Input to 12 February 2026 Informal EU Leaders' Retreat on Competitiveness

Eurochambres is encouraged that heads of state and government are convening specifically to consider how to strengthen Europe's competitiveness. This is of course not a new theme, but it is a hugely important one that underpins the EU's capacity to address other key issues. Without a competitive economy, we cannot address threats related to geopolitics, security, climate change and political instability.

The cost of non-Europe has also been well-documented and quantified over the years, but the cost of a non-competitive Europe is a more apt benchmark.

In January 2025, Eurochambres submitted input for the European Commission's expected Competitiveness Compass. This input was based on 4Ss:

- **Simplification**
- **Scale**
- **Security**
- **Skills**

A little over a year later, a check on the state of play in relation to these 4Ss provides the basis for our input to the 12 February European Council Competitiveness Retreat. This paper contains links to relevant material published by Eurochambres and extracts from the voting by over 700 entrepreneurs during the 7th edition of the **European Parliament of Enterprises™ (EPE2025)** in the Brussels hemicycle on 4 November 2025.

Simplification

Radical reduction of the stockpile of EU legislation must be combined with a more committed approach to evidence-based policy-making, systematically considering alternatives to regulation.

Developments since January 2025

In November 2024, member states launched the Budapest Declaration, calling for a simplification revolution. The intervening months have witnessed countless new Commission strategies, packages, roadmaps, and high-level announcements dedicated to simplification, notably the omnibuses. Despite commitments, results remain barely noticeable across the business community. Entrepreneurs across Europe perceive a **lack of urgency** at EU level in addressing the challenges that they face.

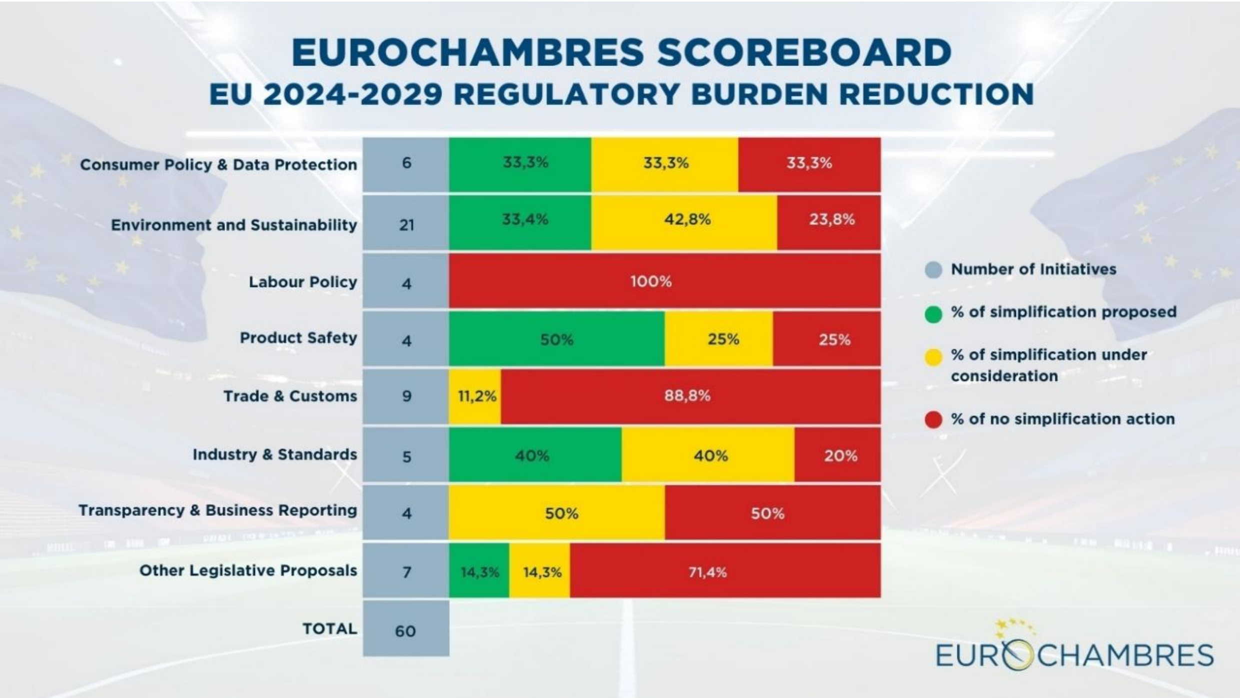
Voting outcome from the European Parliament of Enterprises™, 4 November 2025:

Has there been a noticeable reduction in administrative or regulatory burdens in the past 12 months?

2% ✓ **98%** ✗

The so far patchy work to simplify the EU regulatory framework is the result of the Commission's attempt to redeem from years of intense legislative actions and address short-term issues without following principles of coherence and measurable impact.

The Eurochambres regulatory reduction scoreboard (see table below) – charting progress on 60 specific simplification proposals submitted to the European Commission in December 2024 - concludes that little has been done and even less has been achieved after more than one year of the simplification agenda.



Note: *The Eurochambres scoreboard is based on ongoing simplification efforts, using the list of 60 proposals published by Eurochambres in December 2024 as the baseline. This snapshot was updated in January 2026.*

Echoing Mario Draghi, who referred to such a situation as "inaction" and "complacency", and with the majority of our 60 proposals remaining untouched, Eurochambres urges the EU institutions and national governments to take more substantial and joint actions.

The stark result from the EPE2025 (above) is a clear reminder to the European Commission that savings estimates from simplification proposals are valueless if not delivered to the real economy. There is also no guarantee that such potential savings will automatically translate into new investments if the EU lacks the basic and broader framework conditions for businesses.

What more needs to be done and why?

Eurochambres sees merit in reviewing, reducing, and restraining reporting requirements to cut the time and resources companies spend on compliance. Incremental adjustments by addressing reporting alone, however, would fall short of what Europe needs to remain globally competitive. The EU needs to reduce its regulatory burden, not just by making it less complex: a full revision of the EU acquis and a reduction of EU legislative, delegated, and implementing acts are urgently needed.

A key barrier is the additional layers of obligations introduced by member states, which creates a regulatory "onion" of overlapping and at times conflicting national rules, undermining basic principles of the single market. Eurochambres urges member states to pursue greater policy coherence across different areas, systematically avoid gold-plating, and favouring joint European actions and measures to harness the full potential of the single market: 1 in, 27 out must be the way forward.

This also includes drafting legislation from the perspective of SMEs, a long-declaimed principle of the European Commission, which, in practice, is systematically disregarded. The Commission's commitment to review its Better Regulation guidelines must guarantee a much stronger commitment by all its services towards better lawmaking. All impact assessments must include a summary table of the obligations stemming from the preferred policy option to support the co-legislators during negotiations. Such a table must be finalised and agreed upon before concluding negotiations.

Considering the 13.000 regulations produced by the EU between 2019 and 2024, compared to the 5.500 in the US over the same time, the Commission must refrain from regulating more, unless strictly required to advance the competitiveness agenda. The cardinal principles of subsidiarity and proportionality must always be upheld.

At the same time, the co-legislators are equally responsible for overlooking the impacts on 99% of European businesses. They should act and define a common approach to legislation. While the Council has shown a certain degree of commitment to simplify ex-post legislation, a much more meticulous approach is needed ex-ante. Member states should have access to the resources of the Regulatory Scrutiny Board (RSB), the Commission's independent evaluation body, to review their position before reaching negotiating mandates on legislative acts. A final assessment of the costs/benefit analysis from the RSB, compared to the initial Impact Assessment, would also be beneficial before adopting the legal act.

The European Parliament must follow through and establish a much more reasonable and evidence-based process for amending legislative proposals. The European Parliament Research Service, in collaboration with the RSB, should consistently assess the validity of proposed amendments with substantial economic impact and affecting SMEs, without engulfing the legislative process. A template for all compliance costs and benefits added to the Commission proposal should be developed and adopted by the co-legislators.

The ten year old Interinstitutional Agreement on Better Lawmaking is due to be revised and this exercise must ensure more systematic and rigorous commitment to evidence-based policy making and cost-benefit analysis throughout the legislative process.

Scale

Scale-up market access for European businesses by ensuring a level-playing field within the single market, and pursuing a proactive approach to securing new trade agreements and helping SMEs capitalise on existing ones.

Developments since January 2025

The EU has taken meaningful steps over the past year to reduce barriers in the single market, with the Council repeatedly calling for better implementation, simplification and enforcement. Eurochambres most recent position on the Single Market Strategy welcomed this renewed momentum, especially the focus on tackling the “Terrible Ten” barriers. Yet businesses continue to report that regulatory fragmentation, inconsistent national practices and administrative burdens still prevent them from scaling across borders, with 88% saying the single market remains insufficiently integrated.

Voting outcome from the European Parliament of Enterprises™, 4 November 2025:

Is the single market sufficiently integrated, allowing your company to operate and compete freely?

12% ✓ **88%** ✗

AI integration strategies are a priority for the majority of European businesses. It is therefore welcome that the EU has taken significant steps in advancing AI adoption. It has launched the AI Continent Action Plan to support SME adoption of AI through refocused European Digital Innovation Hubs (EDIHs), which now serve as "Experience Centres for AI" providing testing facilities, training, and compliance guidance. The Apply AI Strategy and EU Data Union Strategy complement this framework by addressing skills development and data availability, while the EU Start-up and Scale-up Strategy aims to improve access to finance and public procurement for emerging companies.

Despite these positive initiatives, significant barriers persist. The AI Act remains hampered by absent harmonised standards, creating compliance uncertainty for businesses. While the Digital Omnibus proposes adjusted deadlines, its prolonged adoption timeline undermines predictability.

Access to finance through the Savings and Investment Union must be strengthened for start-ups, and cybersecurity regulations require targeted simplification. Closing the gap between strategic announcements and practical implementation is urgent for European competitiveness.

Furthermore, in times of intensified global competition and continued assaults on the rules underpinning the global trading system, it is a key priority for EU business that new opportunities are provided for our export-oriented companies to diversify their supply chains and access the world's growth centres.

Over the last year, trade policy uncertainty has become more acute. This has a detrimental effect on business confidence. Indeed, a January Eurochambres Chief Economists Group working paper shows very clearly the negative correlation between trade policy uncertainty and investment levels. It also demonstrates that this effect grows over time, so the full consequences of the last 12 months are yet to unfold.

In this regard, the recent the signing of the EU-Mercosur trade agreement in Paraguay has been landmark achievement after more than 25 years of negotiations. Despite the subsequent setback in its ratification procedure, European business still hopes for a swift provisional ratification of the agreement, so that companies can profit from the benefits as soon as possible.

Last week's historic conclusion of the EU-India trade agreement is another milestone in Europe's efforts to gain better market access to one of the fastest growing economies in the world. Paired with other concluded agreements awaiting swift ratification, and the conclusion of new agreements, particularly in Asia, European companies are expecting a boost to their global competitiveness in the months ahead.

What more needs to be done and why?

In an increasingly volatile global trading context, Europe must control the controllables and maximise its own growth potential. Single market integration is key to this, as is tapping into the foreign growth centres, where according to estimates 90% of the world's growth will come from in the coming years. Therefore, securing better access to these dynamic markets will be pivotal for the innovation and the global competitiveness of EU industry.

This means swiftly ratifying the very significant trade agreements the EU managed to secure with Mercosur, and recently India, but also concluding new agreements especially in the ASEAN as soon as possible. Equally, through concerted efforts also on the global level, Europe must continue to work to help secure a level playing field for businesses and facilitate the transformation of our economy through new and better adapted global trade rules that reflect today's realities.

With respect to the Single Market, the International Monetary Fund research published in December 2024 estimated remaining single market barriers to be equivalent to tariffs of around 44% on goods and 110% on services. A January 2026 European Central Bank article estimates that trade frictions within the single market are more onerous than the highest tariffs threatened by Donald Trump last year and that trading in services across EU borders is almost twice as costly as trading within national borders.

This situation needs to be addressed urgently and effectively. This requires a plan and the forthcoming European Commission Single Market Roadmap must provide just that: a route to address the ‘Terrible Ten’ barriers identified in the Single Market Strategy last year, and milestones to gauge progress along the way.

At this stage, the pursuit of further single market integration is a technocratic process of marginal gains, working with businesses and other stakeholders to remove onerous, disproportionate regulatory burdens, identifying and tackling one barrier at a time.

Implementing such a plan requires political buy-in and a willingness by member states to view single market barriers through the prism of the EU’s collective strength and competitiveness. Member states must deliver. That means implementing EU rules consistently and on time, avoiding gold-plating and ring-fencing, particularly in the free movement of services and capital, and actively reviewing national laws to eliminate unnecessary requirements.

This is a hard pill to swallow in many member states and has often proved indigestible in the past. But not everywhere. The Benelux countries have for many years pioneered European economic integration by pursuing joint measures to enhance cross-border cooperation on digitalization, energy and labour mobility. And the Baltic States are increasing their cross-border cooperation, notably on energy, financial services and transport infrastructure.

Such enhanced initiatives to foster economic cooperation and tackle obstacles should be harnessed as a basis for broader efforts to enable businesses to trade easily cross-border throughout the EU.

In parallel, the European Commission and member states must refrain from using the single market as a framework for the pursuit of a diverse range of political goals and strategies.

The single market is a mechanism designed specifically to enable freedom of movement, for people, products, capital, services and knowledge. This is a big enough and important enough objective and there remains huge potential.

One concrete issue that undermines this objective is the failure by some member states to properly notify national draft technical regulations under the EU's notification framework (e.g. the TRIS) and the Services Directive, risking the introduction of hidden barriers to trade. To mitigate this, member states must ensure the systematic notification before adoption, aligning national procedures with EU requirements, and refraining from adopting measures until the notification process is completed. Doing so will reduce fragmentation of the single market, lower compliance costs, especially for SMEs, and support cross-border investment and economic performance.

National governments should prevent new barriers from emerging, fully digitise administrative procedures, and guarantee that companies can rely on harmonised standards, streamlined licensing rules and effective mutual recognition. Businesses also support the extension of automatic recognition of professional qualifications to more professions across the EU and expect stronger action against unsafe or counterfeit products entering the single market.

Building on existing networks, such as the Enterprise Europe Network and chambers of commerce and industry, the next Multiannual Financial Framework must lay down a solid foundation for SME service support and access to financing instruments.

Security

Secure access to affordable energy and raw materials is essential for Europe's competitiveness and for producing the technologies needed for the green and digital transition. Yet European businesses continue to pay two to three times more for energy than their competitors in the US and China – a situation that also impacts employment levels, particularly in energy-intensive industries, as shown in our Electricity prices and employment across European countries study from the Eurochambres Chief Economist Group.

Voting outcome from the European Parliament of Enterprises™, 4 November 2025:

Are high energy costs making it harder for businesses to remain competitive and invest in the sustainable transition?

99% ✓ ✗ **1%**

Europe's strategic dependence on a limited number of suppliers for both extraction and processing of raw materials further exposes businesses to geopolitical shocks and price volatility. Moreover, the absence of a global level playing field on climate efforts increases the risk of carbon leakage, weaking Europe's industrial base and undermining the effectiveness of EU climate measures.

Developments since January 2025

Against this backdrop, the presentation of the Clean Industrial Deal (CID) in early 2025 was welcomed by Eurochambres, as it integrates climate ambition, competitiveness and resilience into one overarching growth strategy. The communication rightly identified bringing down energy prices and reducing Europe's dependence on raw materials imports as key priorities to boost our economic competitiveness and resilience.

However, with the one-year anniversary of the CID approaching, Europe remains far from closing the competitiveness gap on energy. Similarly, with regard to raw materials, efforts to diversify imports and advance circularity in the EU remain slow and insufficient to reduce strategic dependency.

What more needs to be done and why?

The priority of 2026 and beyond must therefore be to accelerate the rollout of clean energy, supported by investments in storage and grid infrastructure, both cross-border and within member states. Swift implementation of the Grids Package, aimed at accelerating and streamlining permitting, will be crucial in this regard. The development of CO2 transport infrastructure and markets through the forthcoming Energy Union Package will also be essential, particularly for hard-to-abate sectors.

Strengthening resilience in relation to material inputs is of equal importance. Alongside implementing initiatives under the RESourceEU Action Plan, the forthcoming Circular Economy Act must remove internal market barriers, harmonise rules and introduce targeted incentives that make circularity a viable business model, as outlined in our position. Finally, establishing a global level playing field to prevent carbon leakage will be essential, not least to ensure that achieving the ambitious 2040 climate target remains economically viable, as highlighted in our position.

Equally, in line with the further development of a European economic security it will remain essential that companies are supported in the diversification of their supply chains, in particular in the area of critical raw materials, such as through the implementation of the RESourceEU action plan as well as the swift implementation and scaling of Global Gateway projects.

Security must not a trade-off between open markets and protectionism. The introduction of "European preference" criteria in certain legislation, such as the Industrial Accelerator Act, must receive careful considerations and be based on clear evidence that the economic benefit that the EU would gain largely outweigh the possible costs. In any case, the introduction of EU preference criteria should not jeopardise existing trade and economic relations with like-minded countries.

Skills

Europe's competitiveness agenda will fail if it does not build on its core strength: human capital. Demographic decline, accelerating digitalisation and the green transition are putting Europe's workforce under strain, while businesses continue to struggle to find people with the right skills, as confirmed again by entrepreneurs in November.

Voting outcome from the European Parliament of Enterprises™, 4 November 2025:

Is it harder to recruit staff with the right skills than five years ago?

88% ✓ ✗ **12%**

This view was further corroborated by the Eurochambres Economic Survey 2026, where labour costs, regulatory burdens and lack of skilled workers emerge as the top concerns for entrepreneurs.

Developments since January 2025

In 2025, the EU placed firmly at the core of its competitiveness agenda. The Competitiveness Compass and Union of Skills Communication acknowledge that shortages and slow adaptation of education and training systems are now major barriers to growth. The agreement on the EU Talent Pool is a concrete step to make Europe more attractive to skilled workers and to support companies' recruitment needs. The Herning Declaration on attractive and inclusive VET for increased competitiveness and quality jobs (2026–2030) further reinforces the political commitment to strengthen VET as a driver of productivity and resilience.

The MFF proposal reinforces skills as a horizontal priority in the European Competitiveness Fund, and increases Erasmus+ funding, but the lack of earmarked budgets for VET and mobility, combined with the dissolution of ESF+ into NRPPs with at least 14% for social priorities, risks weakening targeted support for people, learners and companies.

What more needs to be done and why?

Europe must now shift from declarations to delivery. This starts with proper funding: Erasmus+ needs protected budgets for VET and mobility, and NRPPs must safeguard investments in upskilling and reskilling, especially for SMEs.

The Skills Portability Initiative must become a genuinely usable tool for employers, making skills transparent and quickly verifiable across borders, with simpler, faster recognition of qualifications.

At the same time, entrepreneurship education should be embedded at all levels to equip people not only to take jobs but to create them, strengthening Europe's capacity for innovation and growth.

Europe's competitiveness will depend on whether skills policies are funded, practical and aligned with business needs.

Conclusion

In an increasingly volatile global economic and geopolitical context, Europe must control the controllables and maximise its own growth potential. This requires coordination, commitment and peer-to-peer accountability across the EU 27, between the EU institutions and towards key stakeholders, not least chambers of commerce and industry. The Alden Biesen discussion on 12 February, while informal, can and must act as an important catalyst in this process.

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.

Previous inputs can be found here.

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