

**STOCKHOLM DECLARATION
BUSINESSEUROPE'S COUNCIL OF PRESIDENTS**

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The Swedish Presidency will have to give answers to the immediate risks of supply shortages and unbearable energy prices, create regulatory breathing space for companies and tackle the challenges weighing on Europe's long-term competitiveness, growth and employment. The Council of Presidents of BusinessEurope gathered in Stockholm at the invitation of the Confederation of Swedish Enterprise. The Presidents of BusinessEurope's 40 member federations urge the European Union to focus on its basic principles: peace and prosperity through trade and economic integration. Doing so is vital with the war in Ukraine and to allow Europe to continue playing its role in an extremely tense geopolitical context. An environment that is attractive for investments in Europe, generates long-term growth and facilitates job creation is essential to achieve these goals, and support the ever so-needed transition towards a greener and more digital society. Europe urgently needs a comprehensive competitiveness strategy. These are the short-term needs and longer-term challenges that imperatively need to be addressed during the Swedish Presidency.

- **Bringing solutions to the energy crisis and a successful green transition**

Average annual retail gas prices for EU industrial consumers increased twice as much as household energy prices and are much higher than in other parts of the world. For example, the wholesale market gas prices are between 5 and 7 times higher than in the U.S. Many European businesses are absorbing these costs or only partially passing them to consumers but more and more companies are forced to reduce production. With many firms' long-term energy contracts or hedges expected to run out in the coming months and in the absence of the necessary policy response, the situation will get worse. The survival of the European industry is clearly at stake: we can see already some signs of delocalisation of production and we can fear in the near future thousands of factories closing, notably SMEs.

We urgently need a game-changing solution at EU level to mitigate skyrocketing energy prices and ensure that Europe remains an attractive business location. We shall not leave the forces of division and individualism win over the necessity of European collaboration and solidarity and the European Commission and Council must play a more efficient role in promoting this cooperation. We count on the Swedish Presidency to pursue all efforts for coordinated EU responses to effectively lower the energy bill for businesses and households, and to urgently consider a temporary decoupling of electricity prices from gas prices.

Every megawatt hour of electricity and billion cubic meter of gas will count. More will also need to be done to increase energy supplies in Europe, further intensifying the external outreach to suppliers and deploying additional renewable, nuclear, low-carbon energy, and natural gas capacities in Europe as soon as possible. The joint gas purchasing proposal is an important step forward, which needs to include safeguards to protect commercially sensitive information. All options to ease energy production should be considered, including temporary legislative adaptations or implementation moratoria.

While moving forward with exceptional temporary and short-term measures, we should continue to decarbonise our economy without deindustrializing it. Europe will therefore need to revert as soon as possible to a functioning energy market, which incentivises investments in low-carbon technologies, grids, and interconnectors and progress towards EU's long-term goal of achieving net zero emissions by 2050 thanks to entrepreneurship and innovation.

- **Creating regulatory breathing space for companies**

European companies urgently need regulatory breathing space. The current crisis is dramatically exacerbating the risks of Europe's deindustrialisation, with many companies relocating partially or totally their production outside Europe. Improving employment requires to strengthen our industrial base. Better regulation, reduction of burdens on businesses and assessment of policy impacts on international



competitiveness are more important than ever. Only a partial offsetting of burdens under the announced “1 in-1-out principle” for regulation is not enough. We need a stronger ‘better regulation’ culture, regulate less and move away from a “business-as-usual” EU agenda. Retaining competitiveness of both SMEs and larger enterprises should be a key consideration.

We count on the Swedish Presidency to join forces with the Commission and the European Parliament to ease the legislative burdens for companies, ensuring that the promise to establish a ‘competitiveness check’ for all the policy and legislative initiatives is delivered. We underline the importance of taking into account the cumulative effect of EU legislation and of avoiding unnecessary revisions of EU law, such as the European Works Council directive or the packaging and packaging waste directive, and of agreeing on workable EU provisions in the revised Industrial Emissions Directive and on due diligence. In present circumstances, it is particularly important to support European companies in their efforts to deal with a tense geopolitical situation and to avoid adding to their burden by imposing due diligence requirements that are unmanageable for larger companies and unbearable for SMEs.

All Council formations must be mobilised to create this regulatory breathing space, but the Competitiveness Council has a key role to play in identifying provisions that would undermine European companies’ competitiveness and proposing better solutions when EU regulation is necessary. BusinessEurope stands ready to assist the EU institutions in this endeavour.

- **Strengthening and deepening our single market**

The basis of our competitiveness lies in a well-functioning Single Market. European companies need to be able to move freely goods, services, people, capital and data in the European Union and European Economic Area. Immediate action is needed to remove regulatory barriers and ease the burden on companies in the single market, which is their home-market.

The European standardisation strategy is a crucial building block for the Single Market and its digitalisation. We count on the Swedish Presidency to promote a market-driven European standardisation system, with industry at the steering wheel. This is crucial to ensure that the strategic direction of standardisation brings competitive edge as well as the necessary cooperation with our major trading partners. An increased focus on the strategic role of standards is a good step but it should not lead to protectionism and decoupling of Europe from international standardisation efforts.

The Single Market for services remains fragmented and has not progressed recently. We also count on the Swedish Presidency to look into regulatory barriers to cross-border service provision and posting of workers, which may hamper the EU’s green transition and circular economy ambitions. In particular, unnecessary national permitting, licencing and authorisation schemes for service provision should be removed. The proposed e-declaration to notify a posting of worker and revised EU rules on the coordination of social security systems for posted workers should be adopted rapidly.

We call on the Swedish Presidency to use the upcoming 30th anniversary of the Single Market as a catalyst to dismantle obstacles to free movement.

- **Promoting rules-based global trade**

Leveraging access to our Single Market through our common international trade policy and defending open rules-based trade has turned the European Union into the largest player in the global trade arena. The EU has the largest network of trade agreements in the world (42 agreements covering 74 countries) and, for the first time, our exports of goods to these partners surpassed €1 trillion in 2021. An open rules-based trade policy is an essential part of Europe’s attractiveness as a place to do business and in which to invest. We need more trade to sustain our competitiveness and market leadership. Concluding and ratifying trade agreements is more important than ever if we want to mitigate risks and diversify export markets and sources of supply. The EU must continue to be the herald of free rules-based global trade, and at the same time make sure that its trading partners also respect international rules. Level playing field is essential to ensure the European companies’ competitiveness.

In this respect, we are concerned about the measures the US has decided with the Inflation Reduction Act. Such measures are inconsistent with the WTO rules as they are discriminatory against foreign companies’ exports. They impact investments in the EU. We urge for a negotiated solution, primarily through the



dedicated Task Force and the EU-US Trade and Technology Council before this legislation will be implemented in early 2023. Failing to find a solution, we would have to consider other options.

In the present geopolitical environment, it is natural for the EU to work more closely and develop deeper relations with partners that share common goals of peace, stability, democracy, and the rule of law. However, the EU needs to continue engaging with many more countries around the world (Africa, Asia, Latin America, Pacific region, etc.).

We count on the Swedish presidency to work on reducing costs of doing business across the Atlantic through the EU-U.S. Trade and Technology Council. We hope that a satisfactory negotiated solution for the discriminatory elements in the US Inflation Reduction Act is found before the entry into force of the legislation in early 2023. We also call on the Swedish presidency to promote the ratification of concluded trade agreements such as with Mercosur and Chile, as well as the conclusion of new agreements (for example with Australia and India) and to complete the adoption of the regulation on the protection from economic coercion by third countries.

- **Accelerating the digital transition**

A true digital single market is central to enabling the European Union to take advantage of the ever-increasing technological development. The use of data by companies is central for future business development in Europe as well as for the digital and green transitions. If we want to accelerate digitalization in Europe, we need to secure well-functioning international data flows by creating clear and simple legislation and recognizing that there are no "one size fits all" solutions when it comes to constantly evolving information technologies.

We count on Sweden to build on the progress made during the Czech Presidency on the Artificial Intelligence Act, with a risk-based approach, flexible requirements (including AI regulatory sandboxes) and a clear allocation of responsibilities. We also ask the Swedish Presidency to work for a Data Act that is encouraging data-sharing by preserving the contractual freedom of businesses, providing for adequate compensation for making data available and clear enforceable obligations for third parties receiving data. This should be done without lowering the protection of data, databases and trade secrets and without endangering intellectual property and commercially sensitive information of European businesses.

- **Facilitating innovation and bridging the skills gap**

Facilitating innovation in general and building bridges with neighbouring European countries that are leaders in this area is essential for Europe's future competitiveness, growth and employment. An effective research and innovation system is the basis for Europe's economic and social development. The EU invests 2.3% of GDP in R&D compared with 4% in the US and 2.44% in China. Moreover, Europe tends to lose its best innovators as companies developing technologies in Europe are then scaling up in other regions in the world. These negative trends undermine Europe's future growth and employment prospects and must urgently be reversed.

We count on the Swedish Presidency to work for improving the framework for innovation in the European Union by promoting the innovation principle and fostering regulatory sandboxes to ensure that EU legislation facilitates market application of R&D. We call for a strong EU intellectual protection system, education and training reforms to improve their ability to respond to new skills needs. We welcome private-public innovation partnership, with an open and fair competition among companies when public co-financing is involved.

Recruitment problems and skills shortages hamper the development of European companies. We count on the Swedish Presidency to ensure that the 2023 European Year of Skills leads to effective responses to current labour shortages and skills mismatches, activating the unemployed as well as inactive persons, and recognising the positive contribution of talents from third countries in answering labour market needs.

European companies urgently need emergency measures on energy and regulatory breathing space. These are the short-term needs and longer-term challenges that imperatively need to be addressed during the Swedish Presidency of the European Union to bring immediate solutions to the energy crisis and, at the same time improve Europe's competitiveness to enhance future jobs and growth.