

Mr Jan Mládek
Minister
Ministry of Industry and Trade
of the Czech Republic
Na Františku 1039/32
110 15 Praha 1

20 May 2016

Dear Minister,

We are writing to you ahead of the meeting of the Competitiveness Council on 26 May, where ministers will discuss i.a. the current state of competitiveness, the EU's better regulation agenda and likely the outcome of the Friends of Industry meeting in Warsaw. As **industry and employers' federations from Austria, Croatia, the Czech Republic, Hungary, Slovakia and Slovenia**¹, we attach utmost importance to these key aspects of the EU's industrial policy. The Central and Eastern European (CEE) region is home to a broad range of industrial sectors. The above mentioned CEE economies stand for 7% of total EU GDP with the industry providing about six million jobs (16% of total EU industry related jobs).

We welcome the "mainstreaming of industrial competitiveness" approach undertaken by the Council over the last year, in particular the introduced changes in the working methods, the recurring debate of the state of competitiveness at meetings of Minister meetings, as well as stronger involvement of the Competitiveness Council formation in all dossiers relevant for industry. Unfortunately we do not see a similar level of ambition on the side to the European Commission. The Commission argues that industrial policy is ensured by initiatives in various areas relevant for industry, an assessment we cannot fully share as industry federations. **In our view the Commission still needs to adopt more leadership on industrial policy in line with a horizontal strategic approach.** Following its activities with regards to the crisis of steel industry, the Commission shall act pro-actively, analysing current bottlenecks for productivity of key sectors in order to tackle them in a holistic manner.

Additionally, **horizontal decision-making instruments must ensure that unintended negative impacts of EU legislation for the international competitiveness of European industry are duly avoided.** The Commission's Impact Assessments on recent and current policy initiatives, also those which included "competitiveness proofing", have often not led to more balanced proposals. The **better regulation agenda and the new inter-institutional agreement** can play a key role in this respect. Political initiatives and legislative proposals in all relevant policy areas must be subject to scrutiny at any stage of the political cycle, both ex-ante as well as in case of major legislative changes. While in principle the better regulation agenda should provide for such instruments, these must be duly applied in line with the industrial mainstreaming approach.

In addition, the new inter-institutional agreement shall ensure that the economic impact of law making becomes a shared responsibility of all legislative bodies in the EU, in order to

¹ The CEE Industry and Employers Federation Initiative was founded in 2005 as an informal platform among industry and employers' federations from Austria, Croatia, the Czech Republic, Hungary, Slovakia and Slovenia. All participating federations are member of BUSINESSEUROPE and fully support the views of BUSINESSEUROPE.

reduce compliance costs for European companies. The new inter-institutional agreement underlines the importance of impact assessments in improving the quality of EU legislation across the whole EU policy cycle. We support the closer cooperation among the three institutions. The establishment of an independent institutional framework for impact assessments covering all three institutions (including IAs of substantial amendments) should be a further step for strengthening the quality of the scrutiny of impact assessments and the role of economic stakeholders. **The impact assessments shall therefore be in line with the mainstreaming of industrial competitiveness approach and include a target for the reduction of all business costs.**

In case the Commission plans to prepare a new strategy on industrial policy – as advised by the like-minded Friends of Industry group of member states – horizontal mainstreaming of industrial competitiveness shall be an integral part of such a new strategy. Should such a horizontal approach be complemented by sectorial initiatives, in order to deal with sector specific challenges, these must be non-discriminatory in nature and a level playing field among sectors within in the EU must be ensured.

We hope you will take our concerns into account when discussing industrial policy among your colleagues.

Sincerely,



Christoph Neumayer, Director General
IV - Federation of Austrian Industries



Davor Majetic, Director General
HUP - Croatian Employers' Association



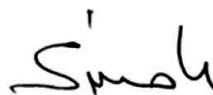
Stanislav Kázecký, Vice-President
SPCR - Confederation of Industry of the Czech Republic



István Wimmer, Secretary General
MGYOSZ - Confederation of Hungarian Employers and Industrialists



Peter Molnar, Secretary General
RUZ - National Union of Employers of Slovakia



Jože Smole, Secretary General
ZDS - Employers' Association of Slovenia

**This letter has been sent in copy to the Ministers in charge of competitiveness of Austria, Croatia, the Czech Republic, Hungary, Slovakia and Slovenia.*