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REBOOT EUROPE

EUROPE'S ECONOMIC SUCCESS EVERYONE'S BUSINESS

POLICY CHANGES ARE URGENTLY NEEDED

Before the European elections, BusinessEurope called for a REBOOT in European policies, building on EU achievements, with targeted actions to tackle the structural weaknesses that are undermining companies' efforts to deliver for people.

POLICY CHANGES AIMING AT PUTTING IN PLACE A COHERENT EUROPEAN COMPETITIVENESS STRATEGY TO DELIVER SOUND ECONOMIC, SOCIAL AND ENVIRONMENTAL PROGRESS IN A:

RESILIENT EUROPEAN UNION WITH

ENERGY AT AFFORDABLE PRICES

BETTER AND SIMPLER REGULATION

OPEN AND RULES-BASED TRADE LEADING TO MORE

OPPORTUNITIES FOR COMPANIES AND PEOPLE IN THE SINGLE MARKET THROUGH

TECHNOLOGICAL INNOVATION AND TALENT DEVELOPMENT

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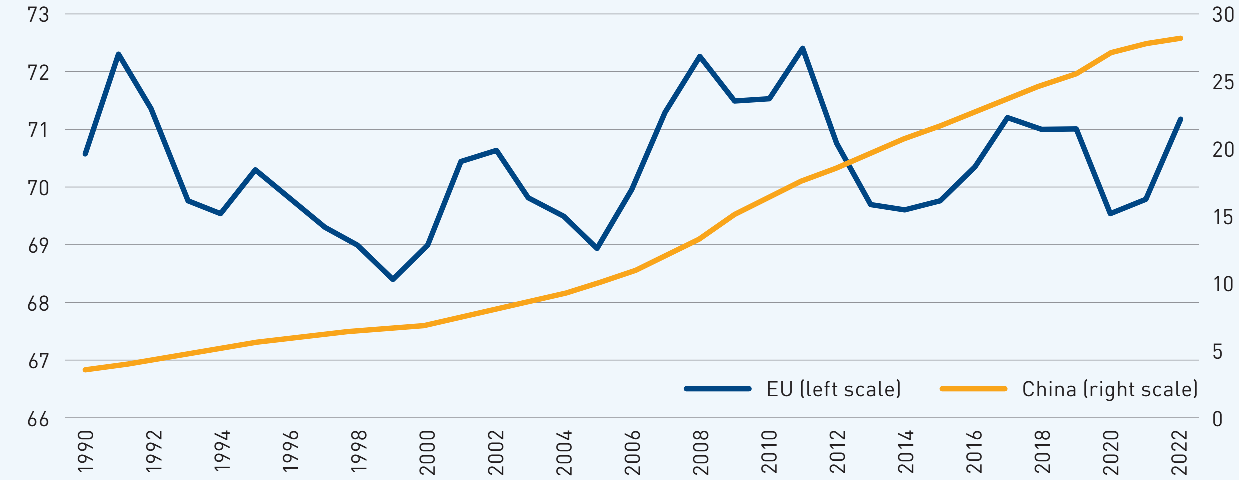
Together with its 42 member federations from 36 European countries, BusinessEurope is now setting out concrete proposals to deliver a coherent EU agenda aimed at achieving these goals and making it easier for the millions of small, medium-sized and large companies that they represent to invest, innovate and produce quality goods and services at competitive prices, thereby creating growth and employment in Europe and providing the economic basis to allow Europe to play its role in the world.

European companies are drowning in administrative complexity. Over-regulation stifles innovation. Loopholes in our Single Market hamper the growth of SMEs and startups. All EU policies must be geared towards attracting investment, boosting innovation and increasing productivity if we want to put the European economy back on track. All players must do their part because Europe's economic success is everyone's business.

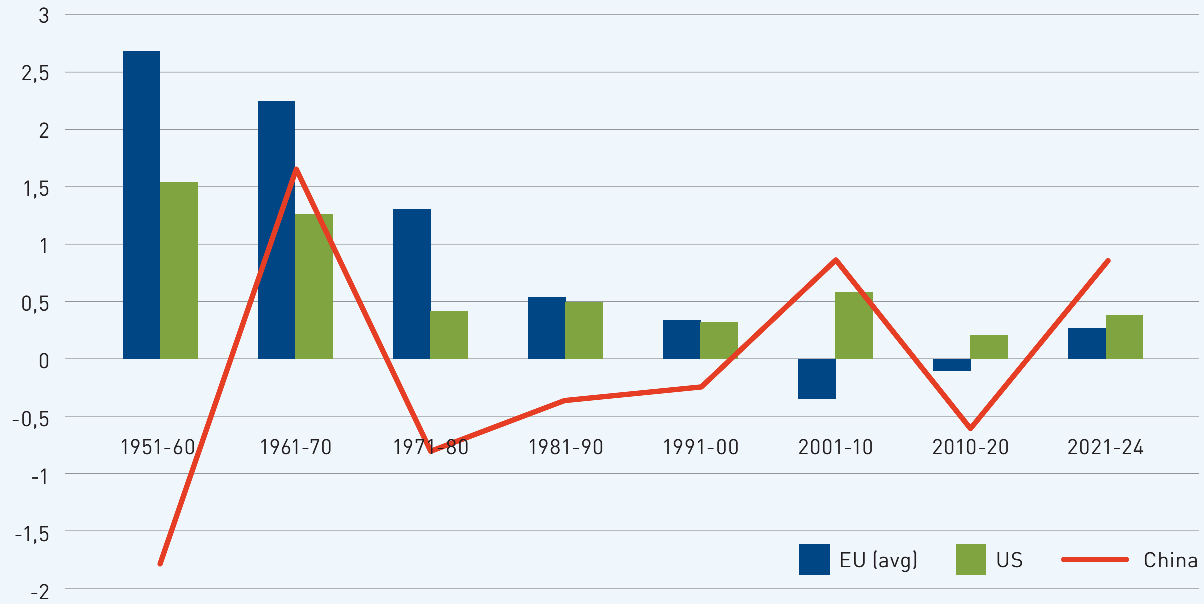
THE EU ECONOMY IS LOSING GROUND

Convergence vs Stagnation: real GDP pc, US%



Source: World Bank

Evolution of total factor productivity in the EU vs US and China



Source: The Conference Board. *Using adjusted Chinese GDP series

EU GDP has stagnated at 70% of US per capita GDP over the last 30 years while other countries did much better (e.g. China which stood at 3% of per capita GDP increased to close to 30%).

Our stagnation is due to lower long-term productivity growth because various factors are hampering marketable innovation and 4 key factors are hampering investment: high energy costs, excessive regulation, lengthy permitting procedures, and skills and labour shortages.

This is undermining our ability to deliver the green, digital, social and security transitions facing Europe.

Innovation and productivity growth is key to:

- decarbonise without deindustrialising,
- better harness the opportunities of digitalisation, and
- be able to afford our social model in a context of demographic ageing,
- continue to support Ukraine and stand up for European values and interests in the world.

The investment needs are huge. The EU will need to go back to basics and focus on the essential measures to maximise both public and private investment.

A COHERENT COMPETITIVENESS STRATEGY

President von der Leyen acknowledged that Europe is falling behind, it needs to switch gear and make it easier to do business, and that competitiveness and prosperity will therefore be the first priority of the EU in 2024-2029.

For BusinessEurope, a coherent competitiveness strategy needs to include the following 8 key ingredients:

- Sound economic policies, which improve investment conditions in Europe to reverse the decline of European industry and services, give ample access to finance for companies, restore the sustainability of public finances and ensure that public debt is settled by growth;
- Open international trade and a secure world order, implementing existing trade agreements, making sure they remain effective and stand the test of time, concluding new ones, continuing to support Ukraine and bringing stability and economic development in the EU neighbourhood;
- Supportive climate and energy policies, which structurally address the energy cost differential between the EU and major competitors, help diversifying our energy sources (including transition sources), and build partnerships with third country providers;
- A Single Market with less and smarter regulation where goods, services, people, capital and data can move freely, SMEs and start-ups can scale up from Europe, relying on better quality legislation, fewer reporting requirements, faster permitting procedures, proper enforcement of competition rules to ensure a level-playing field and more reliance on non-legislative policy tools;

- More opportunities for the EU digital economy, implementing the new digital rules efficiently (to ensure a predictable, coherent digital rulebook that is consistently applied across the EU), enhancing digital skills, improving the advisory services of competent authorities and adopting international standards for better interoperability and scalability of EU companies;

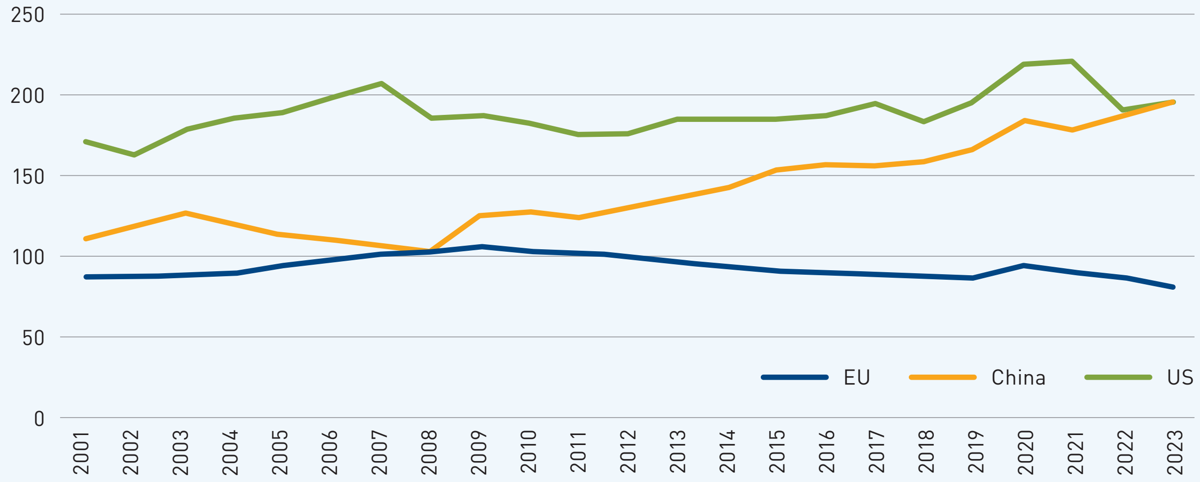
- Ambitious research and innovation policies, which prioritise EU funding for industrial competitiveness, strengthen public-private partnerships and R&I ecosystems and facilitate international collaboration;

- Balanced employment and social policies which answer both companies' and workers' needs, promote mobility, help to address labour shortages and skills mismatches, respect subsidiarity and leave space for solutions negotiated by the social partners;

- Preparing for the next enlargement, taking a merit-based approach, supporting the nine candidate countries in their efforts to fulfil the requirements of EU membership, and making the necessary adaptations in the EU itself in order to ensure that it leads to improving European competitiveness and enhanced prosperity.

SOUND ECONOMIC POLICY

Credit to private sector as a % of GDP in the EU, China and the US



Source: World Bank

The present situation

Meeting the huge investments needs linked to the green and digital transitions, as well as to security and defence, will require both private and public investment. Public finances are constrained. The EU came out of the Covid crisis with a large stock of public debt whereas private credit decreased. Credit to the private sector as a percentage of GDP in the EU (slightly above 70%) is much lower than in the US and China (around 190%). This is where the biggest margin of room for manoeuvre lies.

The key challenges

- Improving European competitiveness is a must if we want to increase private investment and ensure that public debt is settled by growth rather than by increasing taxation;

- The share of manufacturing industry has shrunk (19.7% of GDP in 1991 vs 15% in 2021) and is further eroded by the cost of decarbonisation policies. Moreover, service activities are under-performing and experience negative or extremely low productivity growth;

- Taxation is on average considerably higher in the EU (40% of GDP on average) than in the US (27.7%) and China (20.1%). Moreover, implementation of global tax reforms in the EU (Base Erosion and Profit Shifting project led by the OECD/G20, BEPS) has led to an overly complex and costly tax compliance landscape.

- Access to finance for companies is still dominated by bank lending rather than equity. As credit to the private sector as a percentage of GDP is also much lower in the EU than in the US and China, European companies are faced with a double penalty due to the combined effect of incomplete Banking and Capital Markets Unions.

The solutions

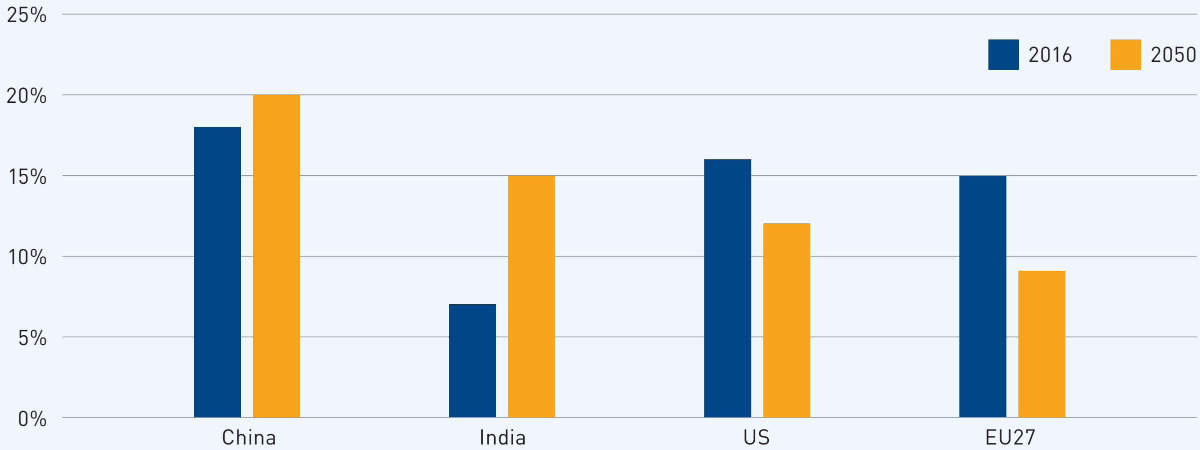
During the first 100 days, the EU should ensure that the future new Clean Industrial Deal includes a sufficiently ambitious first set of concrete measures to reduce regulatory burden in our Single Market, lower energy costs, encourage innovation, address skills and labour shortages, and diversify Europe's export and import markets.

Moreover, the EU should:

- Complete the Banking and Capital Markets Union, striking the right balance between ensuring access to finance at competitive prices for EU companies and financial stability, reviewing the financial regulatory framework to ensure that innovative, fast-growing companies and start-ups can finance their expansion by increasing the availability of venture and other risk capital, promoting the scaling up of investment and rekindling the EU securitisation market (reviewing prudential requirements for institutional investors as regards securitised assets);
- Continue to make use of financial instruments such as Invest EU, using public support to leverage private investment and ensuring proper use of the Recovery and Resilience Facility to boost long-term growth;
- Ensure full implementation of the new economic governance framework to support member states in their efforts to strengthen their public finances, using the flexibility foreseen to facilitate structural reforms as well as productive and efficient investment;
- Promote a stable and globally competitive tax policy framework (avoiding new regulatory burdens, reducing tax and legal uncertainties, and mitigating double taxation risks) and review direct and indirect tax incentives supporting the green transition;
- Take an ambitious approach to the modernisation of the next Multi-annual Financial Framework (MFF) to ensure that the EU budget is able to address the increased needs for investment linked to improving EU competitiveness, having successful green and digital transitions, the support given to Ukraine, our own security and the future enlargement of the EU, without increasing costs for companies;
- Ensure that cohesion policy is further simplified, becomes an integral part of the European investment strategy and selects projects based on performance rather than the size of companies.

OPEN INTERNATIONAL TRADE AND A SECURE WORLD ORDER

Europe's share in world GDP is declining



Source: IMF for 2016 estimate, PwC analysis for 2050 projections

The present situation

Europe's share in world GDP is declining. 85% of economic growth in the coming years will be generated outside the EU. We will not become stronger if we turn our back on the world. The EU has one of the widest network of free trade agreements. WTO rules govern more than half of the EU trade with the rest of the world. EU trade policy is crucial for future European growth and employment. It is also essential to diversify our import and export markets and improve our strategic autonomy in an increasingly uncertain world.

The key challenges

- Conducting a proactive trade agenda that supports EU competitiveness and strikes the right balance between openness and economic security;
- Overcoming internal and external obstacles to concluding and ratifying international trade agreements (e.g. domestic opposition to trade liberalisation of certain sectors and overloading of trade agreements with other objectives better pursued by other policies);
- Preserving the multilateral world order and ensuring the sustainability of the World Trade Organisation by modernising it;
- Continuing to support Ukraine and bringing stability and economic development to the EU neighbourhood.

The solutions

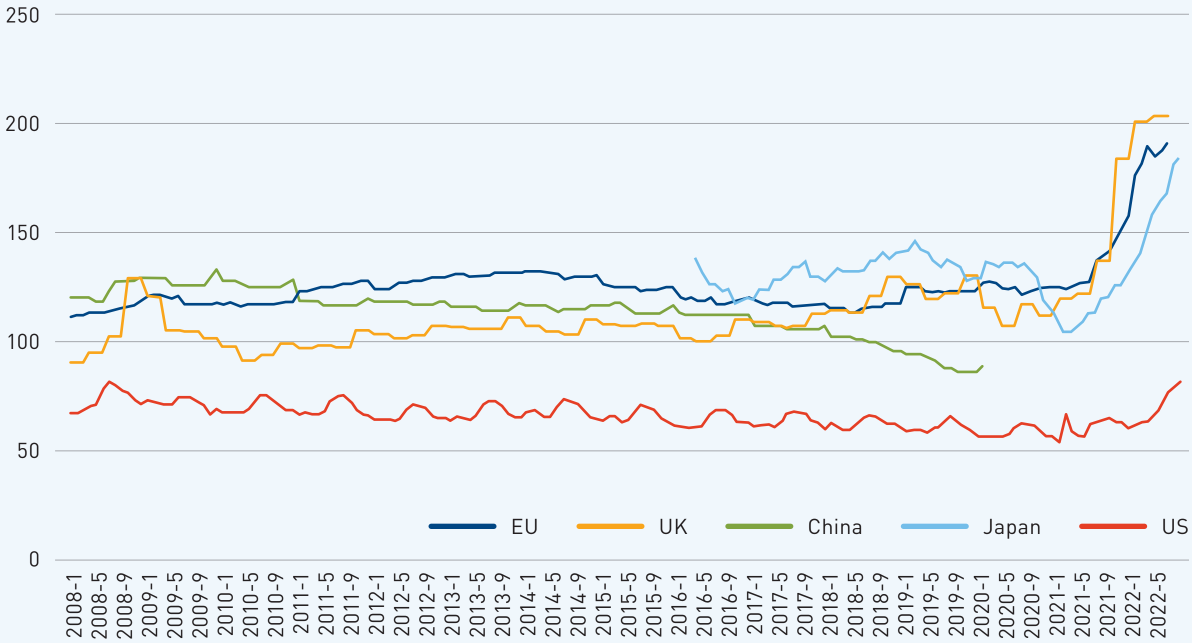
During the first 100 days, the EU should define an ambitious international trade and investment diversification strategy for the next 5 years, foreseeing a broad range of tools (e.g. trade agreements, critical raw material arrangements, mutual recognition agreements, digital partnership agreements, etc.) while at the same time continuing the ongoing work to conclude and ratify deals with Mexico, Mercosur and Australia and solve trade disputes and irritants with the US and China.

Moreover, the EU should:

- Ensure balanced implementation of the "promote-protect-partner"components of its economic security strategy, on the basis of a thorough assessment of the risks the EU is exposed to in a process that involves the private sector, and results in tools that are precise, proportionate and predictable;
- Negotiate EU exclusive competence bilateral trade agreements which entail a more straightforward ratification process, tailoring its approach to the level of integration with the EU economy and supply chains as well as to the needs and level of economic development of partner countries;
- Ensure that we maintain a structured platform for dialogue with the US, while developing a positive economic agenda to reduce the costs of doing business across the Atlantic and find permanent solutions for ongoing disputes. We should also develop ways to cooperate on China-related topics, while safeguarding the EU's interests;
- Continue to engage with China, showing assertiveness and unity to preserve European economic interests;
- Work for the preservation and modernisation of the WTO, resolving the blockage of the Appellate Body, preserving multilateral rules (e.g. on Trade-Related Aspects of Intellectual Property Rights) and devising new ones on key challenges (e.g. state subsidies, digital trade, trade and environment).

SUPPORTIVE CLIMATE AND ENERGY POLICIES

Costly transition: industrial retail electricity prices (€/MWh)



Source: European Commission

The present situation

EU companies continue to face electricity prices that are 2-3 times higher than in the US and natural gas prices that are 4-5 times higher. According to the report by Compass Lexecon for BusinessEurope, even in the optimistic transition scenario, energy prices in Europe could still be 50% higher than in the US, China and India by 2050. While there are major challenges ahead, a competitive energy and climate transition is still possible if the right policy decisions are made in time.

The key challenges

- Reaching climate neutrality by 2050 requires a deep electrification and an energy mix relying on a combination of different energy carriers (e.g. wind and solar, hydrogen, biomethane and biomass products, and nuclear). Improving the framework conditions for investment and guaranteeing technology neutrality at EU level is key to ensuring a sufficient supply of all generation;
- Implementing enabling policies for the massive deployment of all the necessary energy sources and infrastructure, prevent company relocations and investment and carbon leakage, starts with recognising the enormous private investment needs and the need to create a business case for doing them;
- Some public funding will be needed to de-risk private investment, including increased EU funding for operational and capital expenditures to incentivise private investments in decarbonised energy systems, where market conditions fail to do so;
- While the Net-Zero Industry Act brought some initial improvements in permitting procedures, more needs to be done to address the lengthy permitting process, which undermines the business-case for investing in innovative technology across Europe;
- The Carbon Border Adjustment Mechanism (CBAM) could help absorb part of the competitiveness gap stemming from carbon costs but is not designed to address the gap associated with energy prices. Should CBAM prove to be ineffective in preventing carbon leakage, the phase out of free allowances will need to be reconsidered.

The solutions

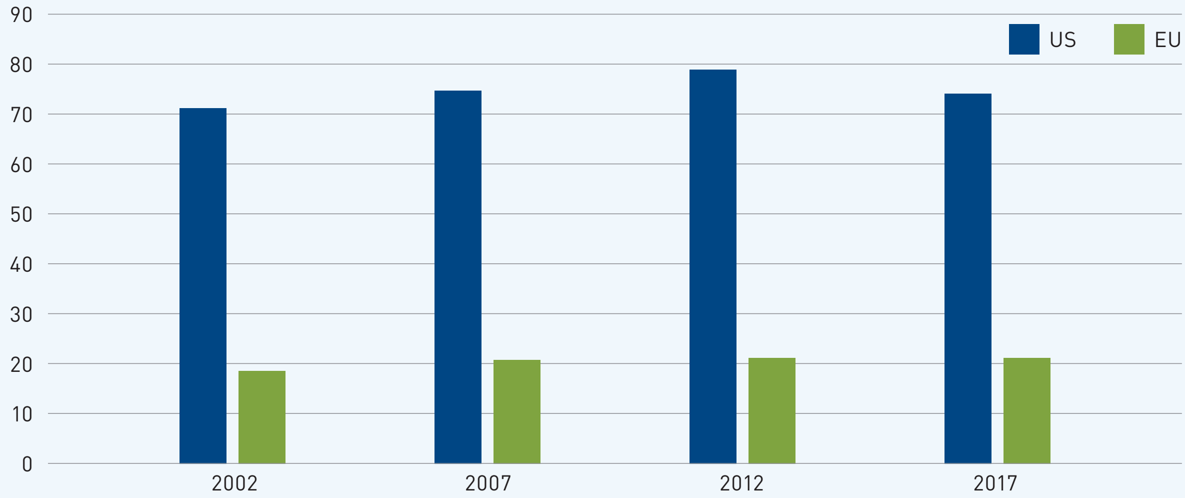
During the first 100 days, the EU should work to introduce stronger measures to mitigate the carbon and energy costs competitiveness gap (e.g. broadening the scope of industries considered at risk of investment and carbon leakage, developing recommendations on reducing exposure of industrial consumers to rising costs for energy infrastructures, for instance through exemptions from network charges in the respect of fair allocation) and accelerate the work on CBAM critical parameters (e.g. definition of a WTO-compatible exports support scheme).

Moreover, the EU should:

- Foster stronger energy market integration and interconnections in order to pave the way to the necessary massive increase in deployment of all renewable and low carbon energy infrastructure as part of a technology-neutral approach;
- Ensure increased EU funding either through existing facilities or by setting up new ones based on competition and excellence and further develop Important Projects of Common European Interests (IPCEIs). Where State aid measures are implemented to supplement EU funding, they should be targeted, time-limited and carefully monitored to mitigate distortions of competition and preserve a level playing field in the Single Market;
- Support the development of the European hydrogen market, with low-carbon hydrogen playing a role while ramping up and safeguarding investment certainty in green hydrogen;
- Speed up approval and permitting procedures (e.g. by introducing a time-limit on environmental impact assessment under Directive 2014/52/EU without lowering environmental standards);
- Monitor CBAM implementation and reconsider the phase out of free-allowances early enough should CBAM prove ineffective in preventing carbon leakage;
- Introduce and implement sustainability criteria for public procurement in all member states and advance product-specific sustainability requirements, such as those developed under the Ecodesign for Sustainable Products Regulation.

A SINGLE MARKET WITH LESS AND SMARTER REGULATION

Inter-state trade as a % of GDP in the EU and US



Source: U.S. Census Bureau and EUROSTAT. Nota Bene: Data for Inter-State trade for the US is based on the Commodity Flow Survey, using Shipment value of Goods across borders as a proxy for inter-State trade.

The present situation

Over the last 5 years, the EU adopted 13,000 legislative acts (vs 3,500 in the US). This mass of legislation was largely ineffective in removing existing Single Market barriers and brought major reporting and compliance costs for European companies. As a result, intra-EU trade has stagnated at around 20% of EU GDP since 2007 vs more than 70% of GDP for intra-US trade. The fact that our Single Market is underdeveloped and over-regulated is particularly damaging for SMEs. Moreover, it discourages start-ups from scaling up from Europe.

The key challenges

- Rapidly giving clear and concrete signals of regulatory burden reduction to European companies, starting with the delivery of the promised 25% reduction of reporting requirements for companies and going beyond that by reducing compliance costs in general, through burden reduction measures with verifiable goals and specific deadlines;

- Removing persisting regulatory barriers to cross-border trade and investment, as well as preventing new Single Market fragmentation at EU and national level;

- Pursuing coherent policies to avoid inconsistencies in EU legislation (e.g. in the field of sustainability), move away from an over-reliance on regulation such as unnecessary revisions of EU legislation and privilege other policy tools;

- Improving the quality of legislation to reduce the regulatory burden on companies, and stop diverting their resources away from developing innovative products and services at competitive prices;

- Completing both merger and antitrust enquiries into anticompetitive conduct in a timely manner to improve economic and legal certainty and ensure better enforcement of existing competition tools, without creating new ones as the Commission already has powerful tools.

The solutions

During the first 100 days, the EU should build on the momentum created by the Letta report to swiftly define a fully-fledged strategy to remove obstacles to free movement of goods, persons, services, capital and data, while at the same time stepping up the enforcement of existing Single Market rules to have a rapid boosting effect on intra-EU trade and generate efficiency gains.

Moreover, the EU should:

- Strengthen and complete the Capital Markets Union and Banking Union to improve access to finance for companies, develop risk-capital and attract more investment in Europe;

- Continue to privilege proper and more rapid enforcement of existing Single Market rules on goods and services in order to ensure a level playing field as well as for public procurement which accounts for a critical mass of EU GDP (14%);

- Liberalise cross-border provision of services (5% of GDP in 2006 and still only 8% in 2022) through the ambitious implementation of the services directive and focussing on key services for the manufacturing industry (engineering, industrial installation and maintenance, logistics);

- Prevent national practices and regulations that are not compliant with the Single Market and cause fragmentation, and promote the harmonised implementation of Single Market legislation;

- Effectively enforce competition and State aid rules to preserve the level playing field, including on third country operators operating in our Single Market, and make better use of EU competition tools by improving the procedures for the existing ones (e.g. setting deadlines for antitrust procedures as well as time limits for prenotification procedures in merger control, and avoiding disproportionate requests for internal documents in phase 2 of merger control procedures);

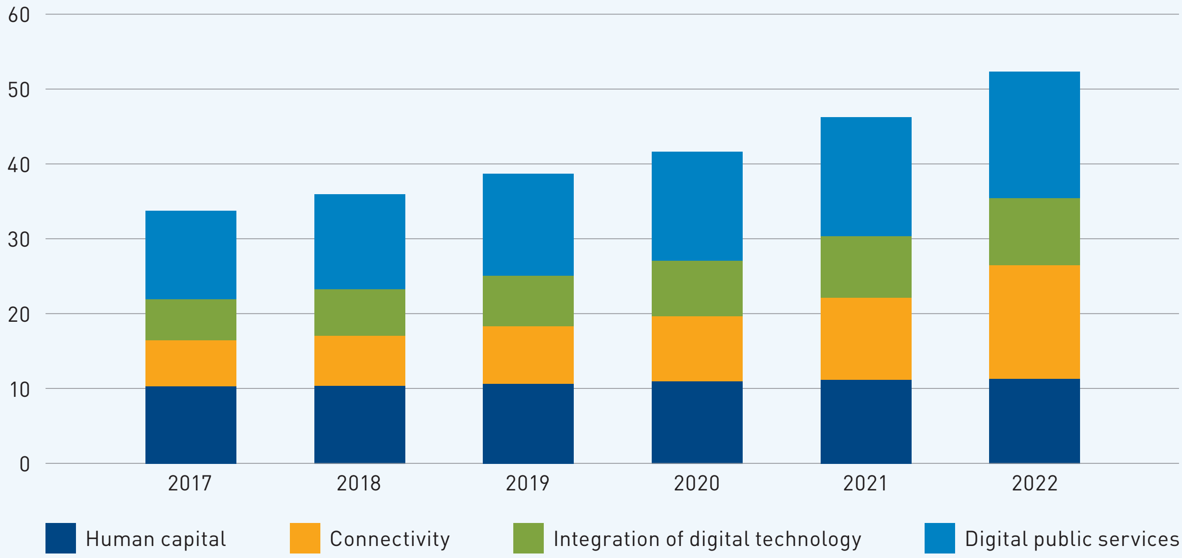
- Take the better regulation agenda to a new level by:

  - making an inventory of all the delegated and implementing acts that stem from the legislation adopted during the previous cycle and minimising the additional burden stemming from them;
  - fully implementing better regulation principles and tools with new legislation (e.g. systematically carrying out competitiveness checks, SME tests and quality impact assessments, taking into account the cumulative effect of regulation),
  - stress testing the EU legal acquis with a view to introducing specific reduction targets on compliance costs and making concrete simplification proposals in the annual Commission work programmes;

- Avoid that a litigation culture settles in Europe by proposing rules on third party litigation funding.

OPPORTUNITIES FOR THE EU'S DIGITAL ECONOMY

Digital Economy and Society Index (DESI) shows slow scores in the take up of digital tech



Source: Statista

The present situation

Europe's regulatory landscape for the digital economy is increasingly complex, impacting the ease of doing business. While larger companies can adapt relatively quickly, micro, small, and medium-sized enterprises (SMEs) struggle with red tape, thus hindering their growth. Recent digital regulations have faced criticism for insufficient impact assessments and incomplete analyses, leading to uncertainty and confusion among businesses operating in Europe. Even though the digital economy had seen a decade of regulatory impetus aimed at enabling innovation and take-up, the integration of technologies in business has been consistently the lowest scoring element in the Digital Economy and Society Index in 2017-2022.

The key challenges

- Complex Regulations: Overly complicated digital rules with unclear interaction between each other create confusion for companies of all sizes;
- Insufficient Impact Assessments: Major proposals for the data economy lacked thorough analysis, undermining the evidence-based policymaking;
- Labour and Skills Shortages: Significant shortages across sectors, and particularly in the ICT domain, and basic digital skills, exacerbated by demographic changes, threaten future competitiveness;
- Need for a reality check: on whether the EU's digital policy playbook delivers the space for companies to test, launch, and scale innovative products and services across the European Single Market and to compete internationally.

The solutions

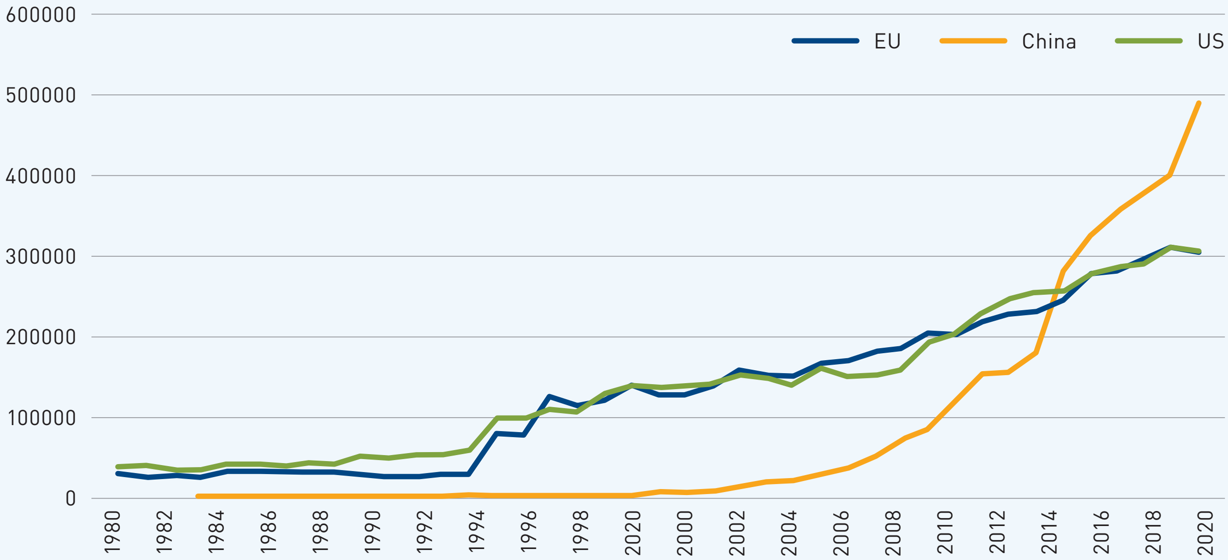
During the first 100 days, the EU should follow through on the commitment set out in the Political Guidelines of the 2024-2029 European Commission to focus on implementing the wide-ranging new digital rules that are in the early days of implementation, bearing in mind that digitalisation is a process that requires consistent private efforts supported by public actions.

Moreover, the EU should:

- Develop the necessary guidelines, delegated and implementing acts for the Artificial Intelligence Act, in particular on the requirements for high-risk AI, prohibited practices and further clarification on the definition of AI;
- Simplify Regulations, ensuring efficient and coherent implementation of the new digital rules, minimising the burden in the foreseen delegated and implementing acts by ensuring that the EU only intervenes to correct market failures and clarifying and streamlining rules in the digital domain to reduce confusion and compliance burdens.
- Address skills shortages: Implementing targeted measures to tackle labour shortages and enhance digital skills.
- Ensure consistent data protection, improving advisory services by competent authorities and ensuring uniform interpretation of GDPR (a cornerstone for the EU's digital economy legislation).
- Promote Global Standards, foster digital partnerships and adopt international standards for better interoperability and scalability of EU companies.

AMBITIOUS RESEARCH AND INNOVATION POLICIES

Number of patents introduced by EU, US and China



Source: World Intellectual Property Organization

The present situation

Our incomplete Single Market leads to an investment gap, leading to an innovation and productivity gap and then a growth gap with our main competitors. The EU is still a global leader in high-tech exports but our present competitiveness and future prosperity is at risk as the share of GDP we invest in research and innovation (2.2%) is lower than the US (3.4%) and China (2.4%), which moved from "made in China" towards 'innovate in China".

The key challenges

- To meet its target of investing 3% of GDP in research and innovation, and ensure that we do not miss out on value creation of research, attract more investment, and successfully commercialise new solutions, products and services in Europe, the EU needs a regulatory framework that supports reasonable risk-taking and protects intellectual property;

- Improving access to finance for research and new business models requires to put an end to an over-reliance on bank financing and develop venture capital and other capital-risk tools, as well as prioritising EU funding for industrial competitiveness and strengthening public-private partnerships;

- Access to a skilled workforce is key. Improving the ability of our education and training systems to equip more people with the required skills in science, technology, engineering and mathematical (STEMs), as well as entrepreneurial skills, is essential.

- To attract researchers from third countries and reduce the brain drain linked to the departure of researchers to the US, creating attractive pan-European career pathways for EU researchers.

The solutions

During the first 100 days, the EU should clearly signal the importance of industrial and collaborative research and innovation projects, improve framework conditions to attract private investments and accelerate the use of regulatory sandboxes to speed up demonstration and testing of new technologies and innovations.

Moreover, the EU should:

- Introduce a European innovation stress-test to guide policy-makers on how to ensure that EU policy initiatives improve framework conditions for investment in research and innovation;

- Implement the innovation principle adequately when new legislation is considered and factor in the possible implications for Europe's innovation capacity when assessing the impact of any new legislation;

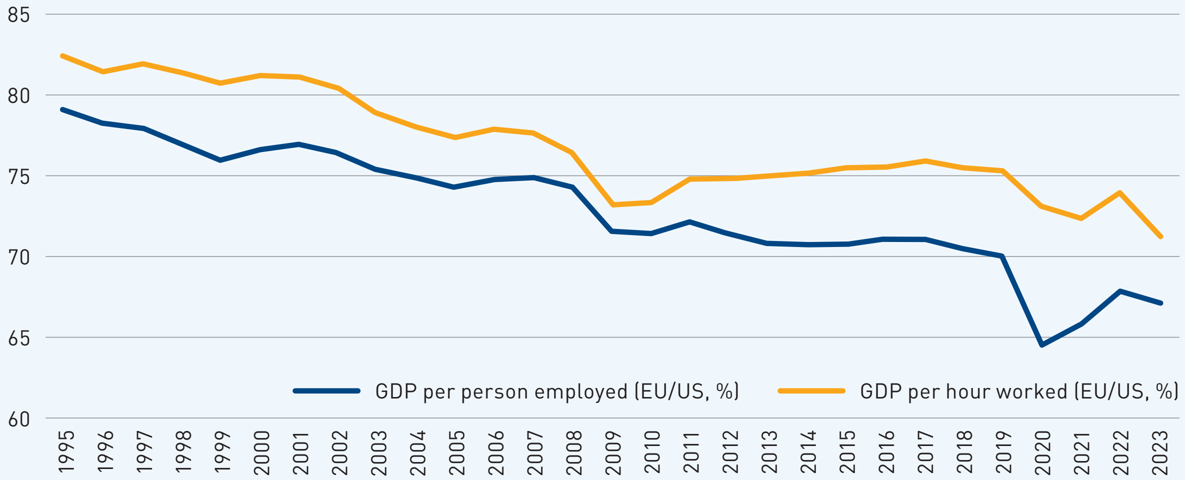
- Increase the budget for the next EU framework programme for research and innovation (FP 10) and refocus on industrial and collaborative research and innovation projects, as fundamental drivers of European competitiveness;

- Reinforce research and innovation ecosystems by enhancing the development and use of technology infrastructure, as well as the dialogue between corporates, start-ups, research centres and universities, in combination with a renewed EU Intellectual property strategy;

- Strike the right balance between facilitating the emergence of innovative disrupters and protecting incumbents when modernising EU competition and State aid policy.

BALANCED EMPLOYMENT AND SOCIAL POLICIES

Euro area vs US labour productivity 1995-2022



Source: OECD

The present situation

In 1995, the euro area had roughly the same productivity level as the US. However, there was a divergence in terms of labour participation. In the EU, there was high unemployment of young people and low participation of older people, causing the GDP per capita to stay flat at 70% from 1980 to 2000. Then Europe increased labour participation, but productivity growth suffered. Europe needs to create the conditions for having both productivity growth and increased labour market participation.

The key challenges

- A well-designed social dimension is part of the answer to improve Europe's competitiveness. However, social progress can only be based on economic progress if the EU is to deliver lasting prosperity and well-being. In 2023, for the seventh time in the last ten years, US growth has exceeded that in the EU. We need to improve the functioning of our labour markets with the aim of ensuring that Europe can, at the same time, increase productivity and employment growth.

- Companies are faced with recruitment difficulties that hamper their growth and at the same time, there is unemployment and there are inactive people. Reducing labour market slack is an important part of the response to labour and skills shortages.

- In a context where the EU working age population already decreased by 3.5 million between 2015 and 2020 and is expected to shrink further, with the loss of an additional 35 million persons by 2050, legal migration is part of the answer.

The solutions

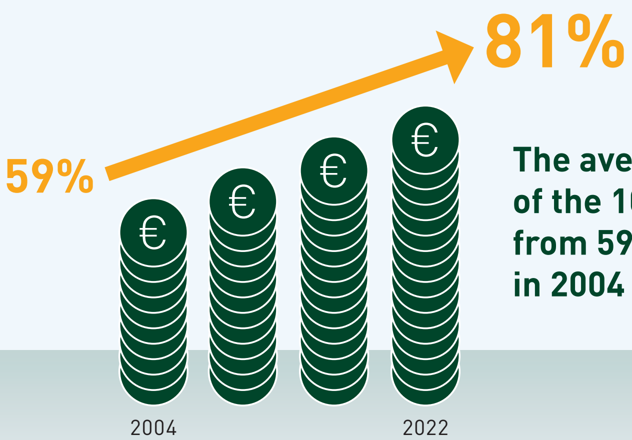
During the first 100 days, as part of the upcoming Pact on the EU social dialogue to be concluded during the upcoming second Val Duchesse social dialogue summit, the EU should move away from its predominantly regulatory approach to social policy towards an economic and social partnership. EU policymakers should acknowledge that the European social partners are best placed to reconcile employers' and workers' needs on issues which are within their competence. The EU should give necessary space so that the social dialogue can play its role in helping to find solutions to Europe's labour market challenges.

Moreover, the EU should:

- Focus EU social policy on helping to tackle labour shortages and skills mismatches, with education and training measures, paying special attention to the skills required for the green and digital transitions and policies to activate unemployed and inactive persons.
- Address practical barriers to labour mobility in the Single Market, such as fragmented posting notification systems, lack of digitalisation in social security coordination, information provision, and recognition of professional qualifications,
- Expand labour market participation, by promoting inclusive active labour market policies;
- Promote future-proof skills corresponding to companies' needs, bringing digital education to the forefront;
- Acknowledge legal migration of skilled workers and attract needed talents in the EU more easily;
- Aim for competitive sustainability, avoiding duplications and overlaps in the area of social sustainability reporting.

PREPARING FOR THE NEXT ENLARGEMENT

20 years of EU membership for Cyprus, Czechia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia



The average GDP per capita of the 10 Member States grew from 59% of the EU-27 average in 2004 to 81% in 2022

Source: European Commission, 2024

The present situation

The experience of the last enlargements has shown the importance of ensuring that candidate countries join when sufficient progress has been made in preparing candidate countries to comply with the EU acquis on the one hand, and in making the necessary adaptations in the EU itself in order to ensure that it leads to improving European competitiveness and enhanced prosperity, on the other hand.

The key challenges

- All candidate countries need to be able to fulfil the requirements of EU membership upon accession.

- In the case of Ukraine, the EU autonomous trade measures to enhance bilateral trade with Ukraine in critical goods and commodities and the EU-Association agreement, which includes a Deep and Comprehensive Trade Agreement (DCFTA) and the dialogue on fostering alignment of regulatory and market policies as well as the Ukraine Facility and the strong conditionality emphasising rule of law, transparency and good governance are crucial for ensuring Ukraine's integration in European and global value chains and preparing for accession.

- Concerning Türkiye, the modernisation of the Customs Union that includes all member states, with an enlarged scope, is key to address long standing issues, adjust the relationship to today's ambitions in the areas of sustainability and the digital economy, and support alignment with the EU acquis.

The solutions

The EU should continue to support all candidate countries in their efforts to fulfil the requirements of EU membership as part of a merit-based approach, while at the same time preparing the necessary adaptations in the EU, such as the modernisation of the MFF.

REBOOT EUROPE

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These are the measures needed to create the conditions that will allow competitive businesses to contribute to a strong European Union that delivers economically successful green, digital, social and security transitions facing Europe: a strong European Union that stands up for our European values and interests in the world.

BUSINESSEUROPE

BusinessEurope is the leading advocate for growth and competitiveness at the European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. A recognised social partner, we speak for enterprises of all sizes in 36 European countries whose national business federations are our direct members.

Austria	Belgium	Bulgaria	Croatia	Cyprus	Czech Republic
Denmark	Denmark	Estonia	Finland	France	Germany
Germany	Greece	Hungary	Iceland	Iceland	Ireland
Italy	Latvia	Lithuania	Luxembourg	Malta	Montenegro
Norway	Poland	Portugal	Rep. of San Marino	Romania	Serbia
Slovak Republic	Slovenia	Spain	Sweden	Switzerland	Switzerland
The Netherlands	Türkiye	Türkiye	Ukraine	Ukraine	United Kingdom

Avenue de Cortenbergh 168
B - 1000 Brussels, Belgium
Tel: +32(0)22376511 / Fax: +32(0)22311445
E-mail: main@businesseurope.eu

WWW.BUSINESSEUROPE.EU

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