



Mr Emmanuel Macron
President of the Republic of France
Palais de l'Élysée
55 rue du Faubourg-Saint-Honoré
75008 Paris
FRANCE

24 January 2021

Dear President,

**BUSINESSEUROPE'S PRIORITIES FOR THE FRENCH PRESIDENCY
OF THE EUROPEAN UNION**

Further to the [declaration](#) adopted by its Council of Presidents on 26 November 2021, BusinessEurope developed more detailed priorities for the French Presidency in key policy areas:

- **Fight against COVID**: Unfortunately, the pandemic is not over. Further progress is urgently needed regarding vaccination and coordination of national measures to minimize disruptions to mobility in the European Union.
- **Economic policy**: Whilst the immediate concern is to avoid premature unwinding of measures to support companies and workers affected by the COVID crisis, getting a lasting recovery, and returning to fiscally sustainable positions in the medium term requires further improvements to EU economic policymaking. In addition, an ambitious industrial policy is the best way to strengthen innovation and global competitiveness of European business.
- **Better Regulation**: There are growing concerns in the business community about legislative proposals that put European companies at a disadvantage when competing on global markets. Companies cannot cope with a never-ending accumulation of administrative requirement and constraints. They must focus on recovering from the COVID crisis and their green and digital transition.
- **Single Market and digitalisation**: To strengthen our Single Market and accelerate its digitalisation, the French Presidency must defend the Council general approaches when finalising the adoption of the Digital Services Act and the Digital Markets Act and work for an innovation-friendly Artificial Intelligence Act.
- **Fit for 55 package**: Climate ambitions and industrial competitiveness can work hand-in-hand if the French Presidency deals with the Fit for 55 package as a whole and prioritizes access to affordable renewable and low-carbon energy and fuels as well as interconnected and flexible energy infrastructures that are necessary for the success of the European economy and the energy transition.



- Employment and social policy: Modernizing Europe's labour markets and developing workers competences is more important than ever. A balanced approach is needed on platform work, minimum wages and pay transparency. Furthermore, the Council recommendation on individual learning accounts must better reflect the common views expressed in the tripartite opinion of the advisory Committee on Vocational Training, which underlines that there are many good tools to provide training.
- Due diligence, sustainable corporate governance, and reporting: To put in place workable requirements, all ongoing initiatives (from the future rules on corporate governance, due diligence, and sustainability reporting to the taxonomy) should fit together, not overlap, be SME-friendly, and not put companies in the position of having to interpret unclear legislative requirements under unrealistic timelines. This is essential to have legal certainty.
- International trade: Trade and international cooperation with reliable partners is key to sustain Europe's economic recovery and the French Presidency should not shy away from promoting sustainable rules-based trade and opening new trade and investment opportunities for European companies.
- Conference on the Future of Europe: The recommendations resulting from this conference must not fuel unrealistic expectations. They must acknowledge that a vibrant economy is a pre-condition to sustain our European way of life and promote our model internationally.

If we over-burden European companies in their home-market, undermine their competitiveness and shy away from ambitious international trade policies, we will not achieve a lasting recovery and we will weaken Europe's global position.

The informal European Summit in Paris on 10-11 March 2022 will discuss the European economy after Covid and where Europe should be in 2030. BusinessEurope looks forward to working constructively with the French Presidency on a concrete agenda to strengthen the European Union.

Yours sincerely,


Pierre Gattaz
President
Markus J. Beyrer
Director General



Annex:
BusinessEurope Priorities for the French Presidency

Unfortunately, the **fight against COVID** is not over. The French Presidency should aim at:

- accelerating **vaccination** in all Member States, particularly in countries with relatively low vaccination rates in order to reduce the pressure on hospitals as well as constraints weighing on economic activity.
- agreeing on a standard validity period for **vaccination certificates**, with an appropriate acceptance period for certificates issued following the administration of a booster dose.
- fighting **uncoordinated unilateral measures** which hamper mobility and disrupt cross-border provision of products and services in the Single Market.

To get a lasting recovery, European **economic policy** must be further improved. The French Presidency should aim at:

- avoiding any premature unwinding of **measures to support business and workers** whilst encouraging a return to fiscally sustainable positions in the medium term, making good use of the current low-interest rate environment, which provides some flexibility regarding the pace at which debt levels need to be reduced.
- encouraging all member states to implement their **recovery and resilience plans**, putting sufficient emphasis on future oriented productive investment and growth-enhancing reforms linked to the country-specific recommendations under the European Semester and making sure that the recovery money reaches companies on the ground.
- concluding the ongoing **review of the Stability and Growth Pact**, with simplified rules, reduced pro-cyclicality and reflecting the post-pandemic context in order to help Member States putting their public finances on a sustainable footing and strengthen investment confidence.
- ensuring that implementation of the **Basel III** standards in prudential regulation for banks does not unnecessarily increase capital requirements for EU banks and preserves the so-called “SME supporting factor,” which reduces the cost of lending to SMEs by mitigating the disadvantages of lending stemming from the combined effect of enhanced capital requirements and liquidity rules.
- fully aligning the EU-implementation of the **OECD corporate tax reform** with the OECD rules and avoiding any ‘gold-plating’ to the OECD reforms as it can only put European companies at a competitive disadvantage and may cause double taxation; ensuring that there is a level-playing field with our major trading partners regarding the implementation of the minimum corporate tax



('Pillar 2') - notably through a global coordinated entry in force and an equivalence of the new rules (e.g. US rules).

European companies are faced with an accumulation of burdensome requirements. The **better regulation agenda** must urgently be revived, and the French Presidency should aim at:

- combating the **excessive complexity** of EU legislative proposals that is hampering the development of the millions of small, medium, and large European enterprises.
- minimizing constraints and administrative requirements not only in individual proposals but also looking at the cumulative impact of legislation.
- ensuring that all EU institutions share a commitment to dialogue with stakeholders and proper impact assessment of EU regulations.

Strengthening the **internal market and its digitalisation** is a must. The French Presidency should aim at:

- removing obstacles to **freedoms of the Single Market and promoting mobility**, respecting the principle of proportionality when introducing temporary restrictions linked to the COVID crisis and upholding the Single Market freedoms to tackle the current bottlenecks and supply constraints that are pushing up prices and are threatening to undermine the recovery.
- finalising the adoption in the upcoming trilogue on the **Digital Services Act (DSA)**, defending the Council's general approach, upholding the country-of-origin principle and laying down harmonised rules in the digital sector across the EU. We should not lose sight of how the regulation will affect European SMEs which have the potential to scale up across borders. New requirements for digital service providers should go hand-in-hand with full legal certainty on the freedom to do cross-border trade in digital services. Moreover, new rules must not transfer public functions on private companies and ask them to be both a policeman and a judge when it comes to removing illegal content.
- finalising the adoption in the upcoming trilogue on the **Digital Markets Act (DMA)** laying down harmonised rules ensuring contestable and fair markets in the digital sector across the Union where gatekeepers are present, while defending the Council's general approach. We need clear provisions over calculating "active" users to provide legal certainty for all stakeholders. As digital markets are very dynamic, it is essential to keep the regulatory dialogue open. This dialogue between the gatekeepers and the Commission should be held in good faith and not be misused to negotiate lower obligations for the gatekeeper or result in evasion and unjustified delays. We strongly support centralised supervision and enforcement of the DMA at EU level, with national competition authorities playing a supporting role.



- supporting robust **cybersecurity** which is threatened by an increased number of attacks. The revision of the NIS 2.0 Directive is a cornerstone legislation. However, cyber requirements for the newly included entities can be a costly endeavour. The French Presidency should consider streamlining, guidance and support for SMEs.
- promoting the benefits of Artificial Intelligence (AI) and ensuring the proposed **Artificial Intelligence Act** doesn't harm innovation and uptake of AI in the EU. The French Presidency should carefully re-assess the scope of the proposal, to make sure that non-harmful AI systems are excluded and to ensure consistency with sector-specific rules. In the same vein, the compliance framework should leave enough flexibility to adapt to new knowledge and evidence, rather than being overly prescriptive.
- enabling the Data sharing economy of Europe is a key step for a more competitive and resource efficient continent. The upcoming proposal of the **Data Act** is an important initiative in this regard. The discussion on it in the Council has to take into consideration the global nature of the digital economy and it should not undermine EU companies' competitiveness nor their ability to do business with third countries, provided that EU principles are upheld.
- ensuring that the Commission's **Standardisation Strategy** (to be published in February 2022) preserves the strengths of the European Standardisation System and restores trust in the public-private partnership. We would welcome a more strategic approach in anticipating and defining standardisation priorities with a role for the Council, preserving market-driven standardisation processes, with full inclusion of stakeholders throughout the process, and upholding our commitment to international standardisation. We support in particular measures to solve systemic bottlenecks in harmonised standardisation, which are intrinsically linked to the success of our European standardisation system and the competitiveness of our industries. Furthermore, the European Commission must avoid introducing standards that could impact the autonomy of social partners or affect the system of industrial relations.
- promoting a **risk-based approach to product safety regulation** to ensure smooth free movement of goods in the EU. The proposal for the General Product Safety Regulation should not place disproportionate burden and obligations on economic operators, nor create additional inconsistencies with the well-established practices of the harmonised sector under the New Legislative Framework for products.

Ensuring that climate ambitions and industrial competitiveness are working hand-in-hand is also a must. Regarding the **Fit for 55 package**, the French Presidency should:

- deal with the **Fit-for-55 legislative package** as a whole in negotiations with the co-legislators, since there are many interdependencies, and it might be



impossible to reach a comprehensive agreement on the different files without significant challenges to finding compromises on the others.

- prioritise **access to affordable renewable and low-carbon energy and fuels** for the success of both the European economy and the energy transition. Therefore, any potential changes must ensure that investment incentives for additional renewable and low-carbon capacity are increased. In addition, investment in all zero- and low-carbon energy sources and solutions necessary for the transition must be integrated into the **taxonomy for sustainable finance**.
- ensure that the increase in ambition regarding **the Emission Trading System (ETS)** goes together with sufficient carbon leakage protection for direct and indirect emissions and sufficient availability of free allocations for European companies faced with international competition.
- consider **the Carbon Border Adjustment Mechanism (CBAM)** not as an alternative to free allowances, but as complementary to them, until the mechanism has proven its ability to effectively prevent carbon leakage and level the playing field. Ensuring WTO compatibility and avoiding retaliation from trading partners is key not only for CBAM sectors, but for EU industry as a whole.
- carefully assess **the Social Climate Fund (SCF)**, notably to avoid duplication with existing EU-level funding mechanisms. For the fund to have the most long-lasting impact, it is important that the measures financed represent a good balance between direct income support and investments, with the later much more likely to protect vulnerable populations in the long-term.
- maintain the principle of technological neutrality, especially regarding the revision of the **CO₂ performance standards for cars and vans**. It must be ensured that the package of measures in the mobility sectors combines ambition and pragmatism. High regulatory standards must be associated with the appropriated flanking measures to smoothen the transition (investment programs in recharging and refuelling infrastructure, expansion of the production capacity for alternative fuels, dedicated research programmes).

Modernizing Europe's labour markets and developing workers competences is more important than ever. Regarding **employment and social policy**, the French Presidency should:

- replace the presumption of employment proposed by the Commission in the draft Directive on **platform work** by a more balanced framework which allows people to work through platforms either as self-employed or in the context of an employment relationship, depending on which best reflects the actual situation. Changes are needed in the proposed directive to ensure that it does not hamper genuine self-employed workers from providing services in the internal market, including through platforms, avoid discouraging others from



becoming entrepreneurs. To ensure that the distinction between different employment status' is not blurred, one must avoid giving to self-employed workers rights which are solely meant for employees.

- safeguard the progress made in the Council's general approach on the proposed **directive on minimum wages**, in ensuring that the directive does not go further than providing a framework encouraging adequate minimum wages and collective bargaining, leaving Member States free to define themselves what an adequate wage is and clarifying that the directive does not create individual rights for workers. The French Presidency will need to check that these clarifications are legally watertight (to avoid over-interpretation by the European Court of Justice) and transform the requirement for Member States with less than 70% collective bargaining coverage to establish an action plan on collective bargaining into an encouragement, without extending the scope of the directive to 'all workers', as this would go against social partner autonomy to decide who is covered by collective agreements.
- safeguard the progress made in the Council's general approach on the proposed **directive on pay transparency**, in respecting and upholding the role of social partners in pay setting systems, as well as on the possibilities given to companies to objectively justify pay differences. The French Presidency will need to make further changes to provide more flexibility to Member States to design and implement pay transparency measures, to include a presumption of adequate transparency for companies covered by collective agreements, to reduce the overly detailed reporting requirements for companies, to ensure that pay comparisons are done at company level and to add performance as a key criterium justifying differences in pay.
- ensure that a balanced approach is taken during the discussions on the Commission's proposal for a **Council recommendation on individual learning accounts (ILAs)**, having in mind the common views expressed in the tripartite opinion of the advisory Committee on Vocational Training. In particular, ILAs are only one means of providing training. The final version of the recommendation should better acknowledge and support Member States and social partners in improving training provision in a way that corresponds with identified labour market needs and which takes into account existing education and training practices as well as the nature of industrial relations systems.
- initiate a discussion among Member States and social partners on the contents of the upcoming **Skills and Talent Package** to further reflect on the role of third country migration in helping to address Europe's skills needs. In particular, one should explore scenarios for the introduction of an EU talent pool, with the aim of supporting the matching of skilled third-country nationals with job vacancies in the EU.
- re-engage with Member States and the European Parliament on the **revision of Regulation 883/04 on the coordination of social security** to reach an



agreement as soon as possible in the coming months. Following the rejection of the provisional agreement in December, we understand the Council's decision to take the time needed to further improve the compromise with the European Parliament before concluding this trilogue. An agreement that brings sound solutions is badly needed because bureaucracy around business trips and short-term postings must be urgently reduced.

To put in place workable requirements on **due diligence, sustainable corporate governance and reporting**, the French Presidency should:

- ensure that **all ongoing initiatives** (from the future rules on corporate governance and due diligence, taxonomy, and sustainability reporting) fit together, are SME-friendly, do not overlap and do not reduce the resources available to companies to put the necessary measures in place to deal with the economic and social impacts of the crisis. Companies should not be put in the position of having to interpret unclear legislative requirements under unrealistic timelines and a level playing field in the internal market should be preserved.
- build on the work done in Council to improve the **Corporate Sustainability Reporting Directive**, including the proposal to apply the requirements gradually to different sizes/types of companies, extending the timeline for transposition and implementation and for companies to implement the standards (preferably by 2 years), giving more flexibility to companies to report on material sustainability aspects (for example making reporting on intangibles, potential and forward-looking impacts and some specific ESG information optional rather than obligatory respecting commercially sensitive information, allowing companies to report separately from the management report, where useful for them and stakeholders), avoiding mandatory assurance of sustainability reports (or at the very least restrict it to limited assurance), not extending the requirements to SMEs (as a cumulation of sustainability reporting on their shoulders risks not only putting excessive administrative burdens on them, but also limiting their access to finance).
- ensure that that future rules on **due diligence** provide legal certainty and do not burden SMEs. This means that the future rules must be based on an obligation of means (with safe harbour for companies that meet the requirements) rather than an obligation of results and must be limited to first-tier suppliers.
- ensure that the upcoming **sustainable corporate governance** initiative is well-justified and limited in scope. The current legal framework remains largely fit for purpose to encourage companies to integrate sustainability in the core of their business strategies and models (which companies are committed to do). There is no one-size-fits all approach to balance company interest with the interests of different stakeholders. The French Presidency must ensure this future initiative does not harm companies' ability to do



business effectively, nor weakens current corporate governance models by blurring directors' duties.

International trade is key to sustain Europe's economic recovery. The French Presidency should aim at:

- **promoting sustainable and rules-based trade while opening new trade and investment opportunities for European companies.** Bilateral trade and investment agreements are key to promote European competitiveness, standards and rules needed to ensure a level playing field. The conclusion of the process to modernise the agreements with Chile and Mexico is critical and we hope that negotiations can progress with Australia, Indonesia and New Zealand and re-start with India.
- **creating safe data space with reliable partners.** Therefore, the rules for data transmission and digital trade should be included in the newly negotiated free trade agreements, both regionally and within the WTO. The EU needs to remain an active and reliable partner negotiating, concluding, and implementing trade agreements that also set high sustainability standards.
- **re-building trust and insert momentum in the multilateral trading system with a successful 12th WTO Ministerial.** While we hope that a new date is soon fixed for MC12, we want members to continue negotiations so that progress can be achieved in adjusting rules to 21st century needs in the digital economy area, industrial subsidies and more broadly in the area of sustainability and that a work plan can also be agreed to address shortcomings in the dispute settlement system.
- **strengthening EU-Africa relations by promoting a more conducive environment for sustainable investment and trade with a key role for the private sector.** The EU-Africa Summit taking place on 17 and 18 February 2022 will be key to pursue the following objectives (a) further integration of EU African value chains (b) support infrastructure and strategic corridors through the EU's Global Gateway Initiative, (c) financing Africa's sustainable growth through blending and innovative financing instruments to leverage private investment.
- **reinvigorating the transatlantic partnership through the Trade and Technology Council.** Increasing cooperation and possibly aligning positions in emerging technological areas, climate change, supply chains, the WTO reform and how to address non-market economies with a strong involvement of business.
- **maintaining dialogue with China while addressing existing trade frictions.** EU-China relations are going through a difficult period after sanctions and countersanctions have been imposed and after recent actions from China targeting Lithuania that have a negative impact on European value chains. While looking for cooperation in areas like climate change,



standardisation, or WTO reform, we must also address divergencies and actions from China that are not compliant with its international commitments.

- **strengthening the EU's capacity to safeguard its interests and those of its companies.** The conclusion of trilogue negotiations and rapid adoption of the International Procurement Instrument is a top priority. We welcome initiatives such as the instrument on foreign subsidies and the anti-coercion instrument, but it is important these instruments remain targeted, effective and in full compliance with the international rules.

Regarding the **Conference on the Future of Europe**, the French Presidency should:

- ensure that recommendations resulting from the conference take account of political, economic, and legal feasibility, to avoid creating unrealistic and, ultimately, unmet expectations for our citizens. **Conference recommendations** should not become a sort of new Commission Work Programme. We could however imagine that important proposals on how to improve our European Union could serve as a basis for the campaigns in the European elections 2024.
- respect the Treaty enshrined **division of competences** between the Union and national level in the field of social policy as well as the autonomy of Social Partners.
- acknowledge that the basis for environmental and social progress is a vibrant and healthy economy. Without the wealth and jobs created by companies, nothing can be achieved. A vibrant economy is the foundation of our **European way of life** and a pre-condition to promote our model internationally. If we overburden European companies in their home-market, undermine their competitiveness and shy away from ambitious international trade policies, we will not achieve a lasting recovery and we will weaken Europe's global position. Other players will increase their influence and will promote models which are very far from our balanced European economic and social model, our European values, and our European way of life.