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BUSINESSEUROPE

COPENHAGEN DECLARATION OF BUSINESSEUROPE'S COUNCIL OF PRESIDENTS

UNITY AND DETERMINED ACTION TO STRENGTHEN THE EUROPEAN UNION AND ITS ECONOMY

Unity and determined actions to strengthen the European Union and its economy are more urgent than ever. A stronger economy with competitive companies is a prerequisite for solving our geopolitical and societal challenges. Reignition of Europe's economic engine is also the basis to shoulder the huge investments needed to ensure that the European Union succeeds in its security, green and digital transitions while preserving its social model. A stronger economic engine will also lead to stronger negotiating leverage to defend European interests in a time of turmoil in global politics. BusinessEurope continues to stand firmly with Ukraine, its people and their European ambition. This is the message from the Presidents of BusinessEurope and its member federations gathered in Copenhagen at the invitation of our Danish member federations DA and DI – five weeks before the start of the Danish Presidency of the Council of the European Union.

DURING THE DANISH PRESIDENCY, BUSINESSEUROPE URGES EU LEADERS TO:

- **Act in unity and promote an ambitious international trade policy.** Towards the US, the EU must safeguard European interests with the ultimate objective of finding a negotiated solution, while ensuring the integrity of the internal market, including in the EEA EFTA states. Transatlantic investments and value chains remain very integrated. Increasing tariffs is a lose-lose situation. At the same time, in a world marked by geopolitical uncertainty, trade and investment diversification is fundamental to build resilience and mitigate risks. Deepening relations with longstanding partners like the UK and Türkiye, supporting the conclusion of ongoing trade negotiations and working for a speedy ratification of the Mercosur and Mexico agreements is therefore key.
- **Promptly bring to implementation the new Single Market strategy in order to remove cross-border regulatory barriers.** The Single Market is the backbone of Europe's economic strength. Sixty percent of the barriers to cross border provision of services and free movement of labour

identified more than 20 years ago persist today and are the equivalent to a 110% tariff on services. True liberalisation of services that are key to manufacturing such as engineering, logistics, industrial installations and maintenance as well as developing a Savings and Investments Union combining the Capital Markets Union and the Banking Union to increase the availability of finance is key. Furthermore, better implementation, uniform enforcement and interpretation of EU rules as well as improved digital coordination between national authorities are essential to realise the full potential of free movement of labour and services. The e-declaration is a first tangible step in this direction.

- **Take further measures to lower energy costs and decarbonise while fostering industrial competitiveness.** The Clean Industrial Deal and the Action Plan on Affordable Energy remain insufficient so far to lower energy costs and address European competitiveness concerns. While they recognise the need to create a successful business case in the energy and climate transition and rightly aim at reducing energy prices, de-risking private investments, speeding up permits, and creating markets for low-carbon and circular products, more immediate relief measures are either missing or rely exclusively on national implementation. European companies urgently need to see swift and impactful actions, especially to lower energy costs in the short-term. Companies cannot wait until next year for critical actions like those expected to be included in the Industrial Decarbonisation Accelerator Act. Targeted state aid can complement EU funding to support EU companies in their transition efforts, and needs to be well calibrated, monitored and controlled in order to preserve the level playing field in the Single Market. The Commission must deliver on its promise of ensuring effective technological neutrality and facilitating investment in clean industrial projects. We therefore count on the Danish Presidency to strengthen the list of concrete actions, ensure their immediate and effective implementation and swiftly address the other factors undermining European competitiveness.
- **Deliver tangible simplification of reporting and regulatory requirements.** A rolling regulatory burden reduction program with a clear target and timeline as well as further omnibus proposals to simplify EU legislation should be put in place, drawing on the 68 BusinessEurope proposals for regulatory burden reduction. The overall better regulation agenda should be reinforced and we count on the Danish Presidency to be forthcoming in negotiations on the update to the interinstitutional agreement on better law-making to ensure it serves as a strong tool of political ownership for the better regulation principles. Furthermore, following on the approval of the stop the clock proposal of the first Omnibus, adjustments to make the taxonomy more practical as well as meaningful amendments on the simplification of requirements of the Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CS3D) and Carbon Border Adjustment Mechanism (CBAM) are needed. The imbalances in the material scope and liability under the CS3D and reductions in the amount of data to be collected, certified and published annually under the CSRD should be complemented by further improvements in some key areas, such as a more harmonised approach to due diligence and ambitious standards revision.
- **Pursue ambitious research and innovation policies.** The EU must become more attractive as place to invest in innovation in order to lay the foundation for productivity, growth, long-term competitiveness and the green and digital transitions. This requires innovation-friendly regulation and increasing the EU budget for research and innovation, prioritising EU funding for industrial competitiveness to support the successful commercialisation of innovative products, services and working methods. It also requires better cooperation between research, education and innovation in the knowledge triangle as well as close coordination with business and other relevant stakeholders. Moreover, to facilitate digitalisation and take up of technology, the EU needs to focus on simplifying the digital acquis and uniform implementation of the wide-ranging recently adopted digital rules.

- **Ensure that EU social policy contributes to improving competitiveness and addresses the skills and labour shortages that are holding companies back.** Doing so is central to have a successful industrial strategy and create productive jobs with good working conditions. Obstacles to skills development differ across Europe. Respecting national competences and working with the social partners is essential to find efficient solutions. BusinessEurope looks forward to joining forces with the EU institutions and the other social partners for such solutions and for the successful implementation of the Union of Skills in the context of the Pact for the European social dialogue. The upcoming Herning declaration can bring a new impetus in strengthening vocational education and training, including by developing STEM skills and equipping people with the necessary basic skills. Furthermore, as upskilling and re-skilling will not be enough in our ageing societies, effective measures to attract talents from third countries and simplify procedures for employing them also needs to be part of the answer.
- **Ensure Europe's security, defence, and resilience.** A common defence and preparedness strategy is needed, while respecting the repartition of competences in the Treaties. The development of a European security and defence industry is key for the competitiveness and reindustrialisation of the EU. For BusinessEurope, this strategy should encourage effective public-private cooperation to safeguard the functioning of critical infrastructure, industries and services in times of crisis and address fragmentation in the Single Market for defence to foster increased production capacity in the European defence industries.
- **Pave the way to an effective Multi-annual Financial Framework (MFF) supporting high-impact projects.** We fully support the Letta and Draghi reports where they stress the need for a robust MFF to maintain competitiveness, promote innovation, sustain the green transition, digitalisation and achieve security and defence necessities. The EU must enhance private sector involvement to leverage its multiplier effect, simplify access to EU funds and prioritise private investment over public spending. Private investment should be encouraged by reducing administrative burden, promoting public private partnerships and ensuring that the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and national promotional banks contribute to de-risking investment. The EU should streamline programs, set clear objectives and conduct systematic ex-post evaluation leading to funds reallocations according to findings. Given the EU's already high average tax burden compared to global competitors, resources must not be generated via more business taxation.

With its long-standing expertise in uniting policymakers and social partners with different sensitivities to deliver for society, the Danish presidency is well placed to foster the broad partnership needed to strengthen the EU economy and allow Europe to tackle the historical challenges it is facing. BusinessEurope stands ready to support it in this endeavour.

