WHAT KIND OF BUSINESS ENVIRONMENT DO WE NEED?

EESC Employers’ Group priorities

The EU is facing exceptional economic and political challenges: increased disruption to international trade, protectionism in the Single Market, major shifts on the geopolitical scene, Brexit, populism, and events which undermine the EU’s values from both the inside and the outside. To meet these challenges, we need a strong EU that is founded on cohesion and unity while acknowledging its diversity.

Meanwhile, the rapid development of revolutionary technologies such as digitisation and artificial intelligence, demographic changes and the transition towards a low-carbon and circular economy are megatrends that will fundamentally transform the whole of our society.

Business plays a key role in managing these changes. While smart policy-making and good governance have an important part to play in determining the right framework, it is businesses that provide innovation and solutions in response to society’s needs. By creating jobs, providing technologies, goods and services, and generally providing for Europeans’ well-being, employers and businesses pave the way for an economically, socially and environmentally sustainable future.

To enable businesses to perform this role, the EU must provide conditions that make European businesses more competitive, encourage entrepreneurship and ensure favourable conditions for them to innovate, invest, operate and trade. This calls for a business environment that helps prepare for the future, is based on open markets and fair competition and provides enabling and supportive conditions for doing business.
1. Preparing for the future - innovation, skills, infrastructure

Research and innovation, accompanied by high-levels of education and entrepreneurship, are key to strengthening the EU’s position in the world and to keeping it at the forefront of progress. Europe must focus more resources on helping businesses improve their competitiveness and taking the lead in developing and applying new technologies. Facilitating cooperation between the public and private sector and academia and launching pilot projects are good ways of boosting innovation.

As the demand for skills changes rapidly with technological development, educated, skilled and resilient workers become even more important for employers. Narrowing the skills gap requires considerable efforts by Member States to adjust education and training systems to respond to future needs.

Changes in the world of work call for flexible and well-functioning labour markets with result-oriented social dialogue. We need longer and more diverse careers, as well as more people in the labour market, including through the integration of migrants. Promoting different and new forms of work, enhancing the smooth transition from education to work, between jobs and tasks and between employment statuses, as well as providing stimulating conditions for self-employment and entrepreneurship are all means to attain this goal.

The transition to a low-carbon and circular economy calls for significant investment in several sectors of the economy and society. The EU must encourage private investment and market-based development in order to maximise the opportunities and minimise the risks and costs for European businesses.

The development of future-proof infrastructure is also vital for business. The EU should provide support particularly for projects that contribute to completion of the digital, energy and transport single markets and enhance the introduction of advanced technological systems.

EU funding under the Multiannual Financial Framework (MFF) must be allocated in a way that helps prepare for the future, improves the conditions for doing business and generates the greatest European added value. Public funding must leverage private investment and offset deficits in private funding. Use of the various funds must be efficient and coordinated, and cohesion policy should support the investment strategy.
2. Open markets and fair competition – Single Market, EMU, trade

The EU must continue the integration of its internal market on terms that promote fair competition and prevent protectionism. This is necessary for trade in goods and services, but also for the transfer of production factors such as energy, and for facilitating worker mobility. We need better integration of services. It is also essential that the EU ensures the free flow of data so as to enable the data economy to develop, considering that the single market of data is even more linked with that of goods and services.

EMU is at the heart of integration, and reforms aimed at completing EMU and strengthening confidence in the euro must be continued in order to make the business environment more stable and predictable. The Banking Union and the Capital Market Union must be completed without further delay.

Meanwhile, the EU needs to demonstrate global leadership in tackling protectionism and disruption. It must work for open, rules-based international trade, aimed at enhancing business opportunities and ensuring fair conditions for EU companies with respect to those of their competitors.

The EU needs to support the role of the WTO. It must actively develop its network of trade and investment agreements. The conclusion of ongoing negotiations, the ratification and implementation of finalised agreements and the launch of new negotiations are all needed for making use of the global opportunities. Moreover, the EU must reposition itself in relation to the US and its current policies.

As transport is essential for trade in goods and the movement of people, a smoothly-functioning transport system with appropriate internal and international market rules must be enhanced at the same time.

3. Enabling and supportive conditions – for entrepreneurship, SMEs and investment

Competition is the driving force behind business development, and EU policies and regulations must provide companies with a level playing-field and favourable conditions for competing both within and outside the EU. In accordance with the better regulation principle, regulation must be fit for purpose while minimising the administrative burden. Employers are strongly against both national and EU level over-regulation, and EU-level regulations must deliver results that cannot be attained at national level.

EU policies and regulations must also be enabling, rather than restrictive. They must encourage and give adequate space to creativity and innovation, as well as risk-taking and entrepreneurship. They should thus lay the foundations for a positive entrepreneurial spirit and culture that is also attractive to young people.
The **needs and potential of SMEs** must be considered in all policy areas in order to secure their access to finance, other resources and markets, as well as their ability to evolve - also recognising the different needs of different kinds of enterprises. It is also important to recognise specific conditions in which enterprises operate (e.g. rural areas, remote and peripheral areas).

Moreover, the EU must provide an environment that is **supportive of private investment**. This requires stability and predictability, in which a long-term and consistent policy framework and legal certainty plays a significant role.

A **stable macroeconomic environment** is also a prerequisite for doing business. It challenges Member States to carry out structural reforms and to respect fiscal responsibility. The size of public expenditure, including the social security system, should be adapted and kept reasonable to allow moderate tax levels and reduce the overall cost burden of enterprises. The tax system for its part needs to encourage innovation, entrepreneurship, growth and job creation.

**Who are we?**

We are a Group of European delegates for employers and entrepreneurs, with mandates from representative employers’ and business organisations in the EU Member States. We are part of the European Economic and Social Committee and thus have a formal consultative role in the EU.

**What do we believe in?**

We believe in the European Union, and stand for its values of democracy, freedom, fundamental rights and the rule of law. We have faith in an economically, socially and environmentally sustainable market economy, responsible entrepreneurship and fair competition.

**What do we strive for?**

We advocate and work for a business environment that strengthens the competitiveness of European enterprises, encourages entrepreneurship and provides favourable conditions for innovating, investing, operating and trading. To foster this, we call for a strong EU that is founded on cohesion and unity.