

**Mr Henk Kamp**  
Minister of Economic Affairs  
Ministry of Economic Affairs  
PO Box 20401  
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THE NETHERLANDS

**Competitiveness Council meeting on 29 February 2016**

Dear Minister,

Given the slowdown in world growth and the many challenges facing Europe, focussing on creating innovative growth and jobs is more important than ever. This is why we believe the **Innovation Principle** should be embedded into the European policy ecosystem as a means to protect our ability to innovate.

We are glad that the positive trend established concerning the **introduction of competitiveness check-ups** in the Council agendas is being built upon. These check-ups are not only an opportunity to create an open debate within Member States. They must become a concrete tool aimed at avoiding that specific initiatives undermine competitiveness in Europe, including in areas that do not fall in the remit of the Competitiveness Council.

In the context of mainstreaming competitiveness, you will tackle the issue of **circular economy**. The circular economy package and renewed approach of the European Commission represent an opportunity to increase European competitiveness through greater resource efficiency, as well as to favour the creation of new business models and more sustainable products and services. A number of economic reasons (cost-efficiency, security of supply or business opportunities) and environmental concerns drive industry's commitment to circular economy. This new approach requires full-cycle thinking and a long-term transitional perspective. We should avoid quick fixes and fast-track measures with possible lock-in effects, which could undermine such a transition. The acceleration of the circular economy entails stronger commitment and collaborative approach involving governments, businesses and science as well as consumers and increased value chain cooperation. This process will require a multi-stakeholders approach. Best use of the existing legislation, as well as active demand-side and incentives to research and innovation should also further contribute to unlock the potential of the circular economy.

The Competitiveness Council will discuss the situation in the **steel industry**. As far as the steel industry is concerned, China's production is currently more than the double of the other four leading producers combined: Japan, India, the United States and Russia. This problem is not limited to the steel industry and other sectors are already or may be affected in the future by overcapacity.

With regard to the question of Market Economy Status (MES), the way we will treat China in anti-dumping procedures after December 2016 is high on industry's agenda. Due to the complexity of this issue, we reiterate the need to undertake a deep and comprehensive impact assessment with an analysis that goes beyond the scope of anti-dumping cases in place, before any decision is taken by the EU.





During your meeting on 29 February, you will also adopt **conclusions on the Single Market Strategy for services and goods**. The single market is one of Europe's greatest assets and an essential driver for growth and jobs. Making the single market work better will strengthen European industry and make us more competitive globally. However, divergent national rules and fragmented application of EU legislation continue to frustrate the free movement of goods and services.

BUSINESSEUROPE welcomed the Commission's Single Market Strategy in October. We fully support the focus on better governance and better implementation, correct application and stronger enforcement of existing rules. The strategy also rightly focuses on services, an area with the greatest growth potential, but also where companies experience most difficulties.

BUSINESSEUROPE supports the introduction of a legal instrument to improve the current notification procedure for services. It should ensure that extra national requirements are always notified and can only be kept if proportional and in line with EU legislation and single market principles. We also support the concept of the "services passport", provided it reduces administrative burden for companies by allowing them to skip certain administrative procedures and formalities already fulfilled and completed in the *home* Member State. It should also lead to regulatory simplification, as public authorities would become more aware of each other's procedures and follow best practices. In the long term, the common repository should create more transparency and offer better and more structured information than today about which requirements a service provider must comply with in various Member States.

The Commission's Single Market Strategy should be delivered rapidly to improve the functioning of the single market and make Europe more competitive. This also includes better application of mutual recognition in goods and streamlining the effectiveness of existing single market tools through creation of the Single Digital Gateway.

Rapid adoption of the proposals announced in the Commission's **Digital Single Market Strategy** is also essential to enable businesses to regain their competitiveness. Specifically, Member States should support actions that enable the digitalisation of industry, which represents a chance for the European manufacturing sectors to assume a leadership role in today's economy and, at the same time, an important opportunity for Europe to increase its dwindling industry share from 15% up to 20% of the region's value added. National governments should also support an innovation friendly approach to data protection, in particular regarding the implementation of the General Data Protection Regulation, the adaptation of workforce skills to the digital economy and the encouragement of digital ecosystems.

In this context, the announcement of the conclusion of the new **EU-US Privacy Shield** is good news for companies. It is now crucial to swiftly finalise the details of the agreement and then grant companies a reasonable transition period to comply with it. Especially small and medium-sized enterprises will need time to adapt.

The **Unitary Patent** will also be a new opportunity for companies to innovate. In order for it to become a reality, we call on Member States that still haven't ratified the Unified Patent Court agreement to do so without undue delay.

BUSINESSEUROPE supports simplification of EU law and the reduction of regulatory burdens, for the benefit of civil society, business and public authorities. In this context, the Commission's **Regulatory Fitness and Performance Programme (REFIT)** is of great importance. REFIT proposals should deliver a real difference on the ground for businesses and citizens.

Addressing remaining obstacles will not always require new EU legislation but better application of existing rules to guarantee a genuine single market for business and consumers. When new EU rules are necessary, legislators should ensure that they are fit for purpose and support growth, jobs and competitiveness. Including a single market pillar in the European Semester could be a useful mechanism to support consistent achievement of this goal.

Finally, we welcome that Ministers will have a targeted discussion on the **service sector in the context of the European Semester**. Burdensome administrative and extra national requirements, the high number of regulated professions that fragments labour markets and poor implementation of the Services Directive still severely hamper cross-border provision and establishment. Urgent action is needed in this area, especially in view of the clear benefits of reform in the area of services. Targeted discussions on these issues allow for greater idea sharing and exchange of best practices, while it introduces peer pressure for further reform in those Member States which are lagging behind.

We count on you to continue driving forward the competitiveness agenda in Europe to the benefit of growth and jobs.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Markus J. Beyrer', with a long horizontal flourish extending to the right.

Markus J. Beyrer