



European Round Table for Industry

Mr Charles Michel
President of the European Council
Council of the European Union
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Rue de la Loi 175
1048 Bruxelles
Belgium

15 June 2023

Dear President,

The European Round Table for Industry (ERT), a forum of some 60 Chief Executives and Chairs of leading European technology and industrial companies, welcomes that the European Council will take stock of the progress on strengthening the EU's competitiveness at the end of June.

The competitiveness package by the European Commission from March 2023 is possibly the most comprehensive EU effort aimed at improving the opportunities for European companies in a decade. It is also the most significant attempt ever in Brussels at shaping an EU industrial policy.

And yet – the proposals from March are not enough. Unless a new and much broader competitiveness agenda is designed and implemented, it is questionable whether the EU will catch up with our global peers, in particular the US and China. Already during the last 20 years, the EU has lost 30% of its market share in industry value added (from 20.8% in 2000 to 14.3% in 2020)⁹¹.

Halting and reversing this trend will be essential to deliver on our key ambitions: the twin transitions and open strategic autonomy. Europe's economic competitiveness cannot be taken for granted. According to 84% of ERT Members, Europe's competitiveness as a base for industry is already weakening, as evidenced in the May 2023 ERT Confidence Survey⁹². Moreover, most ERT Members expect to shift investments or operations from Europe to North America within the next two years, and more than a third anticipate similar shifts towards Asia (other than China). Expectations are similar for their customers, which raises concerns about Europe's attractiveness for whole industrial ecosystems.

Several industrial leaders have also publicly expressed disappointment as the nature of the measures under the EU's response does not match the speed and simplicity of the Inflation Reduction Act (IRA) in the United States.⁹³

Given that the EU does not have the competence to decide on tax incentives that are directly applicable across all Member States, we evaluated the measures in the March 2023 competitiveness package on their own merits and concluded that they would not substantially improve the 'business case for investing in the EU'.⁹⁴

⁹¹ ERT Benchmarking Report 2022 ([link](#))

⁹² ERT report on the Measure of CEO Confidence, May 2023 ([link](#))

⁹³ FT, EU industrialists attack Europe's counter to Biden green bonanza, 21 March 2023 ([link](#))

⁹⁴ See the extensive analysis on: [link](#). The analysis comprises: Communications on the Single Market and Long-term competitiveness, Temporary Crisis and Transition Framework (TCTF), Electricity Market Design reform, Critical Raw Materials Act and Net Zero Industry Act.

Crucial ambitions for a comprehensive European competitiveness agenda are:

- strengthening the business case for Innovation-made in Europe, enabling more breakthrough innovation and its realisation in Europe;⁹⁵
- reskilling and upskilling our workforce via expanding public-private partnerships;
- reducing the cost of energy in the EU;
- supporting energy-intensive industries in the decarbonisation transition;
- closing the Union's digital gaps and achieving its Digital Decade targets, particularly for 5G connectivity;
- reversing course on some of its initiatives in the digital field, which would pose serious risks to the competitiveness of European industry, especially the provisions currently discussed in the Data Act;⁹⁶
- actively addressing the fragmentation in the Single Market, driving harmonisation and enabling large-scale investments in the EU and SMEs to grow rapidly;
- mapping all the burdens on companies and then systematically reducing the complexity and lack of coherence of the regulatory frameworks, streamlining reporting requirements, removing barriers to doing business and speeding up admin processes;
- driving an ambitious international trade agenda, including the conclusion of new free trade agreements, safeguarding the rules-based system, and ensuring a global level playing field.

ERT reiterates its call to spearhead a new encompassing programme to fundamentally deepen the Single Market across various policy fields (including Energy, Digital, Environment and Capital Markets), working closely with EU Member States. We also encourage the appointment of a new 'champion' of the Single Market who would be tasked with preparing a High-Level Report to improve the governance of the Single Market and strengthen the process and toolbox for removing intra-EU barriers. This remains necessary to muster the political attention and administrative capacity to remove these often technical and detailed barriers.

ERT Members remain concerned about the cumulative burden of regulation in the EU, which is a deterrent to attracting new investments and an obstacle for European SMEs to scale up rapidly and expand to other EU Member States. The Commission's commitment to reduce reporting burdens for companies by 25% is encouraging but needs to yield tangible results. We appeal to the European Council and all EU Institutions to favour a greater focus on administrative simplification, better implementation, and enforcement of existing rules.

The proposed European Sovereignty Fund is welcome if it enables additional public and private investments into deep-tech innovation and decarbonisation projects, including from the energy-intensive industry, with equal and fair access for all companies if they invest in the EU, regardless of their origin. The fund should also boost clean electricity production and upgrade the EU's infrastructures like grids, pipelines, capacity mechanisms, interconnections, railways, and ports.

ERT has long been a proponent of close collaboration between European industry and governments to secure Europe's industrial success, which is central to the prosperity and well-being of all Europeans. We will continue these efforts as Europe navigates its digital and green transition and stand ready to help make the competitiveness package the success that Europe's economy needs.

Yours sincerely,



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

⁹⁵ ERT Flagship paper "Innovation made in Europe", March 2023 ([link](#))

⁹⁶ ERT Letter on the Data Act, May 2023 ([link](#))