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14 February 2017

**Message to the Competitiveness Council meeting on 20 February**

Dear Minister,

In an increasingly difficult geopolitical context, and where we are witnessing a return to protectionist measures, the European Union must show that Europe remains an area of stability and openness, where competitiveness of companies matters.

More than ever, BusinessEurope counts on the Competitiveness Council to progress in defending the competitiveness of European companies and to make progress on key initiatives which can lead to a real strengthening of our European single market.

**Kicking-off strategy on a renewed EU industrial strategy**

BusinessEurope has repeatedly stressed the importance of having a strong industrial base to support growth, job creation and innovation across all sectors of the economy.

In this respect BusinessEurope welcomes the conclusions from the 15 December 2016 European Council that calls on the Council and the Commission to evaluate the impact of mainstreaming industrial policy into the EU strategic initiatives and to consider concrete action to strengthen and modernise the industrial base of the Single Market.

Europe needs a modern industrial competitiveness strategy to earn a prosperous living in the years ahead. Building the strategy, we must not repeat the mistakes from the past, and we must learn from the lessons of our own successes and those of our competitors.

The European Union must look at industry and competitiveness in a broad sense. Improving cost competitiveness based on a simpler and smarter regulatory framework could be a real game changer in many sectors, and other drivers such as innovation, investment in technology, skills, or investment in high-speed infrastructure, which is the backbone of digitization, require strong attention as well – especially as we are moving towards complex industrial value chains and new business models. In this sense, a thriving industry also requires a functioning and strong services economy.

The aim must be to establish an industrial strategy that tackles the short-term barriers, but also establishes a long-term policy framework against which private sector investment decisions can be made with confidence.

The Competitiveness Council must play a strong role in shaping such a renewed strategy and impulse this new approach by adopting a first set of conclusions in May 2017.

### **Services Package**

The Services Package presented by the Commission in January is timely and welcome. The free movement of services is still underdeveloped in the single market, while this is the area where great growth potential can be unleashed. We need in particular more competitive business services as these are crucial to support European manufacturing and industry, and for the competitiveness of the EU as a whole.

The European services e-card is rightly voluntary. To add real value for companies, the e-card must save time and costs, and make life easier for companies. The card should allow businesses to easily complete a critical mass of administrative procedures and formalities online. Clear benefits must ensure its take-up, otherwise this novel approach will not work. The proposals therefore need to be more precise, for example regarding the issuance of the card and the information to be included. The responsibilities for updating the information contained in the e-card also need to be clarified. The e-card should also create more transparency regarding the differences in national procedures, which must lead to the removal of excessive national requirements and the sharing of best-practices.

At the same time, we urge the European Institutions to continue to address the lingering *regulatory* barriers that companies, and in particular SMEs and microenterprises continue to face in the single market and avoid the introduction of new ones. We therefore support the proposal to improve the current notification procedure for services. Extra national requirements to be imposed on service providers should always be notified on time and can only be kept if proportionate and in line with EU legislation and single market principles.

### **The upcoming Enforcement Package**

BusinessEurope welcomes recommendations to improve the functioning of SOLVIT and the initiative to put in place a Single Digital Gateway, which would offer companies all the information and assistance they need to operate across borders and on the home market in multiple languages, including the possibility to complete procedures entirely online. However, we strongly oppose the introduction of a Single Market Information Tool (SMIT) based on the possibility to force companies to reply to information requests from

the Commission under the threat of sanctions. Additional reporting obligations are a burden on companies and the SMIT would directly give additional powers to the Commission to collect highly sensitive company information for instance on business strategy or pricing policy, without a clear justification or explanation how and with which aims the Commission intends to use this information.

### **The Start-up and Scale-up initiative**

Starting and scaling a company in Europe has to become simpler and further progress is still needed.

BusinessEurope supports the holistic action agenda proposed by the Commission in its Communication on the Start-up and Scale-up Initiative and welcomes in particular the following two elements.

1. Paying special attention to the needs of growth-oriented SMEs when designing the EU next initiatives aimed at suppressing barriers in the single market (introduction of the Digital Single Gateway, proposal for a definitive VAT regime for cross-border trade, etc.);

Against that background, it is essential to ensure that measures currently negotiated or considered regarding the digital single market (geo-blocking, data economy, etc) are consistent with the Communication's goal to promote entrepreneurship;

2. The setting-up of the European Venture Capital Fund of Funds. This is a major step for fixing the funding ladder for growth-oriented SMEs.

Member States should take all useful initiatives to help reaching the goal of triggering an additional investment of €1.6bn in growth-oriented companies thanks to this instrument.

BusinessEurope calls on the Competitiveness Council to endorse this action agenda, and underlines that active participation of the Member States in its implementation will be essential.

### **Consumer protection cooperation law**

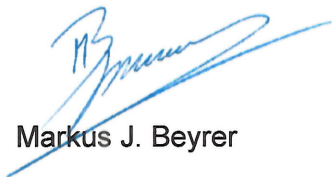
BusinessEurope supports the Commission proposal on consumer protection law aiming for better enforcement and cross-border cooperation of competent authorities. However, we believe that the Competitiveness Council should continue to strive to rebalance the

powers of national authorities with essential guarantees of proportionality and due process. Coherent enforcement in the internal market cannot be achieved by simply developing a list of powers to be given to national authorities, or shifting powers that in some Member States are traditionally entrusted to other players (namely courts) or otherwise be unknown to national authorities.

### **Unitary Patent and Unified Patent Court**

BusinessEurope calls on EU Member States party to the agreement to complete swiftly all actions necessary for the entry into operation of the Unified Patent Court and the Unitary Patent as planned before the end of the year. This requires the entry into provisional application in May 2017 at the latest. Furthermore, it remains key to ensure the broadest possible geographical coverage of the system.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'M. Beyrer', with a long horizontal flourish extending to the right.

Markus J. Beyrer