A **stronger** Europe in the world

VBO FEB

Federation of Enterprises in Belgium

A **stronger** Europe in the world

FEB's priorities for Europe's 2024-2029 legislative session

A STRONGER EUROPE IN THE WORLD

The European Union must **become the region of choice for entrepreneurship, innovation and investment** for companies of all sizes. However, this is not self-evident due to various global geopolitical and economic developments. Consequently, it is now more necessary than ever for Europe to fully focus on **enhancing the international competitiveness** of Belgian and European companies.

12 DRIVERS FOR ENHANCED COMPETITIVENESS

To enhance competitiveness, FEB proposes **12 drivers** that should be priorities during the EU's 2024-2029 legislative session. They form the foundation for **a new 'industrial deal'**, or, in other words, a fully-fledged competitiveness pact designed to complement the Green Deal. Without one deal, the other cannot succeed.

The European Union's 2019-2024 legislative session saw **an avalanche of regulations**, along with ambitious objectives, multiple obligations and other heavy administrative burdens for companies. The priority should therefore be to stabilise and implement the European regulatory framework and reduce the regulatory burden.

The EU must fully respect the principles of **subsidiarity and proportionality**, so that its actions deliver real added value.

In addition to this necessary competitiveness agenda, we must also prepare for future EU enlargements in the years ahead. This means the EU will have to reform in terms of budget, policy and decision-making so that it can continue to function efficiently with more than 30 member states. Belgium must ensure that its interests and those of its companies can also be properly defended in the future. Each candidate country must meet all conditions and principles in order to join.

— TOPIC 1 —

INDUSTRIAL POLICY

OUR PRIORITIES

1. The EU must pursue an effective industrial policy that focuses on activating a range of **drivers** (such as innovation, trade and talent) to enhance its international competitiveness and attractiveness. The EU must also ensure **solid coherence** between different policy areas (such as energy and climate) in order to avoid inconsistency between legislation. And all this must benefit its industrial ecosystems and trade centres.

2. **Protectionist reflexes** must be avoided, but at the same time the EU must not be naive about external threats, security risks or problematic dependencies. The Open Strategic Autonomy approach must therefore be based on two priorities: **openness and protection** of the EU's security.

3. **Fair competition** between all companies operating in Europe and with companies in the rest of the world **must be guaranteed**. This means the EU should be cautious about relaxing **rules on state aid**, which would mainly benefit member states with budgetary reserves, and instead make better use of existing European funds.

— TOPIC 2 —

INTERNAL MARKET

OUR PRIORITIES

1. The internal market must be further deepened and existing **barriers** removed. This can be done through greater mutual recognition of national legislation, the introduction of industry-driven standards and, where necessary, the harmonisation of rules. European regulations must be made clearer to ensure more homogeneous transposition and implementation by the member states.

2. EU directives must be transposed more quickly and without **gold-plating**. In addition, no national initiatives should be taken when a European proposal is in the making or when a European framework already exists.

3. The European Commission must focus more on better **enforcement** of **and control** over the implementation of European regulations by the member states. Better cooperation between the administrative authorities of the member states must be established. Moreover, more efficient market surveillance is needed to better monitor the conformity of goods entering Europe.

— TOPIC 3 —

INTERNATIONAL TRADE

OUR PRIORITIES

1. Europe must improve **access to third markets** for all goods and services by removing and dismantling existing trade barriers. It should not limit itself to new trade agreements, but should also focus on new concepts, such as Trade & Technology Councils or partnerships on, for example, critical raw materials. The Commission must communicate more intensively about the benefits of trade and inform companies on how to use trade agreements effectively.

2. The EU must continue to safeguard **a rules-based international order**. It must take its defensive interests into account in trade negotiations and, if those interests are threatened, act decisively and deploy the appropriate trade defence instruments.

3. The main objective of a free trade agreement is and remains trade, taking into account the standards for Trade and Sustainable Development (TSD). The TSD standards should be used as a driver to promote **sustainable development** by the EU's partners. However, they should not paralyse trade policy or jeopardise the competitiveness of companies. Rather, sanctions should be seen as a deterrent mechanism and should only be imposed as a last resort.

— TOPIC 4 —

LABOUR MARKET

OUR PRIORITIES

1. The EU should support national labour market reforms and encourage investments in initial and continuing training in order to address growing **labour** shortages, in particular in STEM (science, technology, engineering, mathematics) disciplines, with a view to promoting the green transition and digital transition.

2. To encourage **professional mobility** within the EU, intra-European coordination of social security needs to be improved, national barriers to intra-European posting need to be removed and professional qualifications need to be better recognised.

3. To attract skilled workers from third countries, Europe needs to encourage **economic migration** and further develop the relevant enabling tools in order to meet the needs of national labour markets.

— TOPIC 5 —

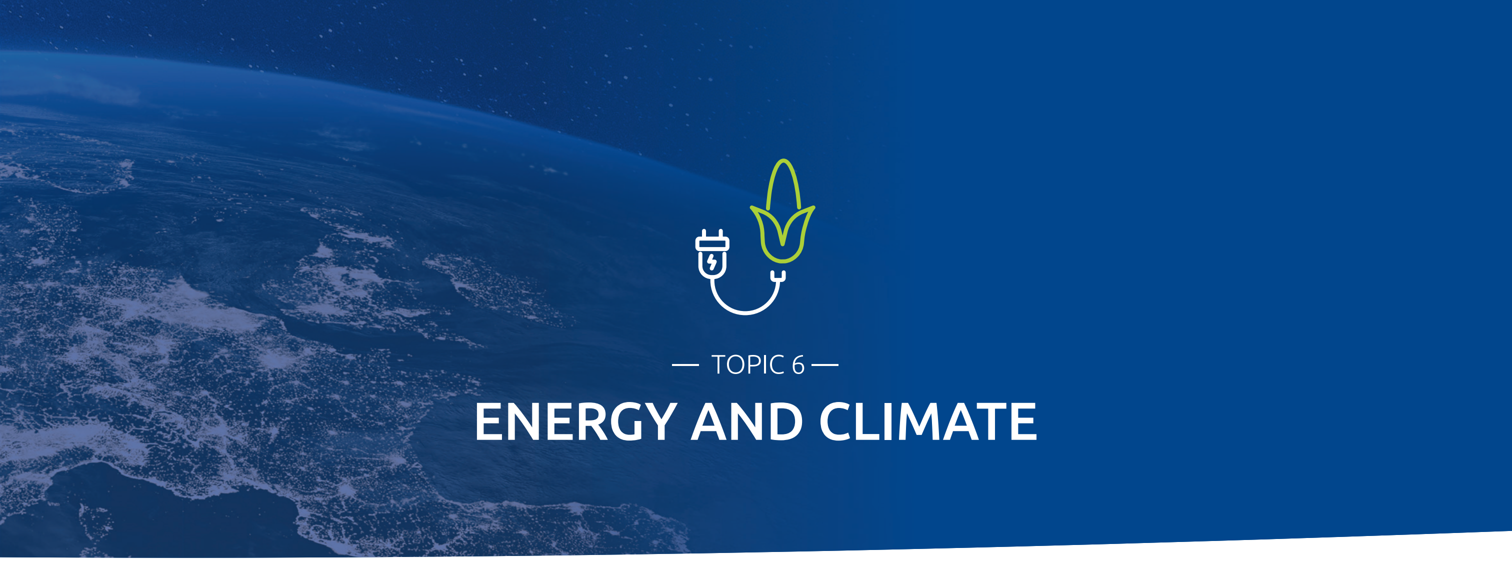
ENVIRONMENT, CIRCULAR ECONOMY AND RAW MATERIALS

OUR PRIORITIES

1. The adoption of the **Green Deal** has led to a major expansion in environmental and related legislation in recent years. It is now important to apply the current legislative framework consistently and assess its impact.

2. Europe must work on sustainably managing the **critical and strategic raw materials** needed to implement the Green Deal, among other things – and must do so both within and outside the EU. In addition to a circular approach, global strategic partnerships will also be crucial. Europe must also pay sufficient attention to value chains. Setting maximum deadlines for permits in the EU and accelerating environmental impact assessments can help with developing needed industrial activities.

3. Many environmental challenges are **global** (climate change, ocean pollution, etc.). In other words, isolated European efforts will not be enough. Accordingly, Europe (and EU diplomacy) must do everything it can to ensure that other continents also pursue ambitious goals.



— TOPIC 6 —

ENERGY AND CLIMATE

OUR PRIORITIES

1. European policy must strike a balance between **security of supply**, **price competitiveness** and the **setting of environmental objectives** in the areas of energy, climate and resource management.

2. Europe must be open to different **technologies** when it comes to achieving its ambitions. It should continue to promote and support carbon-free and low-carbon technologies (nuclear, hydrogen, carbon capture and storage, alternative fuels, etc.) at every stage of development, from research to commercialisation. Accordingly, Europe must invest more in research and development (R&D) in those areas.

3. It is essential that we further integrate energy markets and ensure a level playing field between our companies and their European and international counterparts. Cross-border **infrastructure** and **networks** (H_2, CO_2, electricity, etc.) need to be further developed.

— TOPIC 7 —

INNOVATION

OUR PRIORITIES

1. To regain a global technological leadership position and bring more innovative products and services to market, the EU institutions should harness the principle of innovation and technology neutrality to guide policymaking and base their approach on the broad scientific consensus. The European Commission must introduce a new **innovation stress test** that every new European initiative must meet.

2. In the next multiannual financial framework, more **European resources** should go to R&D and innovation aid in Europe.

3. The European Union must continue to promote a coherent **intellectual property rights** policy that adequately protects companies and encourages continuous innovation.

— TOPIC 8 —

DIGITALISATION

OUR PRIORITIES

1. Data should become the EU's fifth freedom of movement by removing existing borders and barriers. The **flow of data** between member states is still hampered by differing national interpretations (e.g. GDPR requirements) and the risk of fragmentation. In addition, it is crucial for Europe to further develop data spaces in strategic economic and social sectors (e.g. energy, industrial production and health).

2. **Digital investments** should be further encouraged by allocating EU funding to projects focusing on digitalisation, artificial intelligence (AI) and cybersecurity. The EU should, among other things, invest in fully online public services, digital IDs and a European skills passport, Digital4Climate, digital skills and advanced AI projects.

3. Europe must create a truly unified **cyber governance** with reliable information exchange between the public and private sectors. The various national authorities responsible for cyber security must learn to work together under a single EU cyber governance and private companies (including from like-minded countries) must be involved.

— TOPIC 9 —

GROWTH-ENHANCING PRODUCTIVE INVESTMENTS

OUR PRIORITIES

1. Even after 2027, when the **NextGenerationEU** plan comes to an end, sufficient resources must be available to encourage growth-enhancing investments in the digital transition and energy transition in Europe.

2. The **Stability and Growth Pact (SGP)** must ensure that the public finances of EU countries are healthy, but must not hinder the necessary productive investments that enhance Europe's competitiveness.

3. The **financing of** private sector **investments** should be encouraged by providing financial incentives, encouraging public-private partnerships and ensuring a stable legal framework.

— TOPIC 10 —

TAXATION

OUR PRIORITIES

1 The **EU VAT system** needs to be modernised, with a single VAT zone, a single VAT return form and uniform compliance rules across the EU. There are still too many different interpretations and applications of VAT rules in the member states. This leads to administrative problems and financial risks for companies.

2 In view of the numerous European challenges, optimal use of the **European budget** is needed. Initially, the efficiency of existing expenditure must be increased and each expenditure item must be critically assessed. If the decision is made to create new own resources, they may under no circumstances lead to an increase in the overall tax burden on companies through one-off or recurring contributions.

3 The EU must enhance the competitiveness of European companies compared to other regions of the world by promoting **healthy tax competition**. As far as corporate tax is concerned, the European Commission's BEFIT (Business in Europe: Framework for Income Taxation) proposal, while well-intentioned, is unlikely to enhance the competitiveness of European companies. We should instead make life easier for international companies and groups operating in the EU, as they have already had to deal with a multitude of new European and international rules and obligations in recent years.

— TOPIC 11 —

COMPANY LAW

OUR PRIORITIES

1

ESG (environmental, social and corporate governance) **reporting** obligations have been established very quickly in recent years and are particularly far-reaching. Implementing all these rules will require a lot of effort. Europe must give companies the space to comply without continually creating additional obligations.

2

The EU must maintain its focus on **competition law** that not only ensures free competition, but also enables targeted cooperation in order to achieve sustainability objectives.

3

European **consumer law** must ensure an adequate level of consumer protection and also give companies a chance to seize new opportunities.

— TOPIC 12 —

BETTER REGULATION

OUR PRIORITIES

1. In all the above policy areas, all European institutions should strictly implement **better regulation guidelines**, such as public consultations and impact assessments, in order to ensure simple, high-quality and predictable rules. These principles and transparent decision-making must also be adhered to during trilogue meetings and in delegated acts.

2. Since the impact of **excessive** EU **regulation** on companies is enormous, existing rules should be regularly evaluated for their effectiveness and impact on competitiveness. Rules that are no longer fit for purpose should be revised or abolished. The 'one in, one out' principle and instruments such as the 'competitiveness check' and the SME test must be applied rigorously.

3. The European Commission should systematically take into account the **cumulative costs** and administrative burden of all compliance and reporting obligations and calculate their impact on competitiveness. The Von der Leyen Commission's initiative to reduce companies' reporting obligations by 25% must be implemented.

FEB

+50.000

small, medium and large businesses

75%

of employment in the private sector

2/3

of value added

80%

of exports

3 regions

Pointing the way for the Belgian business community

BUSINESSEUROPE

FEB is the Belgian member of BusinessEurope

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Nearly 50 leading sectoral federations are FEB members, accounting for more than 75% of Belgium's economic activity.

FULL MEMBERS

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VBO FEB
Federation of Enterprises in Belgium

Read also the FEB manifesto entitled *Une Belgique plus influente en Europe* which sets out 12 recommendations for giving Belgium more influence in the European decision-making process and improving the approach Belgium takes to European issues.

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