

Mr Márton Nagy
Minister of National Economy
Government of Hungary

Sent by email

25 November 2024

Subject: **Eurochambres contribution to the 28-29 November Competitiveness Council policy debate**

Dear Minister Nagy,

The future of European competitiveness and the role therein of regulatory simplification are central to the priorities of Eurochambres, the association of European chambers of commerce and industry, representing millions of SMEs. I am therefore pleased to submit the following comments on the items to be discussed at the forthcoming Competitiveness Council on the Internal Market and Industry.

Conclusions on the future of European competitiveness

The “Budapest Declaration” from earlier this month emphasis Europe’s needs for coordinated actions. Member states urgently need to step up their commitment to ensure long-term prosperity. Recent evidence from the high level reports of Mario Draghi and Enrico Letta provided a candid diagnosis of Europe’s decline in competitiveness as a result of lower productivity levels of businesses. They also emphasised the need for member states to act in a much more coordinated manner and deliver the right environment for businesses, as the main drivers of economic growth and prosperity.

The results of the freshly published annual Eurochambres Economic Survey ([EES2025](#)) – based on 42.000 entrepreneurs’ replies across Europe – is a call for tangible actions to revive Europe’s growth and positioning on the global economy. High labour costs and difficulties in recruiting workers with the skills needed for the present and future economy continue to hinder business growth, employment, investment and export expectations.

The appetite of businesses to operate and invest in Europe is worryingly in decline. The EU cannot afford any risk of further deindustrialisation, so I strongly call on all national governments to contribute to effective, coordinated actions to revive the European market as an attractive business location.

Better regulation in Europe

The stockpile of legislation continues to grow and bureaucracy is slowing down Europe’s competitiveness, innovation, and pursuit of political priorities such as the digital and sustainable transitions. The burden on businesses should be urgently reduced by 50%, as stressed by Mario Draghi.

Every euro spent on compliance obligations is a euro that is not available to invest in innovation, growth and jobs. A stringent reduction in bureaucracy is therefore urgently needed to make Europe attractive and competitive again at a global level.

At the beginning of 2023, the European Commission committed to a 25% reduction of existing reporting obligations. Nevertheless, this is far from sufficient and much more ambitious objectives are needed to cut the regulatory burden on businesses, including all aspects of compliance, which is heavily weighing on entrepreneurs.

Finally, EU lawmaking processes need to be more attentive to the impact on SMEs when proposing new legislation. Our newly published [2024 SME Test Benchmark report](#) concludes that EU legislation is often not SME-proofed. Increasing the coordination between the Commission and co-legislators would help to ensure that regulation meets the original policy objective and, equally importantly, does not introduce new burdens on smaller businesses.

In this regard, Eurochambres invites all EU institutions to consider the new EU term as an opportunity to further enhance the cooperation with representatives from the business community and introduce a systematic dialogue to assess the measures needed by businesses.

Proposal for a regulation on combating late payments in commercial transactions

Eurochambres stands firmly against late payments as they impact the capacity of businesses to expand their activities. Notwithstanding this, the European Commission proposal excessively and unnecessarily limits contractual freedom, proposing a “one-size-fits-all” solution that is far from the daily business reality, especially for SMEs.

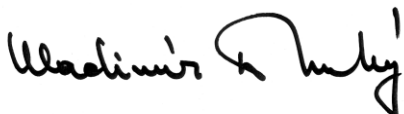
While discussions are largely focused on transactions between businesses, the proposal equally attempts to reduce payment terms for government-to-business and business-to-business transactions.

In light of the negative opinion of many leading representatives of the business community, along with the majority of member states, and the inability of the European Commission to justify such an encroachment on contractual freedom in its impact assessment – including the misinterpretation of “longer agreed terms” as late payments, Eurochambres considers the proposal inadequate to meet the objective.

The enforcement of existing rules should have therefore been the central focus of the Commission proposal to tackle the problem of breach of contract while preserving contractual freedom.

I and the Eurochambres secretariat remain available to provide any additional information that you may require on the points raised.

Yours sincerely,



Vladimír Dlouhý