

Ms Ursula von der Leyen  
President  
European Commission



**European Round Table  
for Industry**

12 December 2022

Dear President,

In advance of the European Council Summit on 15 December 2022, we are writing to share the views of the European Round Table for Industry (ERT) on the urgent need to preserve – and improve – European competitiveness. ERT is a forum that brings together around 60 Chief Executives and Chairs of major multinational companies of European parentage, covering a wide range of industrial and technological sectors.

Soaring energy prices are currently causing an alarming decline in the competitiveness of European industry and are rapidly removing the basis for our ability to achieve bold decarbonisation targets. Energy leakage and de-industrialisation are already happening, and we are on the eve of an economic recession. In addition, the U.S. Inflation Reduction Act (IRA) functions as a real magnet that attracts green investment from European companies towards the U.S. The case for investing in the EU is now much harder to make, which also threatens our goal of Open Strategic Autonomy.

We urge European political leaders and policymakers to take joint action to avoid the irrevocable loss of a vital part of the EU's industrial and technological fabric as key sectors such as steel, aluminium, glass, chemical, cement, and ceramics are already suffering from curtailment and even permanent closure of business activity.

To limit the loss of jobs and know-how in Europe and to boost the EU's competitiveness, a master plan for the future is needed that goes beyond survival mode. It needs to accept the damage that has been done by the energy crisis and use it to agree on a new EU industrial policy that enables companies to reach climate goals. It should therefore include:

- 1) An encompassing programme to deepen the Single Market structurally and drive innovation;
- 2) A joint European plan to boost investments that focus on re-industrialising Europe.

#### ERT Recommendations:

- 1) Strengthening the Single Market and driving innovation

A new encompassing programme, spearheaded by the European Commission in cooperation with EU Member States, is needed to renew the dynamic of European integration. This includes the removal of the many remaining intra-EU Single Market barriers, a better environment for innovation in Europe, and tracking of progress on competitiveness factors with Key Performance Indicators (KPIs).

Next year will mark the 30<sup>th</sup> anniversary of the dawn of the Single Market – a core part of the European project that has unfortunately lost momentum. As a foundation of EU unity and prosperity, the Single Market urgently needs renewed political attention. Further deepening the Single Market in Digital, Energy, Environment and Capital is essential.

According to the European Commission, more than €700 billion can be unleashed in this decade by removing national barriers to the Single Market. This equals the recovery package of €750 billion, with the advantage that implementation would be budget neutral.

Driving innovation is in the DNA of European companies. To secure these innovation capabilities in the future, Europe needs to strengthen the Better Regulation agenda and put the business case for innovation and investing in Europe at the centre of EU regulation.

2) A joint European plan to boost investments that focus on re-industrialising Europe

ERT welcomes the new Temporary Crisis Framework as a short-term measure to help companies cope with the high cost of energy and to limit the ongoing process of de-industrialisation. Looking ahead, it is key for the EU to be pragmatic in the decarbonisation transition, drive public-private partnerships, focus on generating investment and growth opportunities for companies, and find the right mix of subsidies and tax incentives.

Achieving the Green Deal requires a fully functioning EU-wide Single Market for Energy. This includes the acceleration of permitting and financing cross-border infrastructure, massively increasing the supply and distribution of electricity and improving the transportation of gas. Upgrading digital infrastructure, technologies and skills is equally important to enable the energy transition. The EU urgently needs a joint European plan to drive these public and private investments.

Compliance with WTO rules is fundamental, safeguarding fair, free and rules-based global trade. We must also avoid distorting the EU Single Market and consider that some EU Member States have more fiscal space than others. Targeted support is therefore essential to Europe's future competitiveness, and it needs to be provided swiftly, pragmatically and without excess bureaucracy.

Stepping up public-private partnerships and public support for innovation investments will be vital. There is a real need for faster and simpler clearances of state aid as well as greater transparency and improved procedural rights for (potential) beneficiaries of aid. The Important Projects of Common European Interest (IPCEIs) should be expanded – regarding the use and volume of the projects – and the approval processes should be significantly simplified and accelerated.

Finally, we urge EU decision-makers to continue engaging with the U.S. to find a negotiated solution to the IRA's discriminatory provisions. We need close cooperation with allies around the world, especially the U.S., to prevent further friction and to ensure the complementarity of our respective measures and a level playing field.

We hope our input will be helpful for the upcoming discussions at the European Council. We remain at your disposal to share any additional insights.

Yours sincerely,

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