



BusinessEurope's message to the Special European Council on 30-31 May 2022

Clear guidance needed to swiftly deploy a credible REPowerEU plan

Supporting Ukraine while preserving EU economic leverage

BusinessEurope strongly condemns the invasion of Ukraine by Russia. We firmly believe the EU must defend international law and do the utmost to support Ukraine and its people. Since day one of the aggression, we fully stand behind the sanctions. European companies are taking the necessary actions to comply with these sanctions, despite the significant economic implications. Unity is crucial and we will clearly continue to stand behind sanctions considered necessary by the European institutions in the future. These sanctions must be well targeted and carefully designed to preserve Europe's economic strength which is our major factor of leverage. Furthermore, public authorities need to give clear guidance to facilitate compliance.

European companies are focussing on finding solutions to deal with the immediate consequences of the war in Ukraine and remaining supply disruptions linked to the COVID crisis. Governments and authorities, at EU and national level must do their utmost to avoid imposing new burden on companies in order to preserve EU economic leverage. They must adapt all EU policies to the new reality and simplify procedures to authorise investment projects in the EU. As suggested in the recommendations of the Conference on the Future of Europe, they must do a competitiveness check on all pending and/or future legislative proposals to make sure that the proposals are growth and employment-friendly. The EU must also look at alternative sources of supply of raw materials and enable new market opportunities for our companies. An ambitious bilateral trade agenda that enhances trade and investment flows with key trading partners is therefore even more important.

Like in all policy areas, the increased means made available to accelerate the development of the EU's defence pillar will need to be used efficiently. Synergies between the public and private sector must be improved, including for research and innovation. We therefore welcome the recent establishment of a Hub for EU defence innovation in the European Defence Agency. Moreover, the enterprises in the European defence and space industry supply chains play an essential role for the security and prosperity of European citizens. The difficulties they encounter in getting access to finance in the private financial markets must be addressed.

Like many other players, our companies are taking concrete actions to provide humanitarian help and assist people fleeing combat zones. Adequate assistance should be provided to the EU countries and regions that receive refugees from Ukraine.

Temporary responses to the energy crisis and longer-term EU energy policy

BusinessEurope welcomes the Temporary Crisis Framework published by the European Commission on 23 March 2022. However, some of the conditions for compensation are so stringent that very few companies could be eligible. When happening, compensations risk not being proportionate to the immediate needs of the many companies which are forced to curtail or even stop their production completely. Speedy and targeted action at EU-level is needed to ensure that energy price increases will be temporary, rather than a permanent and gradually worsening situation. Measures to regulate gas prices are very costly and disincentivise energy savings-and gas storage filling objectives in the REPowerEU context. Therefore, such measures could only be a last resort option of temporary nature if the situation continues to deteriorate. Furthermore, given the high risks of fragmentation within the single market, coordination of temporary national energy crisis responses at EU level must be improved to guarantee a level-playing-field.



In the March REPowerEU communication, the European Commission suggested to Member States a so-called windfall tax on ‘infra-marginal’ profits made by some electricity generators. Such a tax could potentially contribute to lowering exceptionally high prices in the short-term, but risks increasing financing costs regarding energy investment and distorting the market. Moreover, given potential difficulties in identifying “excess” profits on high energy prices, a clear methodology at EU-level would need to be considered.

Any structural reform of the European electricity market design needs to be assessed with great care and ACER’s final report will be an important step in the assessment process. Overall, BusinessEurope considers at this stage that the existing market rules do not dysfunction and that price developments are driven by external factors. At the same time, complementary measures for companies to hedge against high energy prices or a deeper assessment of how the long-term design options can best support decarbonisation of industry are necessary.

Ensuring security of energy supply is essential. BusinessEurope fully supports the goal of the REPowerEU plan to diversify Europe’s energy supplies in order to phase out dependency on Russia. However, a realistic view of what is feasible must prevail, in particular regarding a potential substitution of natural gas imports. Besides uncertainties on alternative global supplies, we are facing high market prices when attracting additional LNG supplies or securing deals with pipeline gas suppliers. Alongside the deployment of renewable, nuclear, and other low-carbon energy sources as well as energy efficiency measures, further exploration and production of European gas should be envisaged.

One of the main barriers to deploying renewable energy projects on a large-scale is the permit-granting process. BusinessEurope welcomes the European Commission’s legislative proposal, as part of the REPowerEU plan, to introduce the ‘renewable go-to areas’ in each country with shorter permit-granting deadlines of 1 year, and further decreasing the process for repowering projects to six months. The proposal to apply the ‘overriding public interest’ principle to renewable energy deployment and related grid infrastructure investment is much needed to speed up administrative procedures. These proposals must be adopted swiftly.

However, this proposal can only be a first step. The Versailles Declaration rightly calls for “drastically reforming, simplifying and fast-tracking administrative procedures to authorise investment projects in the EU”, which is key to succeed in the green transition and to ensure a continuous supply of energy to all parts of the EU. Besides renewable energy projects, a broad set of industrial and infrastructure projects also needs to be accelerated. In particular, critical cross-border connections should urgently be completed in order to improve the interconnections of the European electricity and gas networks. BusinessEurope is concerned about significant delays of project implementation and that certain projects (for natural gas for instance) might not be eligible to existing EU funding instruments. We also regret that the proposed revision of the Industrial Emissions Directive will have the opposite effect and delay permitting processes.

The recent Russian gas delivery stops to some EU countries underline the urgency of developing a realistic and workable European energy diversification strategy, speeding-up integration of the European energy market and showing solidarity to address specific national energy challenges and preserve European unity.

We count on the European Council to give clear guidance and pave the way to swift adoption and implementation of a credible REPowerEU plan. The future of Europe’s economy depends on the quality of this plan.