act would all feature on that list without exhausting it. Eurochambres welcomes this push towards a further consolidation of the digital single market and is working together with other stakeholders and policymakers to ensure that regulation contributes to its stated purpose in fostering international competitiveness, a level-playing field, as well as legal certainty. Regulations must create a conducive environment for European businesses – and SMEs in particular – to thrive. **Upcoming legislative initiatives must be coherent and cannot contradict each other nor pre-existing regulations.**

While we welcome the push towards a further consolidation of the digital single market, it is important to note that, if existing laws already address digital matters adequately, **new regulations should be introduced only to address specific market failures.**

Regulatory sandboxes are essential for businesses to explore and experiment with innovative products, enabling them to proactively identify and capitalise on emerging opportunities in the digital sphere while maintaining a competitive edge. Entry criteria should be clearly defined to ensure that regulatory sandboxes are broadly accessible to all businesses, particularly small enterprises, to ensure wide participation and foster innovation. It is important to ensure a reasonable duration for successful testing (exit report) and to define a clear liability regime.

Cybersecurity is a vital aspect of companies' digital transformation. The EU should support them in meeting the new requirements of the Network and Information Systems Directive (NIS 2) and help them implement tailored solutions that address their specific needs.

It is essential to enhance advisory services provided by European data protection authorities to companies by providing tailor-made support and practical tools which follow a risk-based approach. This will aid the practical implementation and ensure a **consistent interpretation of the GDPR** across all member state, supporting businesses to succeed in an increasingly digital global economy.

Identify and remove barriers within the single market that hinder the introduction of digital products and services. For instance, improving the digital European product passport to simplify cross-border sales and expanding the VAT one-stop-shop to cover cross-border movement of inventory across the EU.

Ensuring robust **protection of intellectual property rights** can enhance Europe's competitive edge. To prevent startups from relocating to other countries and to solidify Europe's position in the global market, weaknesses in intellectual property rights must be addressed.

Prioritising and increasing investment in applied research are essential to support businesses. This involves directing funding towards programmes focused on developing and real-world testing new digital applications, thereby fostering innovation and driving economic growth.

To increase the adoption of data and AI by companies, **establishing centres of excellence for digital technologies and data usage** is essential. These centres would provide businesses with the support needed to implement data and AI applications. European Digital Innovation Hubs (EDIHs) and the EIC Accelerator play a crucial support role in this regard.

Streamline, modernise and mitigate the reporting burden by introducing principles such as digital by default, single submissions of information while allowing its access in different member states, self-certification, and expedited procedures for minor non-compliances.

b) Prioritise fair competition and strategic resource allocation

Fair competition within the single market should be based on a non-distortive allocation of state aid, fostering innovation, productivity and growth across the EU. Market intervention from member states (e.g. through state-owned companies) must be minimised to ensure business neutrality and the expansion of the private sector.

It is crucial to **increase financial support** to enable SMEs to digitalise and maintain competitiveness on the international stage. Limited financial support, and lack of awareness regarding available funding opportunities, remain persistent challenges, leaving SMEs without adequate funding and resources.

Ensuring **effective distribution of financial resources** for the digital transition is crucial, focusing on maximising impact, ensuring accessibility for stakeholders, and establishing a robust framework that fosters excellence and adaptability for EU businesses. Drawing from the successful model of the Recovery and Resilience Fund (RRF), which dedicated at least 20% of funds to digital initiatives, this approach should be replicated across different funding streams. Additionally, there is a need to introduce a dedicated minimum allocation aimed specifically at enhancing digitalisation among SMEs.

Assisting SMEs in accessing financial resources for their digital investments and bridging the digital divide is crucial. The European Commission also needs to ensure that funding opportunities and financial support are accessible to business support organisations. Co-funding rates within EU programmes emphasising digitalisation and innovation significantly increased and unnecessary red tape should be mitigated.

Eurochambres Skills Priorities for the 2024-2029 EU term

Human capital stands as one of Europe's primary competitive advantages. However, skills shortages rank among the main concerns for the business community, hindering growth, innovation, and adaptation to technological and environmental changes. The combined impacts of the twin transition and the pace of the changes they have brought call for more ambitious and reactive skills policies. As we approach the 2024-2029 legislative period, Eurochambres calls upon EU policymakers to address the skills gap crucial for both growth and navigating the twin transition. The EU has a pivotal role to play in developing the skills needed for the future of work.

1. Summary:

For the next legislative period 2024-2029, Eurochambres urges EU policymakers to:

- ❖ Invest in skills development, upskilling, and reskilling while improving the use and coordination of skills forecasts and skills intelligence to meet labour market needs.
- ❖ Follow the EU Labour and Skills Shortages Action Plan to address current and future workforce challenges.
- ❖ Encourage lifelong learning initiatives and reduce barriers to entering the labour market.
- ❖ Focus on deepening the European Education Area while not calling into question Member States competences in the field of education.
- ❖ Enhance coordination among various stakeholders, including involving chambers of commerce and industry in education and training programme design and delivery.
- ❖ Incorporate entrepreneurship as well as green and digital skills into education.
- ❖ Promote vocational education and training and dual study systems for apprentices; support the mobility of apprentices, through the strengthening of Erasmus+, as proposed in the Von der Leyen's political guidelines for the new Commission.
- ❖ Support a European Strategy for Vocational Education and Training (VET) as proposed in the political guidelines for the new Commission.
- ❖ Promote higher mobility of skilled workers and improve the recognition of skills and qualifications across the EU.
- ❖ Recognise the importance of legal migration and ensure the EU remains an attractive destination for skilled international workers.

2. State of play:

a) Labour and Skills Shortages in the EU

Labour and skills shortages are increasingly evident across EU member states and business sectors, impacting their competitiveness, innovation capabilities, and growth potential. According to the annual Eurochambres Economic Survey, skills shortages constantly rank among the top concerns for the business community, underscoring their chronic and

persistent nature. This issue is expected to remain a critical challenge for businesses in the foreseeable future.

This shortage is notably challenging for SMEs, which encounter difficulties in recruiting specialized profiles across various areas, including those crucial for supporting their transition towards greener and more digital business practices mandated by ESG standards and other regulatory requirements.

b) Demographic Trends

The recovery from COVID-19 led to a significant increase in the demand for workers, driven by increased consumer spending and employers expanding their recruitment. This trend is still evident today, as reflected in the record EU employment rate of 75.7% in the first quarter of 2024.

Simultaneously, the EU faces a demographic challenge: the working population is expected to decrease by around 1 million people annually until 2050. This trend poses an additional hurdle for companies already struggling to secure a sufficiently skilled workforce.

c) Importance of Skills for Competitiveness and Innovation

Skills play a pivotal role in enhancing a company's competitiveness, productivity, and capacity for innovation. This importance is particularly pronounced amidst current labour and skills shortages, which are stifling growth across the EU. Concerns over declining learning outcomes, as highlighted by the OECD's latest PISA results and various national assessments, underscore the critical need to strengthen foundational skills in reading, mathematics, and science. These skills are crucial for future learning and workforce participation, essential for maintaining Europe's global competitiveness.

d) The Role of Mobility

The relationship between mobility, migration, and skills is becoming increasingly significant, especially in how mobility and migration can aid in effective job matching. This dynamic helps employers meet their skills requirements more efficiently. By facilitating the movement of skilled workers across regions and countries, migration and mobility contribute to filling gaps in the labour market, ensuring that businesses can find the talent they need.

3. Recommendations

a. Skills

It is crucial to:

Invest more effectively in **skills development**. In the recent editions of the annual Eurochambres Economic Survey, skills shortages have constantly ranked among the main concerns for the business, reflecting their persistent and chronic nature. In the face of the digital and green transitions and ageing populations, these challenges are likely to persist.

Ensure continued and reinforced **investment in skills, education, and training** through the multiannual financial framework and key funds like Erasmus+, Digital Europe, RRF,

InvestEU, ERDF, and Horizon. Additionally, prioritize the Single Market Programme to provide crucial funding and support, enabling SMEs to grow, innovate, and compete globally, with a focus on fostering innovation and entrepreneurial skills. Continued policy and financial support should specifically be provided to women for them to become entrepreneurs. Given the disruptive impact of AI, conduct a thorough analysis and consultation of its potential implications for Vocational Education and Training, including the preparation of guidelines for education and training providers. The STEM Education Strategic Plan, announced in the new Commission political guidelines, should be supported to improve the quality, uptake and gender balance in STEM education.

Improve the quality and uptake of skills forecasts and skills intelligence. It is crucial for policymakers and organisations to anticipate evolving skills needs. In order to do so, larger and more accurate sets of data are needed. We would encourage all stakeholders – the Commission, Member States and business organisations – to continue their joined efforts in making the provision of the relevant data a reality. This joined approach goes beyond short-term specific needs, it involves identifying areas where upskilling and reskilling are essential to address shortages and proactively develop targeted education and training programs.

With the publication of the EU Labour and Skills Shortages Action Plan, the European Commission has identified the need to work on providing support for skills development, training and education, supporting mobility within the EU, and improving the EU's attractiveness for skilled workers from third countries. All stakeholders at the different levels should **effectively implement the measures outlined in the EU Labour and Skills Shortages Action Plan.**

Promote lifelong learning both at the European and at the national level by encouraging continuous education and adaptation to new technologies, industry changes, and evolving ways of working, especially in an era of continuous and rapid digitalisation. For employers, this is crucial as productivity will depend on it. Additionally, it is essential to ensure that individuals have access to lifelong learning opportunities, both on the job and off the job. Governments should monitor and facilitate access to these opportunities, as the ability to retain jobs and achieve career growth will largely depend on the capacity to adapt. Extensive **upskilling and reskilling programs** will be necessary to help workers transition to new roles and industries, alongside upgrading public and private employment services to facilitate skills matching. Re- and upskilling should complement initial qualifications at the beginning of a career cycle.

Reduce barriers to labour market entry for various groups currently facing long-term unemployment or inactivity. This includes prioritising NEETs as a key target group for VET while improving access to care services to help overcome barriers to labour market entry caused by health challenges or other personal issues. Such initiatives can significantly expand the pool of available talent, thereby helping businesses to tap into a broader range of skills and expertise while mitigating labour shortages.

Deepen the European Education Area. In accordance with the principle of subsidiarity, initiatives under the European Education Area must not call into question the competences of the Member States in the management of their training systems. They must be implemented in a complementary manner and remain voluntary. Furthermore, they should not generate administrative burden for companies. Tools such as micro-credentials or

individual learning accounts can help foster lifelong learning and improve transparency and portability of skills and qualifications, ultimately addressing skills gaps and boosting employability. Crucially, these tools must be aligned with current and future labour market needs to ensure skills are relevant to the labour market and meet the changing needs of employers.

Strengthen coordination between different stakeholders within Member States as well as via trans-European territorial networks and cross-border cooperation. These territorial networks help foster competitiveness and better address skills mismatches by improving reactivity and adaptation to the needs of rapidly evolving labour markets.

Involve **chambers of commerce and industry** more closely in the **design and delivery of education and training programs**, given their strong linkage with the business community. This involvement helps address skills mismatches by ensuring that training programs are responsive to the needs of the labour market, thereby benefiting both the workforce and the business community. EntreComp4Transition, which aims to develop innovative and multidisciplinary approaches to teaching and learning for future Green Transition Facilitators, exemplifies well how chambers are supporting the development of new training methodologies.

Continue to press for the **integration of entrepreneurship into curricula** from school to higher education and vocational education and training (VET), emphasizing the importance of lifelong learning opportunities.

Incorporate **green and digital skills** into high-quality and inclusive education and training. To support businesses in navigating the rapidly changing digital transformation and green landscape, it is crucial to implement robust educational programs, skills enhancement initiatives, and awareness campaigns. National regulatory bodies and authorities should lead in coordinating these efforts, with active engagement from stakeholders across multiple sectors.

Promote VET as a crucial learning path to meet the challenges of the green and digital transitions at the EU level. To that end, we welcome the announcement of an upcoming European Strategy for Vocational Education and Training and underline that comprehensive VET needs to build up upon solid professional knowledge and experience. Chambers can and are playing an active role in this. For instance, the EULEP project brings together twenty organisations from eight countries to make continuing VET (C-VET) more attractive and will offer businesses new and tailor-made training modules that address their skills needs in innovation-oriented subjects (artificial intelligence, virtual reality, and social innovation). According to the recent EULEP survey, respondents consider that there is a clear need for employee training in both AI and VR subjects, with a particular need for basic digital training.

Promote dual study systems for apprentices following an alternate system between school and work-based trainings. Chambers of commerce and industry can offer their experience in this area.

Connect the evolving virtual European labour related platforms (incl. Europass, EURES and Talent Pool) with national efforts. The infrastructures should be as interoperable as possible. EU level platforms should assist the needs of Member States skills strategies and the HR needs of businesses.

b. Mobility

Policies should also focus on increasing occupational mobility in sectors with growing demand, thereby boosting productivity. At the same time, efforts for attracting skills talents from third countries, such as the talent pool or the talent partnerships, should be pursued.

The Commission should collaborate closely with member states to identify ways to promote **higher mobility of skilled workers** across the EU. This involves identifying barriers to mobility, and devising policies to streamline recognition processes for professional qualifications. By facilitating easier movement of skilled workers, the EU can harness a broader talent pool, strengthen economic integration, and foster cross-cultural exchange of knowledge and expertise.

In anticipation of the upcoming **ERASMUS+ budget negotiations post-2027**, it is vital to secure increased funding specifically for apprentices to meet the **mobility targets** under *Europe on the Move*, aiming for at least **12% of VET learners** to gain mobility abroad. Achieving this requires adequate financial resources from both the **European Commission** and **Member States**. Key measures include expanding **regional contact points** for company support, envisaging **short-term mobilities** (2-8 weeks), and promoting **language and intercultural skills** beyond the **Online Linguistic Support (OLS)**. Additionally, it is essential to improve the application of the European credit system for apprenticeships and introduce a European status for apprentices to enhance recognition and mobility. An **information campaign** should also effectively raise awareness of Erasmus+ opportunities for VET.

Recognizing the **importance of legal migration** as a solution to workforce deficits is imperative **to address key shortcomings** that hinder the European Union's attractiveness. The EU Talent Pool and its emphasis on facilitating international recruitment is a significant stride in the right direction. These efforts must continue, focusing on enhancing legal pathways to the EU to attract skilled workers from third countries. Emphasizing not only legal but also "smart" migration is crucial to drawing real brainpower to EU countries. One effective strategy to attract smart and talented individuals is through universities, by allowing graduate students easy access to the labour market. In addition, it is essential to **strengthen the socio-professional inclusion of refugees and migrants**, facilitating their integration into European labour markets by improving organisations' **access to European funds** tackling this issue.

The **mutual recognition of skills and qualifications** needs to be carried forward and enhanced to allow for increased labour and learning mobility. At the same time, shared expertise and exchanges of best practices should be enhanced. The recognition of diplomas, study periods, and traineeship opportunities across EU Member States, supported by a robust network of European universities, is essential for the completion of the single market.

The New Pact on Migration and Asylum and its accompanying legal proposals need to be implemented, to **ensure the EU is an attractive destination for skilled international workers**, make it easier for global talent to come to Europe and for businesses to hire third country migrants.

Eurochambres Sustainability Priorities for the 2024-2029 EU term

In the next five years, the European Union faces the challenge of balancing economic stability with ambitious climate goals. Integrating the European Green Deal with a strong competitiveness strategy is crucial to combat deindustrialisation and secure high-quality jobs. Policymakers must be careful in crafting future regulations, ensuring they bolster rather than compromise Europe's position on the global stage. Only through a comprehensive strategy can the EU safeguard its economic stability while advancing towards its climate objectives, ensuring a prosperous and sustainable future for all Europeans.

1. Summary

For the next legislative period 2024-2029, Eurochambres urges EU policymakers to:

- ❖ **Energy security and infrastructure:** Modernise and expand energy infrastructure like grids and storage capacities. Secure natural gas supply, necessary for the transition, and explore carbon-neutral hydrogen. Implement policies and strategies for affordable, sustainable energy.
- ❖ **Streamlining regulation:** Simplify regulations, speed up permitting processes for sustainable projects, reduce administrative burdens, and base policies on solid data to encourage clean technology investment.
- ❖ **Promoting technology openness:** Adopt a technology-neutral policy to support a wide range of carbon reduction technologies, facilitating market transitions for advanced energy solutions. Streamline targeted funding access and reduce bureaucratic barriers to maintain the EU's global competitiveness and achieve climate goals.
- ❖ **Fostering international collaboration:** Prioritise global collaboration and harmonize climate policies, including coordinated greenhouse gas pricing. Strengthen the EU Emissions Trading System and implement the Carbon Border Adjustment Mechanism within a WTO-compatible framework to prevent carbon leakage and support balanced global climate efforts.
- ❖ **Access to financing:** Improve access to finance for sustainable projects through private investments, which also considers a step-by-step transition toward climate neutrality. Simplify the EU sustainable finance framework and effectively support small and medium sized companies.

2. State of play

In 2019 the European Green Deal was presented as a growth strategy. However, five years later, European economies are experiencing recessionary pressures, exacerbated by high inflation rates and an uncertain regulatory environment. The drive towards climate neutrality by 2050, with a significant target set for 2040, requires a dramatic increase in renewable energy production and industrial investments—factors six times higher than in the previous decade. This upscaling comes at a time when businesses are grappling with severe

economic downturns, falling demand, rising production costs, and shifting investments to other regions.

The surge in energy prices in 2022 — triggered by Russia's full-scale invasion of Ukraine early that year — was particularly painful and energy prices remain high in Europe. Data shows that GDP Growth rates have experienced a fall since 2021.

Over the last years we have seen how excessive regulations, whose impact and effectiveness in combating climate change is sometimes questionable, are negatively impacting European businesses. The prospect of further regulatory requirements in the next Commission mandate, undermine our call for balance.

The global landscape of innovation and green transition sees the EU in tough competition, particularly against the backdrop of protectionist policies in foreign economies. Prior to 2008, the U.S. economy was approximately 90% the size of the EU's economy. By 2022, the situation has reversed, with the EU economy being 80% of the U.S. economy in absolute terms. Foreign direct investment inflows to the EU are falling, while they are increasing in the US and elsewhere. This competitive disadvantage is exacerbated by the closure of European sites, production halts, and job losses, underscoring the urgent need for policies that enhance the EU's international competitiveness.

Crucial for the green transition is the creation of a unified energy market. Despite setting high aspirations, the European Commission's efforts have not matched the necessary pace for expanding cross-border grid infrastructure. The European Court of Auditors' recent findings highlight a slow integration of electricity markets over the past decade, with the 2014 goal for complete European integration, set in 2009, remaining unfulfilled. This inconsistency and delay in infrastructure development and market integration present considerable difficulties for businesses in planning and operations.

The energy crisis of 2022 underscored the resilience benefits of a well-integrated European electricity market, prompting EU leaders to commit to reversing the trend towards energy renationalisation and to focus on completing the internal market. Nonetheless, varying interpretations of the energy crisis by EU member states threaten this unified approach, at a time when investment in energy generation and grid infrastructure is critically needed.

After five years of excessive introduction of new legislation under the European Green Deal, the EU is entering in a new period of implementation of the measures. Some have already been put in place, while others are still to be fully implemented. This gives a valuable opportunity for the Green Deal to be assessed and adjustments to be made.

3. Recommendations:

a) Ensuring energy security at competitive prices and improving infrastructure

Achieving climate neutrality is an ambitious but essential goal that necessitates a comprehensive and integrated approach, focusing not just on setting targets but also on addressing the underlying infrastructural needs critical for this transition. The climate neutrality goal must be achieved while ensuring the security of supply and the competitiveness of European companies. Cross-border burdens within the EU are to be avoided and globally competitive energy prices ensured.

In order to improve the security of supply, it is necessary to further diversify gas supply countries. Furthermore, it is crucial to foster innovation which can considerably reduce energy losses due to production and transport, in particular of hydrogen and its derivatives.

Central to this endeavour is the expansion and integration of the energy grid, which requires coordinated planning, streamlined permitting procedures, and measures to mitigate financial risks for developers. Infrastructure is crucial for facilitating seamless transmission and cross-border interconnections, enabling a more efficient and reliable energy system. This is particularly crucial given the increasing electrification of the European economy and rising renewable energy generation (mandated by EU law itself), which will place increasing strains on the energy grid and expose its weak points. This also includes the expansion of infrastructure required to connect to LNG terminals. Moreover, hydrogen emerges as a transformative energy carrier with the potential to significantly reduce CO₂ emissions across industries. Building a robust infrastructure (including import terminals and storage facilities) and implementing a certification system for hydrogen and its derivatives, is vital for the exploitation of its low-emission benefits.

Additionally, the transition to a renewable energy economy underscores the growing need for adequate energy storage solutions. As electricity from renewable sources like wind and solar cannot be stored on a large scale using current methods, developing and investing in new storage technologies is essential to balance production with consumption patterns and ensure the security of supply.

The digitalisation of the energy system, incorporating advancements such as artificial intelligence, is key to achieving flexibility and security in supply. Moreover, establishing clear legal framework conditions is essential for encouraging investment in infrastructure development, including for CO₂ capture and storage, thereby reducing uncertainties and fostering efficient solutions through sustainable competition.

b) Promoting technology openness

To enhance the European Union's competitive edge in the global market while addressing climate goals, it is essential to adopt a technology-neutral approach in policy-making. Given the speed at which the climate is deteriorating, we cannot afford to ignore any existing or new instrument that enables the EU to achieve its goal of climate neutrality. This means that technology neutrality should be guiding all EU initiatives on climate action. Therefore, the EU should not pick “winners” in the search for climate-friendly solutions by either actively favouring certain types of technology or effectively curtailing research into promising avenues of innovation. This is particularly important in the fields of energy efficiency, electrification, and sustainable product development.

More specifically also a broad spectrum of carbon reduction and removal technologies based on their effectiveness and potential, must be supported. This approach should be complemented by streamlined, targeted access to funding, reducing bureaucratic barriers that often hinder rapid technological development and deployment.

c) Accelerating and streamlining permitting procedures

Considering the very ambitious targets, the EU must seriously take actions to accelerate the deployment of renewable energy by significantly reducing the length of permitting

procedures in the EU. Currently European companies still face permitting procedures that take up 9 years in some member states. Recent initiatives by the European Commission, like the Net-Zero Industry Act aim to prepare the EU for the rapidly evolving and highly competitive global landscape of clean technology investments, where scale and speed are crucial. Simpler and faster permit-granting processes are a basis to attract more investments in Europe in key technologies for a successful decarbonisation. These measures represent important initial steps. The EU should simplify environmental regulations to accelerate permitting of these projects: For example, in the area of species and nature conservation, environmental impact assessment or pollution and water protection.

To fully transition the economy to net zero, there must be a broader emphasis on enhancing competitiveness within European policymaking, thereby encouraging the necessary investments.

d) Fostering international collaboration

The guiding principle of internationally oriented climate policy should continue to be the international harmonisation of climate protection standards and coordinated pricing of greenhouse gas emissions. Effective climate protection is only possible through new investments in the energy transition and efforts at the global level. EU measures need to be in sync with other economies if they are to be impactful in combating global climate change. Eurochambres believes that implementing the CBAM within an international and World Trade Organization (WTO)-compatible "Climate Club" among the G7 Members would reduce the trade policy risks for the economy. Efforts in this direction are seen as positive, however, making access to the Climate Club conditional on explicit carbon pricing will be critical.

However, European criteria must allow for the import of renewable energies –in particular hydrogen and its derivatives, e-Fuels/SAF- since the EU countries won't be able to meet their needs alone and in order to achieve the EU objectives of the ReFuelEU and of importing 10 million tons of green hydrogen by 2030. Indeed, the EU countries find themselves in a strong competition with other countries such as the USA, China, South Korea and Japan in the hydrogen race.

e) Enhancing access to sustainable finance

The European Commission estimates an additional investment of 1.5% of the EU's GDP, over €620 billion annually, to achieve the European Green Deal's targets. To achieve this, a large proportion of the investments must be made by the private sector. To this end, there needs to be a re-evaluation and simplification of the current sustainable finance framework to improve access to financing for sustainable projects, especially for SMEs, which contribute around 52% to Europe's GDP.

Simplifying reporting requirements to reduce complexity and costs is crucial, aligning with the Commission's target to reduce the reporting burden by 25%. It is also important to ensure that sustainable finance measures support both financial markets and the real economy, balancing the needs of investors and companies, and aligning requirements for financial institutions and company disclosures. Improving the EU taxonomy involves addressing usability issues and ambiguities in technical screening criteria and Do No Significant Harm (DNSH) requirements, speeding up the inclusion of new activities, enhancing transparency, and ensuring proportionality in disclosures.

There is a need for a timely and fundamental review of the CSRD, ESRS and other related European regulations to ensure proportionality. In the short term, a fundamental revision of the thresholds for company sizes in the EU Accounting Directive 2013/34/EU - beyond the inflationary adjustments already made - could particularly alleviate the burden on medium-sized companies. Moreover, the trickle-down effect on non-reporting SMEs within the value chain of reporting companies must be considered and reduced. The Corporate Sustainability Reporting Directive should urgently incorporate a “Value Chain Cap” in the form of a future practical voluntary SME standard (Basic Standard of VSME) that takes into account the needs and capabilities of non-capital market-oriented SMEs and reporting companies.

There is no need to extend the taxonomy to small and medium-sized enterprises (SMEs). Implementing such a taxonomy would impose unbearable reporting requirements on SMEs, creating unnecessary burdens. It would also create new barriers to bank lending to these companies, potentially hampering their growth and financial stability. SMEs play a vital role in the economy and adding this complexity could undermine their ability to thrive.

Moreover, guaranteeing international compatibility involves promoting mutual recognition and convergence of EU sustainability reporting standards with international frameworks, ensuring a level playing field by applying the same reporting requirements to non-EU companies operating in the EU, and providing clear guidance for activities outside the EU.



Eurochambres - the association of European chambers of commerce and industry - represents more than 20 million businesses through its members and a network of 1700 regional and local chambers across Europe. Eurochambres is the leading voice for the broad business community at EU level, building on chambers' strong connections with the grass roots economy and their hands-on support to entrepreneurs. Chambers' member businesses - over 93% of which are SMEs - employ over 120 million people.



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