



European Round Table for Industry

Mr Charles Michel
President of the European Council
Council of the European Union
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Dear President,

Europe's competitiveness has been under increasing pressure over the past years. The incentives under the Inflation Reduction Act (IRA) in the US have put the spotlight even more on how private investment is being redirected away from the EU. Yet, such investments are vital for European economies, the agenda of Open Strategic Autonomy, and our capacity to achieve the Green Deal and digital transition.

The European Round Table for Industry (ERT), a forum of 60 Chief Executives and Chairs of leading European industrial companies, is encouraged by the EU's determination to develop a strong and common response and welcomes the focus of the upcoming special European Council (9-10 February) on improving European competitiveness. We also welcome the European Year of Skills, the focus on closing the skills-gap and stepping up efforts to create a fully developed Capital Markets Union.

The Green Deal Industrial Plan certainly is a good step to advance cleantech in the EU. Beyond intensifying efforts to reach net-zero, we also welcome that the Commission committed to delivering a broader strategy to boost long-term competitiveness. To achieve this, additional efforts are urgently needed to strengthen the overall investment climate in the EU, as well as the environment for doing business.

Deepening the Single Market, simplifying our regulatory framework and enabling innovation will best unleash Europe's competitiveness

The top priority needs to be to address the fragmentation in the Single Market and the complex regulatory environment in the EU. Making progress on simplifying our regulatory framework, reducing administrative burdens, and removing barriers require political commitment, a strategic framework, as well as substantial action by public authorities at all levels.

Capitalising on the strong achievements and celebrating the 30th Anniversary of the Single Market this year, we strongly encourage the European Commission to spearhead a new encompassing programme to fundamentally deepen the Single Market in crucial policy fields, ranging from Energy to Digital, Environment, Banking, Capital, Defence, and Services. Significant technical analysis, administrative follow-through and political resolve will be required at all levels to harmonise rules, remove costly barriers, and accelerate permitting procedures.

To remain an innovation leader, Europe must lead in both R&D and in the implementation of next-generation solutions. Clear political goals are key and need to be underpinned by a supportive and coherent regulatory environment which strengthens the business case for innovation. Starting points are coherent and predictable priorities across the value chain, with greater openness to the testing of new concepts and up-to-date rules to allow fast commercialisation. More and deeper public-private partnerships are needed to enable the deployment of innovation, including innovation that requires significant investment in infrastructure.

Boost investments in deep decarbonisation initiatives and infrastructure upgrades

As a general principle, competitiveness cannot be built on subsidies. Just relaxing state aid rules is not a sustainable, long-term solution to help European industry compete worldwide. Without harmonised EU state aid control, uneven subsidies may even risk jeopardising the internal market and pushing some of the more competitive companies out of business.

However, we recognise that targeted state aid and public support are important instruments for achieving the Green Deal's objectives. It can help companies achieve 'deep decarbonisation', upgrade infrastructures, support breakthrough innovations and create markets with sufficient demand for scaling-up new solutions in an early stage. The proposal for a Temporary Crisis and Transition Framework can be a bridging solution to avoid a (further) weakening of the EU's industrial base but focus on the long-term is key.

The proposed European Sovereignty Fund is welcome as long as it enables additional public and private investments into decarbonisation projects, with equal and fair access for all companies if they invest in the EU, regardless of their origin. The Fund should operate efficiently and provide significant financing to companies over a longer period, across the entire value chain, including for strategic industrial projects e.g., wind, heat pumps, solar PV, hydrogen, energy storage, and innovative materials.

When the Commission develops a proposal on the new Net-Zero Industry Act, it should not only focus on the production of (new) clean technologies but support the decarbonisation process of the energy-intensive industry as well. When boosting the production of clean electricity, it is key to upgrade the EU's digital and energy infrastructure like grids, pipelines, capacity mechanisms, interconnections as well as railways and ports.

Equally important as the size of public investments is the procedure to access them. State aid procedures should be simplified, faster and more predictable. It should be explored whether tax incentives can be financed at national level to speed up access to funds and avoid cumbersome or lengthy procedures to apply for subsidies upfront.

Pursue open and fair trade globally, with an ambitious agenda to conclude new FTAs

As the European economy and many jobs depend on the EU's capacity to trade globally, it should steer away from implementing local sourcing requirements or a 'Buy European' approach. Instead, the EU should strengthen the multilateral rules-based trading system, deepen trade and investment ties with its partners around the world, including through the Global Gateway strategy, and accelerate the conclusion and implementation of new free trade agreements (FTAs), notably with Mexico, Chile, New Zealand, Australia, India, Indonesia, and Mercosur. An open approach will also secure access to the critical raw materials which we need to import to achieve the digital and green transitions. The EU should continue to engage proactively in the EU-US Trade & Technology Council (TTC) and resolve the concerns on the IRA's local content requirements in the EU-US task force.

We commend you for your leadership to further improve competitiveness, leading to new jobs and accelerating the important shift to new energy sources and digital technology. Deepening the Single Market and simplifying the regulatory system are thus crucial to fundamentally strengthening Europe's place in the world.

We remain at your disposal to share any additional insights.

Yours sincerely,



Jean-François van Boxmeer
Chair, ERT
Chairman, Vodalone Group