Advisory and Support Group, CEO Event
Tuesday 8 November 2016, Brussels

Dear Members of the Advisory and Support Group of BusinessEurope,

This year will already mark the 6th edition of the ASG CEO Event, where we will have the opportunity to have high-level exchanges with the High Representative of the Union for Foreign Affairs and Security Policy, the Commission Vice-President for Jobs, Growth, Investment and Competitiveness, the Commission Vice-President in charge of the Energy Unions, the Commissioner for Digital Economy and Society and the Secretary-General of the European Commission.

In these turbulent times where there is a lot of debate about the future of the European Union itself, we will focus on the most important recent developments in Europe and the policy areas that strongly influence the competitiveness of companies, such as trade policy, digitalisation of industry, investment, better regulation, energy, and of course future EU-UK relations.

Our guest speakers will also benefit from the exchanges with you, a strong group of business leaders from a diverse range of major companies active in Europe. Your engaged participation is therefore fully encouraged.

We are at a crucial time for Europe. We are facing challenges that will test the very fundament of the European project. We see rising populism in many Member States, and important developments both in Europe and at its borders. These challenges require united and strong actions and a renewed vision for the future of Europe. These are also important times in terms of the many legislative proposals that are now being put on the table by the European Commission, for instance in the area of energy, the single market and linked to the development of the digital economy.

Moreover, industrial competitiveness must remain at the heart of the European agenda. Both the EU and its Member States need to continue with growth-enhancing structural reforms to make Europe more competitive vis-à-vis the rest of the world. We need to create an environment that is conducive to investment and that favors entrepreneurship and innovation. This is the only way to ensure prosperity, sustainable growth and to create jobs and opportunities for citizens, workers and businesses.

This policy document provides you with background information on the speakers and contains BusinessEurope’s key messages on the various issues that we will be discussing.

We thank you for your support to BusinessEurope and look forward to fruitful discussions.
BUSINESSEUROPE KEY MESSAGES

1 A long-term economic vision for the EU with Trade Policy as the central pillar. In a changing world the EU absolutely needs to ensure economic leadership and trade and investment are our best tools to succeed. Our competitiveness in Europe depends very much on our ability to access new markets and improve business conditions for our companies abroad.

- Our long term economic vision should address questions like, which areas of the world are a priority for the EU to develop economic ties with and how can the EU’s increased presence and engagement help the economic development and political stability of certain world regions. This is particularly important for our neighbouring countries.
- Trade Policy must remain the central pillar for the EU’s economic vision in the world. We absolutely need a Trade Policy that is not only ambitious but also effective. Time is of essence in business: if we are not in the market others will simply be there before us.
- Currently we have a very ambitious trade agenda with a number of important ongoing negotiations such as the Transatlantic Trade and Investment Partnership (TTIP) or with Japan and European business is very supportive of this. But ambition can rapidly lead to frustration if we do not see meaningful results.

2 Need for a clear and single Europe voice in relations with major economic partners. This is extremely important to safeguard our economic interests. United we are stronger, divided we are weaker and more exposed. The EU represents a market of 507 million consumers with four economies that are part of the G7. This gives the EU a negotiation strength that individual members might not have. With major world economies like Brazil, China, Russia or even the US there is a common interest to play the EU card.

3 The EU should maximise the use of its resources in third countries, namely its Delegations, to effectively support economic interests. This means having officials technically prepared to reply to companies’ problems and promote Europe’s economic interests. In this context, we strongly recommend reinforcing trade and investment experts in the EU Delegations, especially in the most relevant markets.

4 We need strong coordination and complementarity between EU and individual Member States' actions. It is not always easy to strike a good balance between different interests and sensitivities across the EU. However, there are also areas where we have common goals and where we should focus, in particular reducing barriers to trade and investment for our companies or ensuring good implementation of International Agreements such as COP 21. Above all, this should not be seen as a competition between EU and Member States. Our aim should be to promote an efficient use of existing resources in third countries, both private and public, both EU and Member States. Resources are scarce and we have an interest not to duplicate structures or supporting organisations that in the long run will not be financially viable.

5 Need for a stronger economic dimension in key political events. BusinessEurope is normally organising business events side-by-side with political summits. However, the objectives and the agendas remain in most cases far apart.
Ms Federica Mogherini (Italian) is the High Representative of the European Union for Foreign Affairs and Security Policy and Vice-President of the European Commission since 1 November 2014. She was the Italian Minister for Foreign Affairs from February to October 2014 and a Member of the Italian Parliament (Chamber of Deputies), where she was elected for the first time in 2008.

During her terms in parliament, she was the Head of the Italian Delegation to the NATO Parliamentary Assembly and Vice-President of its Political Committee from 2013 to 2014. She was a member of the Italian Delegation to the Parliamentary Assembly of the Council of Europe and Secretary of the Defense Committee and a member of the Foreign Affairs Committee from 2008 to 2013. She also coordinated the Inter-Parliamentary Group for Development Cooperation.

Ms Mogherini has been in the leadership of the Democratic Party since it was founded in 2007, first as Secretary for Institutional Reforms, then as a member of the National Council, and from 2013 to 2014 as Secretary for European and International Affairs.

Previously she was a member of the Bureau of PES (Party of European Socialists), Vice-President of the European Community Organisation of Socialist Youth (ECOSY), a member of the Bureau of the European Youth Forum, and a member of the Secretariat of the Youth Forum of the United Nations Food and Agricultural Organisation (FAO).

Ms Mogherini is a member of the Istituto Affari Internazionali and a fellow of the German Marshall Fund for the United States. She is also a member of the European Leadership Network for Multilateral Nuclear Disarmament and Non-Proliferation and of the Group of Eminent Persons of the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO).

Ms Mogherini was born in Rome in 1973 and graduated in Political Science at the University of Rome “La Sapienza”. She is married and has two daughters.
BUSINESSEUROPE KEY MESSAGES

1 Digitalisation can be at the heart of our economy but only if the EU triggers a real digital transformation and becomes globally competitive. The EU must timely complete the Digital Single Market, ensuring free movement of goods, people, services, capital and data.

The data economy’s evolution and related activities are paving the way for the ongoing industrial revolution, and ultimately has the potential to significantly improve lives, with substantial economic growth, social and environmental benefits, and job creation. However, a very limited number of companies are investing in digitalisation. To make this happen, among other things, Europe will require an innovation-friendly approach to data and in particular a proper balance on access for third parties to non-personal, machine-generated data. For the moment, given the fast moving technological development and the emergence of new business models there does not seem to be an adequate case for the need for special regulation in this area.

The applicable framework should also foster consumer trust, make the distinction between personal and non-personal data, and protect EU citizens’ rights while facilitating data flows within the EU. Companies need to be able to efficiently transfer data across borders and have the right to choose where they store their own data. Imposing data localisation restrictions would be detrimental to our economy. BusinessEurope fully supports the removal of any restrictions to the free flow of data. Forced data localisation obligations have no place in Europe’s single market.

2 Europe needs world class digital infrastructure. Competition and strong incentives for continued investment in the EU in broadband infrastructure will be essential to meet the exponential connectivity and quality demands associated with Europe’s future needs.

BusinessEurope supports the Commission’s initiative to update the existing telecoms framework through its 14 September new package, and in particular the new focus on investment. We need to make sure that Europe will put in place a framework where competitiveness and investment considerations are systematically taken into account, and the need to avoid fragmented national implementation and strengthening legal certainty while taking into account national competitive situations and infrastructure roll-out. At the same time, this could have been a good opportunity to simplify and decrease regulation where it is not needed anymore, and rather than adding regulation on new players, existing sector-specific regulation should have been lowered further.

3 A fit-for-purpose, long-term EU copyright policy should enable the development of the Digital Single Market and should be sufficiently flexible to facilitate the digital evolution. It needs to be based on continuity, proportionality and fair competition.

The copyright proposals adopted by the Commission should put in place a climate conducive to the development of a vibrant and thriving market for the distribution of lawful digital content through attractive and innovative services, while at the same time promoting European cultural and audio-visual works. We support closer cooperation between content providers, intermediaries and online platforms as well as other players in the copyright value chain to tackle illegal content online. We also welcome all measures to facilitate wider availability of legal content at affordable conditions.
The mandate of Commissioner Oettinger focuses on completing the digital single market, in particular by:

- Working on the reform of the telecoms rules, modernising copyright rules and consumer rules for online and digital purchases;
- Supporting the jobs, growth and investment package aimed at leveraging additional public and private investment for infrastructure, such as broadband networks;
- Fighting cybercrime;
- Overseeing the implementation of the EU data protection rules, as well as the Privacy Shield agreement with the US;
- Championing digital and e-government approaches across all Member States and within the Commission.

He also has a number of specific responsibilities, including encouraging entrepreneurship and providing a framework that drives start-ups, the take-up of new businesses and job-creation, in particular by ensuring the development of cloud, Internet of Things and big data, as well as supporting the work aimed at reinforcing digital skills.

Commissioner Oettinger’s major initiatives so far are the adoption of the Digital Single Market Strategy in May 2016, as well as the launch of the roundtable debates on Digitalisation of Industry with the objective of reaching an EU approach to build on the strength of national industry platforms.
BUSINESSEUROPE KEY MESSAGES

1 Better regulation for better results.

The Council and European Parliament should make better use of impact assessments which should be updated at key stages in the policy-making process to assess the impact of burdensome amendments. There should also be increased transparency about the reasons and impact of any Member State decisions to add requirements that negatively affect the single market, competitiveness and growth when they are transposing EU legislation ("gold-plating").

All stakeholders affected by possible EU action should have the opportunity to give their views about initiatives and the evidence and information that is used to support them, not only at an early stage when policy concepts are not yet precisely defined, but also later when more detailed provisions are drafted.

The Commission should publish final draft texts and the draft impact assessments before the initiative is adopted and there should be more transparency about trilateral negotiations between the Commission, Council and European Parliament.

Proposals to change legislation to remove excessive burdens, inconsistencies, obsolete or ineffective rules, must deliver a real difference on the ground for businesses and citizens. The changes introduced during the legislative process should thus not add any further requirements on businesses and citizens. The Commission should be prepared to withdraw proposals if it is likely that the end result will be more burdens and it is important that constant dialogue with stakeholders takes place throughout the legislative process.

2 Industrial competitiveness must remain at the heart of the European agenda.

Both the EU and its Member States urgently need to press ahead with growth-enhancing structural reforms that raise potential growth and 'lock-in' the present recovery. The ongoing growth slowdown in emerging markets is likely to create a more challenging global trading environment which underlines the need for reforms to support competitiveness.

Competitiveness is a key word for BusinessEurope. Industrial competitiveness must be at the heart of European agenda. The need to focus EU policies on actions to make Europe more competitive is the only way to deliver more growth and more jobs. Otherwise, our industrial decline will threaten growth and jobs in all sectors of activity.

It will remain crucial to focus on the key priorities for our continent, companies and people, if we want to achieve sustainable and consistent growth, but this can only happen if we create an environment that is conducive to investment, entrepreneurship and innovation. More decisive and concrete action is needed to instill confidence in business and to encourage a job-rich recovery.
The task of the Secretariat General is to bring coherence and coordinate the work of the European Commission to ensure that it delivers on its 10 priorities:

1. A new boost for jobs, growth and investment
2. A connected digital single market
3. A resilient energy union with a forward-looking climate change policy
4. A deeper and fairer internal market with a strengthened industrial base
5. A deeper and fairer economic and monetary union
6. A reasonable and balanced free trade agreement with the U.S.
7. An area of justice and fundamental rights based on mutual trust
8. Towards a new policy on migration
9. A stronger global actor
10. A union of democratic change

Since 1 September 2015, Alexander Italianer (Dutch) is the Secretary-General of the European Commission. From 2010 to 2015 Mr Italianer was the Director-General of DG Competition and before that, from 2006 to 2010, Deputy Secretary-General in charge of better regulation and Chairman of the Impact Assessment Board.
1 COP22 in Marrakech must keep pace with the successful Paris agreement and bring more clarity on global rules.

After a successful agreement at COP21 in Paris, and a rapid entry into force of the new deal, we are now entering into the implementation phase. As a first step, COP22 in Marrakech should deliver as much clarity as possible on key provisions such as carbon markets or common rules or measurement, reporting and verification of emissions reduction.

Industry is key for a successful implementation of the Paris agreement and expects this clarity. It has a central role to play in delivering solutions to reduce emissions and to address the impact of climate change.

2 A European-wide electricity market is key to facilitate unhindered flows of electricity across borders and to reduce costs for consumers, both industry and households. A market-based approach should be a core element towards delivering the new power market design, aiming at stimulating industrial growth and job creation.

A European wide electricity market can reduce costs for consumers, both industry and households, when opting for a market-based approach towards delivering it. The benchmark of today’s market design is the ‘energy-only market’ attracting economically viable investments through price signals and competition.

Capacity mechanisms, like any regulatory intervention, have risks associated and it is crucial that Member States and the European Commission work together to ensure all other options are exhausted before capacity mechanisms are pursued.

Regional power markets can play a key role as “stepping stones” in approaching such an EU-wide electricity market. The regional approach should not prevent the parallel development and ultimate goal of a European approach.

3 The further deployment of renewable energy sources in the EU should happen at a lower cost. A number of national support schemes had – and still have – large impacts on the electricity bill, impacting the competitiveness of many industrial sectors.

The revision of the renewable energy directive for the post-2020 period needs to learn from the past, but also from new market realities. While first steps have been undertaken in recent years (e.g. the revision of the guidelines on State aid for environmental protection and energy), the way renewable energy sources will be incentivised in the post-2020 period must be radically different. Firstly, because of much lower production costs for many mature technologies. Secondly, because the larger share of renewable energy on markets imply that they will have to take up more responsibilities.

Nurturing technological renewable energy know-how and leadership in the EU is the other challenge. Renewable energy not only can help to decarbonise Europe’s energy system, but also strengthen industrial’s competitiveness.
BACKGROUND INFORMATION

PROFILE

Mr Maros Šefčovič (Slovak) is Commission Vice-President in charge of the Energy Union since November 2014. From 2010 to 2014 he was Commissioner and Vice-President for Inter-Institutional Relations and Administration in the Barroso Commission. From 2009 to 2010 he was Commissioner for Education, Training, Culture and Youth. Mr Šefčovič was the Slovak Permanent Representative to the EU from 2004 to 2009. He is married with three children.

The mandate of Vice-President Šefčovič focuses in particular on:

- Coordinating efforts to ensure that the EU achieves its targets in the field of energy for 2020 and 2030, including as part of the Europe 2020 Strategy.
- Completing the internal energy market, by connecting infrastructures and engaging with regulators and stakeholders at national and European level in order to improve, reinforce and fully apply EU legislation in this area. Increasing competition should help drive down costs for citizens and businesses and boost growth.
- Coordinating specific actions to strengthen energy security on a European scale.
- Coordinating strategic policies in the field of transport and space where necessary to contribute to the objective of a resilient Energy Union, with a forward-looking climate change policy.
- Contributing to managing the reduction of greenhouse gas emissions from the industrial and transport sectors in particular, as part of our overall effort to reinforce the sustainability of our growth model.
- Tapping the job potential of “Green Growth” and making Europe the world number one in renewable energy.
BUSINESSEUROPE KEY MESSAGES

1 The European Union has to introduce reforms for its own sake.

All the big challenges facing us today, linked to security, migration, the decision of the United Kingdom to leave the European Union, climate change, economic and social development, all have an international dimension. Efficient solutions can only be found if we work together at European level.

We must recreate the conditions for the EU to be a prosperity and security zone. The European Commission should focus its work on restoring European unity and Member States should stop their blame game. All EU forces must work together to bring real and sustainable answers to citizens’ concerns on immigration, employment and social inclusion. And a positive narrative on the EU is urgently needed.

We regret but respect the UK’s decision of 23 June to withdraw from the EU and we insist that Brexit is organised in an orderly manner on the basis of article 50. Negotiations to define the new model for EU-UK relations should aim to mitigate the adverse effects of Brexit for companies and citizens across Europe. We want a model that maintains as close economic relations as possible between the EU and the UK, without undermining EU integration. The integrity of the single market is key for us and we are against cherry picking between the four freedoms.

2 Removing obstacles to investment is key to increase growth and employment.

There are many good reasons to invest in Europe. We have a market of 507 million people and 21 million businesses. The EU is still the world’s largest economy. Its overall GDP is higher than that of the US or China, Japan and India combined. And we have a highly educated and skilled workforce. However, we have not yet fully recovered from the crisis and our investment remains lagging behind when compared with main competitors.

Investment is the basis of our future competitiveness, growth and jobs. Urgent action is needed to bridge Europe’s investment gap. Removing obstacles for investment is fundamental in this regard. To improve the business environment we need coherence and ambition in the EU international trade policy, a well-functioning single market with simpler EU and national regulations, sound public finances and stable financial markets, real implementation of structural reforms which reduce the cost of doing business in Europe, innovation and digitalisation friendly policies, and a structured EU roadmap to reverse the decline of manufacturing industry, the engine for growth and job creation in all sectors of the economy.

3 We support the extension of an improved European Fund for Strategic Investments (EFSI).

We supported from the outset the creation of the EFSI and its aim of mobilising small amounts of public money to leverage private investment which would not have happened otherwise.

We welcome the proposed extension of this instrument and the greater attention paid to additionality, geographical coverage, and cross-border projects. We are favourable to the further development of the SME Window (given the good results achieved so far) but ask to reconsider the intention to take money from the Connecting Europe Facility which is already underfunded. The two programs should be seen as complementary as they aim at targeting investments with different risk profiles.
One of Vice-President Katainen’s major initiatives so far has been around the launch of the EU Investment Plan in December 2014 and the proposal to extend the EFSI.

The goals of the plan are threefold:

- Mobilising investments of at least €315 billion in three years
- Supporting investment in the real economy
- Creating an investment friendly environment

To achieve these goals, the Commission is working in two main areas. Firstly, to develop a series of policy measures to improve the investment environment in Europe. These include the Energy Markets Union, the Capital Markets Union and efforts to improve regulation.

In addition, the Commission has created the European Fund for Strategic Investments (EFSI) operating in partnership with the European Investment Bank to help use public funds (16 billion euro in Commission guarantees + 5 billion of EIB money) to leverage private investment. The focus of the EFSI will be on investment in infrastructure and innovation, as well as finance for SMEs.

The EFSI became operational in September 2015. By July 2016, the total expected investment triggered is approximately 115.7 billion, including agreements that will benefit more than 200,000 start-ups, SMEs and mid-caps. All countries are covered with the exception of Cyprus and Malta. In terms of sectors, smaller companies, RDI, and energy account for 75% of the EFSI investment.
**BusinessEurope** is the leading advocate for growth and competitiveness at the European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. A recognised social partner, we speak for all-sized enterprises in 34 European countries whose national business federations are our direct members.

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