

***“TOWARDS
A STRONG,
COMPETITIVE
EUROPEAN UNION”***
BUSINESS PRIORITIES
FOR THE SPANISH
EU COUNCIL
PRESIDENCY
(2ND SEMESTER OF 2023)

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EXECUTIVE SUMMARY

From a business viewpoint, the Spanish presidency of the Council of the EU will have to lead the debates on the **specific solutions that are being proposed to deal with the competitiveness crisis** that the European economy is currently undergoing. **Unity in the response** of the 27 Member States to global challenges through firm support for the competitiveness of Europe's economy will be key in the coming months and years. Such solutions will not be found only in the initial, large-scale debates but must rather be worked out in the ongoing file negotiations that must be concluded in the months to come. The content of those files will be decisive in enabling the EU to re-establish its industry and ensure growth.

We at the CEOE believe that in order to move towards a **stronger, more competitive European Union** in both internal and geopolitical terms, the Spanish presidency of the Council needs to contribute from its position of leadership to:

I. CONSOLIDATING A REAL EUROPEAN AGENDA ON COMPETITIVENESS

European **businesses need urgent, specific measures** if they are to survive the current crisis. Those measures need to be accompanied by a **real agenda on competitiveness in the medium and long term**. The Spanish presidency of the Council must therefore seek to:

- Provide firm support for the deepening of the internal market in the context of its 30th anniversary, providing it with the tools required to strengthen its resilience and its internal and external sustainability.
- Give companies the breathing space that they need, while respecting the better regulation principles and taking a multi-level, holistic approach in reviewing the areas where the regulatory burden is to be lightened.
- Develop a resilient, sustainable internal market with the future Single Market Emergency Instrument (SMEI) that covers only situations of exceptional seriousness and respects the principles of proportionality and necessity.
- Ensure that the proposed Directive on due diligence sets an effective, proportional, workable framework for businesses focused on supply chains, with a risk-based approach and a civil liability framework restricted to situations in which it is possible to prevent harm.
- Ensure that the proposal for a Regulation on prohibiting products made with forced labour does not hinder the free movement of goods and services in the internal market and gives enough time for firms to provide evidence and withdraw products.
- Diversify external supplies to increase our extraction, processing and recycling capabilities, turning the EU into an essential actor via the new Critical Raw Materials Act.
- Consolidate a stable economic and fiscal environment that assures investment and permits support for the digital and green transitions while preventing the measures taken to offset the energy crisis from creating further distortions in the internal market.

- Within the framework of future fiscal rules, to consolidate public finances through greater efficiency in spending and not by raising taxes, fulfilling the commitment to withdraw EU funding if there are divergences from the reforms and investments agreed.
- In the context of the revision of the MFF for 2021-2027 and the inclusion of new own resources, respond to EU priorities and ensure that the twin transition can take place without leaving any sector behind, guaranteeing the support needed for investment and avoiding a "subsidy war" after the entry into force in January of the US Inflation Reduction Act (IRA).
- Give priority on the EU agenda to the completion of the banking union, with particular emphasis on crisis management tools, and of the Capital Markets Union to facilitate investment, support financing and reduce the cost of securing capital.
- Improve the competitive environment for SMEs by promoting a revision of the regulations that weigh down business growth and ensuring lower compliance costs via the future framework for income taxation (BEFIT).
- Ensure that the Green Deal Industrial Plan is as open and inclusive as possible, guaranteeing technology neutrality as a cross-sectoral element for EU competitiveness.
- Ensure that the Net Zero Industry Act attracts the investment needed by speeding up permitting for equipment and technology and for their implementation at plants, recognising that decarbonisation in Europe is a priority matter for the whole economy, industry and business.
- Adapt the completion of work on the Fit for 55 package to the new circumstances. This package must be implemented in line with the principle of proportionality, applying a realistic calendar and the right blend of ambition and pragmatism.
- In the field of energy, reinforce interconnections and support a reform of the electricity market, with an exhaustive prior impact assessment, to encourage investment in clean energy, maintain regulatory stability and develop new, complementary markets.
- The revised wording should maintain the core elements of the Industrial Emissions Directive, avoiding any restriction of the limits on emissions permitted in association with best available technologies.
- Realistic targets need to be set in the proposal for a Regulation on nature restoration with priority being given in its processing to the data layout and rigorous assessments of the status of ecosystems.
- In the context of the EU Circular Economy Action Plan, an efficient market for secondary raw materials and circular products needs to be generated, with encouragement for the development of the circular economy at all tiers of the value chain and support for

II. TURNING THE TWIN TRANSITION INTO AN AXIS FOR COMPETITIVENESS

Firms here in Spain are committed to the twin transition as an essential lever for consolidating a competitive, innovative Europe. We have taken an active part in bringing our experience to ensure that the multiple regulations adopted are adapted to the actual circumstances of businesses, fostering their full potential. In the current context, we trust that the Spanish presidency of the Council of the EU will seek to do as follows:

In regard to the **green transition**:

innovation, industrial symbiosis and new business models that can make businesses more competitive.

In regard to the **digital transition**:

- Conclude negotiations on the Data Act, focusing on high levels of security, interoperability, portability and openness, with a fair allocation of costs to the various actors, without harming innovation or competitiveness.
- Draw up a regulation on AI based on the actual risk posed by applications for fundamental rights, with clear delimitations and balanced responsibilities throughout the value chain.
- Provide the EU with a Cyber Resilience Act with a clear ranking of risks, making full use of the potential of European standards and aligning with international standards and other European regulations so as to avoid imposing further layers of complexity in regard to cybernetic requirements.
- Encourage innovation, growth and the consolidation of a competitive, knowledge-based business ecosystem, fostering the development of trailblazing cross-sectoral macro-projects with a major innovation component in priority sectors for the Spanish economy. All these points must be reinforced from the viewpoint of the need for simplification and stabilisation of R&D&I support instruments.

III. "A MORE SOCIAL EUROPE" MUST MEAN MORE BUSINESS AND SOCIAL DIALOGUE

The Spanish government has announced an **ambitious social agenda**, proposing debates on the institutional framework, social dialogue, the social economy and democracy in the workplace, among others. In all cases, **the right balance needs to be struck between ambition and the over-regulation** with which businesses

are burdened also in social matters, **while safeguarding competitiveness**. Moreover, the **European Year of Skills 2023** provides an opportunity to address gaps between supply and demand from businesses as regards qualifications and professional skills. For businesses to tackle today's challenges and achieve a more resilient, inclusive, diverse labour market it is essential:

- To set up a stable, flexible employment framework, reinforcing social dialogue by implementing the future Council recommendation promoting collective bargaining and reinforcing the role of social partners.
- To work to facilitate labour mobility within the EU, and speed up the adoption of the e-declaration for notifying the posting of workers, and to revise the rules on the coordination of social security systems.
- To ensure that the proposal for a Directive on the working conditions of platform workers is balanced and flexible and does not hinder entrepreneurship or the consolidation of new business models.
- To support the dialogue among social partners, in view of the proposal for a revision of the Directive on European Works Councils .
- To make the European Year of Skills an instrument to foster a culture of lifelong learning adapted to the needs of the employment market, reducing the gap between supply and demand in job qualifications, promoting efficient, flexible mechanisms for detecting current and future labour market needs.

IV. FOSTERING A TRADE AND INVESTMENT POLICY THAT SUPPORTS COMPETITIVENESS ON A GLOBAL SCALE

In an international context of increasing uncertainty, as the business sector, **we**

stress the role of trade policies as key pillars not just for **helping to attain sustainability goals but also for reinforcing the open strategic autonomy of the EU**. This can and should play a fundamental role in supporting the competitiveness of the EU, complementing and supporting other EU policies (e.g. on climate change, innovation and industry), specifically by attaining the following goals:

- To diversify supply chains, reduce the costs of raw materials and inputs and create market opportunities for European companies, ensuring a level playing field, enhancing security and the mitigation of geopolitical risks and promoting more sustainable regulations in production and trade.
- To promote the political agenda with Latin America and the Caribbean, speeding up the processes of negotiation and ratification of trade agreements with Chile, Mexico and Mercosur and consolidating Spain's position as the main partner of the Southern Neighbourhood.
- To conclude negotiations on a trade agreement with Australia, make substantial progress in trade negotiations with India and ratify the trade agreement with New Zealand.
- To strengthen the transatlantic open relations with the United States, taking advantage of the potential offered by the EU-US Trade & Technology Council, to make progress in areas of common interest and seek solutions to safeguard the economic, technological and strategic interests of the EU.

V. OPEN STRATEGIC AUTONOMY BASED ON PROMOTING COMPETITIVENESS IN EUROPE

It will be Spain's responsibility to lead the debates on defining the concept of the **"open strategic autonomy"** of the EU. We believe it essential that this process **involves the private sector** in reaching

a definition and in deciding how it should be developed. Open strategic autonomy must be based on an impetus to competitiveness in the EU by strengthening its strategic industries, consolidating and diversifying strong and resilient supply chains and, of course, implementing policies that favour the competitiveness and target the existing deficiencies. It is thus essential that the Spanish presidency of the Council seeks to do as follows:

- To strengthen both the internal resilience of the internal market and the European leadership at a global level in all areas with a definition that does not leave any sector or Member State behind and does not yield into the temptation of protectionism.
- To support the concept in driving forward European competitiveness by strengthening strategic industrial sectors and consolidating and diversifying strong supply chains to remove current shortcomings.

The Spanish presidency of the Council of the EU is a **unique opportunity to reinforce the country's voice in European debates** and **establish the basis and the guidelines for strategic priorities and policies** to be developed during the next European legislative term, so that a boost is given to sectors which are fundamental to the economic fabric of Spain and the rest of Europe, making the EU the best place in the world to set up a business, create, invest, generate wealth and live. We therefore reiterate our **commitment** and our **willingness to contribute proactively**, with a sense of state and the institutional loyalty and pro-EU attitude that characterises Spanish businesses, to help make this country-level challenge a **true collective success**.

INTRODUCTION

From July 1st to December 31st **Spain will hold the rotating presidency of the Council of the European Union for the fifth time.** The rotatory presidency falls to Spain at a time marked by elections and the start of a national legislature, and the end of a European legislature. In May 2024 there will be elections to the European Parliament, which will be followed by the renewal of the European Commission for the following five years. This means that as Spain takes up the Presidency Trio along with Belgium and Hungary, it must bring to a conclusion many of the trilogues open for ongoing procedures and must lead key debates on institutional, economic and geo-strategic matters.

Indeed, 2023 is witnessing the **intensification of the debates that are set to influence and shape the goals and structure of the incoming European Commission:** the continuation of Europe’s response to Russia’s aggression against Ukraine, the 30th anniversary of the internal market and the need to extend it, a revision of the multi-annual financial framework and discussions to determine the open strategic autonomy of the EU and its links with industry and trade policies, among others.

In preparation for the Spanish presidency of the Council, the CEOE presented in April

2022 the business priorities document **“For a strong, Competitive European Union”**.¹ Taking into account the trend in ongoing legislative dossiers, especially those which are expected to appear in the second half of the year, and the changing context in Europe and internationally, the CEOE seeks here to update its priorities in view of the EU Council presidency and the end of the legislative cycle in Europe.

From a business viewpoint, Spanish presidency of the Council will have to lead the debates on the **specific solutions that are being proposed to deal with the competitiveness crisis** that Europe’s industry is currently undergoing. **Unity in the response of 27 Member States to global challenges through firm support for the competitiveness of Europe’s economy will be key in the coming months and years.** Such solutions will not be found only in the initial, large-scale debates but must rather be worked out in the ongoing file negotiations that must be concluded in the months to come. The content of those files will be decisive in enabling the EU to re-establish its competitiveness and ensure growth.

A stronger EU in geopolitical and economic terms must be **based on collaboration with the private sector and with social partners.** Only then, taking

into account the challenges faced by businesses as creators of jobs and growth, will it be possible to set up a **regulatory framework and a long-term strategy capable of consolidating the strengths of the European project and tackling the weaknesses** that have come to light in the pandemic and in the current context of the Russian invasion of Ukraine.

Also, bearing in mind that the current Presidency Trio made up of Spain (second half of 2023), Belgium (first half of 2024), and Hungary (second half of 2024) will be the last before the current EU legislative cycle comes to an end, the Spanish presidency must be seen as an **occasion for consolidating Spain’s voice in the debates in Europe** on the major goals and strategies that are to shape the next European Commission. This is an ideal time to **contribute proactively to efforts to promote country-level priorities** on a consensus basis with social partners, taking into account that **to make Spain and Europe stronger, a more competitive fabric of business is needed. The Spanish presidency must focus on improving the competitive environment in the EU as a basis for economic and social progress.**

At the CEOE we therefore reiterate our **commitment** and our **willingness to contribute proactively**, with a sense of state and the institutional loyalty and pro-EU attitude that characterises Spanish businesses, to help make this country-level challenge a **true collective success.**

1. **CONSOLIDATING A REAL EUROPEAN AGENDA ON COMPETITIVENESS**

- 1.a) Giving businesses the regulatory breathing space they need while respecting the better regulation principles
- 1.b) A resilient, sustainable internal market
- 1.c) Consolidating a stable economic and fiscal environment that can ensure investment and provide support for the green and digital transitions
- 1.d) Supporting competitiveness in key industrial ecosystems

1. CONSOLIDATING A REAL EUROPEAN AGENDA ON COMPETITIVENESS

European businesses need **urgent, specific** measures to address the crisis that they are suffering, but it is crucial that the solutions provided are accompanied by a **real agenda on competitiveness in the medium and long term**. Competitiveness is a prerequisite if our economies are to work and if we are to ensure the geo-strategic role of the European Union. To guarantee it, the regulatory framework in which firms must operate needs to be readjusted so that they can continue to create jobs, innovate and provide solutions to the joint challenges posed by the twin transitions.

The Spanish presidency of the Council must therefore be a vector for giving businesses the regulatory breathing space they need while respecting the principles of proportionality and better regulation; for deepening the internal market in all aspects so that it is resilient and sustainable; for creating a stable economic and fiscal environment that can ensure investment and provide support for the digital and green transformation of industry; and for supporting the competitiveness of key business ecosystems. There is also a need to set calendars which are technically and economically viable and take state-of-the-art technology into account.

The economic strength of the EU and the basis of its competitiveness continue to lie in the **internal market** with its more than 450 million consumers in 27 countries, to whom over 65% of Spain's trade is directed.

A more comprehensive, more integrated internal European market is a basic need for European businesses. Accordingly, **in the context of the 30th anniversary of the Single Market** in 2023, it is essential for the Spanish presidency to provide decisive encouragement for the **deepening of the internal market** to make it resilient and sustainable, to ensure that essential goods and services are available and to help define open strategic autonomy in the European Union by strengthening its industry, services and external trade.



1.a) GIVING BUSINESSES THE REGULATORY BREATHING SPACE THEY NEED WHILE RESPECTING THE BETTER REGULATION PRINCIPLES.

We at the CEOE welcome the **Communications from the European Commission on the 30th anniversary of the internal market and on a competitiveness strategy**. On that basis, the Spanish presidency of the Council will play an essential role in seeing that those communications are set out in specific measures that can be implemented not only across the EU but also at the national, regional and local levels, focusing not just on preventing the emergence of barriers but also on eliminating those already in place, especially as regards the free movement of services.

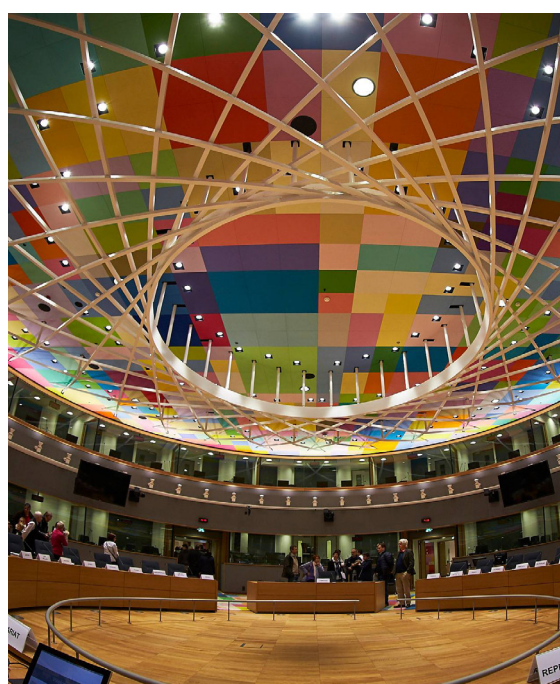
The Single Market must be seen as the EU's best tool for competitiveness. It is important to continue fighting to overcome the remaining barriers that lessen the attractiveness of the region to investors.

Measures to promote competitiveness cannot be constrained to reducing red tape, but must take a **holistic, multi-tier approach** that uses all available instruments and pays close attention to the quality of legislation at European, national, regional and local levels. The decision by the European Commission to apply a **competitiveness check** to new proposals is a step in the right direction, but it does not go far enough in the current geopolitical context, with the risk of de-industrialisation faced by the EU. There is a need for a joint assessment of the **cumulative impact of EU policies and legislation on competitiveness** and for efforts to eliminate the burdens that weigh firms down and make them less dynamic. In all this, special attention must be paid to SMEs.

If those goals are to be attained then the **principles of better regulation must be applied effectively, and over-regulation must be avoided**. The European

Commission's undertaking to reduce the reporting burden of businesses by 25% is a step in the right direction which must be applied to both existing legislation and regulations currently being negotiated. It is in the field of reporting that the reduction of burdens will be felt in the short term, so it is particularly important for measures to be specified smoothly and that contradictions between different tiers of government and international organisations be avoided. The review that establishes where the regulatory burden can and should be reduced must be broad and must cover all aspects from reporting through sustainability to social matters and permitting.

Indeed, in specifying the principles announced in the two Communications, the Spanish presidency of the Council must promote an ambitious programme for moving forward in the integration of the Single Market, **ensuring smoother procedures for the granting of permits and licences (permitting)** beyond those related to clean technologies, and **reducing regulatory barriers** to trade and service operations.



European Council © European Union

1.b) A RESILIENT, SUSTAINABLE INTERNAL MARKET

We are counting on the Spanish presidency of the Council to:

- (i) Ensure the proper application of the **one-in-one-out** principle and, in the case of SMEs, that of **the SME Test**; and (ii) prevent the persistent fragmentation of the Single Market as a result of **gold-plating** and the improper implementation of regulations by Member States.
- Encourage reflection to ensure the **participation of stakeholders and increase transparency** in the decision-making process for negotiations between institutions and in the process of drawing up and approving **delegated acts**, which are resorted to more often than is desirable. The presidency must also lead the debate on establishing **effective governance mechanisms for the internal market** so as to reinforce **supervision** and attain consistency in the **interpretation**

of and homogeneous compliance with EU legislation on the part of Member States.

- **Foster the integration** of the internal market in those areas where it is needed most, **avoiding the artificial distinction between online and off-line and avoiding over-regulation**. This approach is important in view of the review of the **Directive concerning liability for defective products**, which is now under way, and any future adaptation of the **New Legislative Framework for industrial products** to new market trends such as the circular economy and increased digitisation. In this regard, it is important not to impose barriers that may hinder the technology development associated with new products, taking into account that the difference between goods and services is increasingly blurred and servitisation (the selling of goods alongside associated services) carries more and more weight.



Justus Lipsius and Europa Buildings © European Union

- Ensure that the **implementation of the EU strategy on standardisation** (published in April 2022), which we see as a basic element for the Single Market and its digitisation (especially for SMEs) is **led by industry** so that its development is adapted to the needs of businesses, under the premise that EU regulations on standardisation should continue to contribute to the deployment of public policies.
- See that the future **Single Market Emergency Instrument (SMEI)**, which will continue to move through its debate and negotiation phase during the Spanish presidency, covers **only exceptionally serious situations** and respects the **principles of proportionality and necessity**, without imposing **disproportionate burdens** on economic operators, especially SMEs.
- **Reinforce the industrial and intellectual protection framework**, ensuring that regulations are clear and transparent, and in particular attain greater harmonisation at EU level as regards the protection of designs, with a clearly defined, competitive, viable regulation through ongoing proposals such as the future Regulation on **Community designs** and the Directive on the legal protection of designs.
- Strike a balance in regard to the proposals for Directives on common rules promoting **the repair of goods** and on **green claims** between the necessary protection of consumers' rights and the competitiveness of manufacturers and distributors.
- Pay special attention to the goal of **ensuring that the European framework for corporate reporting and due diligence on sustainability matters avoids the proliferation of national laws**, the overlapping of proposals for legislation already approved and still being negotiated and the imposition of unnecessary, excessive administrative and regulatory burdens. Enough space also needs to be left for firms, especially SMEs, to adapt the information to be disclosed in line with their sizes, sectors and business models. Accordingly, the commitment to reduce reporting burdens is especially significant in view



of the adoption and processing of new initiatives and the revision of existing ones:

- **Regarding the proposal for a Directive on Due Diligence**, it is essential to ensure an **effective, proportional, workable framework** for businesses, centred on supply chains and using a risk-based approach. It must also be guaranteed that there is a level playing field between EU businesses and those of third countries. The regulation must not seek to regulate issues of corporate governance, and needs to delete directors' duties and respect the current applicable law and jurisdiction frameworks. The sanctions for failing to meet the obligations set must be adequate

and proportional, but civil liability must be limited to the damage caused by the business itself, and to situations in which the said damage could have been prevented.

- Along similar lines, it must be guaranteed that negotiations on the proposal for a **Regulation on products made with forced labour** focuses on drawing up a wording that **does not hinder free movement** of goods and services in the internal market and **does not harm relations** with major trading partners. The regulation also needs to be aligned with existing international standards and the deadlines given for the provision of evidence and the removal of products by companies must be sufficient.



- There is also a need to ensure a **proportionate transposition of the Corporate Sustainability Reporting Directive (CSRD) into the legislation of Member States**, reducing the obligation to report information that adds no value for investors and is not based on a materiality assessment, guaranteeing the availability, transparency and completeness of data. The particular features of different sectors must also be taken into account, and the periods of introduction and adaptation set must be sufficient for organisations obliged to report, with special consideration for SMEs. It is also essential to prevent any
 - fragmentation of the internal market due to multiple national-level reporting systems that may entail excessive administrative costs for businesses.
 - **Supply chains must be helped to become more resilient** through diversification of energy sources, **raw materials** and **intermediate goods**, and through coalitions with **like-minded partners** that share EU values. In this regard, it is important for the new **Critical Raw Materials Act** to make the EU a stronger actor in this area by providing specific responses to diversify our external supplies and increase our extraction, processing and recycling capacities.



1.c) CONSOLIDATING A STABLE ECONOMIC AND FISCAL ENVIRONMENT THAT CAN ENSURE INVESTMENT AND PROVIDE SUPPORT FOR THE GREEN AND DIGITAL TRANSITIONS

The second half of 2023 will be marked by the **revision of the economic governance framework and the Multiannual Financial Framework (MFF)**, the **reactivation of the Stability and Growth Pact and the mid-term review of the Recovery and Resilience Facility**, though this last revision could be put back until early 2024. It is therefore essential that the Spanish presidency of the Council ensures that we do not lose sight of the **ultimate goal**, i.e. **the consolidation of a stable, predictable economic and fiscal environment**, with **instruments and sources of funding** that can ensure investment, enable support to be provided for the green and digital transitions and make the most of national recovery and resilience plans. The Spanish presidency must therefore ensure that the following goals are attained:

- In the context of **future tax regulations**, Member States agreed² to reach a consensus by 2024 to facilitate the drawing up of their respective national budget plans. Thus, in reference to the potential for greater manoeuvring room to create their own budgetary paths, there is a need for **consolidation of public funding through greater efficiency in spending rather than higher taxation, maintaining benchmark values of 3% for deficits and 60% for debt, with the possibility of withdrawal of Community funds in case of deviation from the reforms and investments agreed**. By the end of 2023 it is also hoped that the **general safeguard clause of the Stability and Growth Pact can be deactivated**. It is fundamental to return to balanced budgetary positions without harming business competitiveness.

- In the context of the revision of the **MFF for 2021-2027** and the inclusion of **new own resources** to finance the various European funds, there is a need to secure the required **support for investment to avoid a “subsidy war”** after the entry into force in January of the US Inflation Reduction Act (IRA) and to opt for **proposals which are neutral in terms of their tax effects on businesses**, without harming Member States, to undertake investments in the energy transition.
- It is therefore fundamental to **prevent** the measures taken now to counteract the crisis and foster the green transition from creating **greater distortions in the internal market**. It must therefore be ensured that the **framework for controlling state aid includes a long-term competitiveness strategy**, to forestall a subsidy war and promote sustainability in public finances.



² Conclusions of ECOFIN Council 14/03 <https://www.consilium.europa.eu/es/press/press-releases/2023/03/14/economic-governance-framework-council-agrees-its-orientations-for-a-reform/>

- Moreover, in regard to revising the threshold for *de minimis* aid, a flexible approach is needed that prevents the accumulation of aid from limiting access to it and discouraging investment in the twin transition, thus favouring transformative business projects carried out jointly by large companies, SMEs and the self-employed. In a broad reflection on the European framework for controlling state aid, efforts are needed to make it more reliable, more transparent and smoother, and **Spain needs to play a proactive role** in the relevant debates.
- The debate on a new **European Sovereignty Fund** must be seen as an **instrument** for ensuring **funding for the twin transition beyond 2025**, under two premises: all Member States must move forward on a level playing field with none left behind; and the benefits must be felt in the real economy.
 - To secure these goals, it is essential for the European agenda to prioritise the **completion of the Banking Union**, with particular emphasis on crisis management tools. To that end, efforts must be made to enable more entities to access the common resolution fund, thus ensuring a level playing field while respecting contributions by industry. Work must continue to carry through the commitment of Member States to set up a European Deposit Insurance Scheme (EDIS).
 - In the process of defining the **Digital Euro**, the Spanish presidency must begin work at the Council to ensure that innovation is encouraged in private means of payment and in European autonomy in payments in the most inclusive way possible, guaranteeing respect for freedom of contract and competition on an equal footing between the various forms of payment in the market.
 - Along with the foregoing, it is necessary to avoid any excessive tightening in the standards on prudential regulation and capital requirements arising from **Solvency II** and **Basel III** for financial institutions, and to take the opportunity to introduce improvements to analyse impact on economic growth and maintain access to bank financing for SMEs, while also maintaining the so-called SME supporting factor and minimising regulatory costs in other products needed for the internationalisation of Spanish businesses.
 - In a context of high financing costs, it is essential to **improve the integration of capital markets** so as to facilitate investment, support financing and reduce the cost of securing capital and thus ensure the sustainability of the capital market and attain a true Single Market. The future Retail Investment Strategy needs to foster assessment in the marketing of investment products to help avoid the savings gap among citizens, making progress in levels of protection for investors and at the same time encouraging people to channel savings in the market and guaranteeing access to capital markets for retail investors. There is also a need for **rules on investment in sustainable assets** which are **stable, more attractive, more predictable and more consistent**, in which due recognition and weight are given to the sustainable nature of **sovereign debt**. There has been a noteworthy **loss of attractiveness for investors in the EU** over the past three years, with a drop of 66% in foreign

- investment and 15% in investment in new facilities³.
- In the field of **taxation**, an undertaking must be reached on the revision of the **Energy Taxation** Directive that increases investment in more environmentally-friendly alternatives and drives the energy transition but also respects the principle of technology neutrality and ensures that the competitiveness of energy-intensive industries is not harmed. In regard to the proposals for **new regulations on VAT for the digital age**, it is essential to allow a reasonable period in which to implement measures which entail high operating costs but have great potential for simplifying reporting obligations.
- Finally, with a view to enhancing the competitiveness of **SMEs**, it is important: (i) to push for a revision of regulations that hold back **corporate growth**; (ii) to ensure reductions in compliance costs via the future

framework for income taxation (**BEFIT**); (iii) to work on a balanced approach to revising the **Late Payment Directive**; (iv) avoid any widening of the investment gap in the future strategy for **retail investors**; and (v) introduce major tax deductions and temporary measures and aids to make **business mergers** more attractive. In this context, it is **vital to make the most of NextGenerationEU funds and ensure that it reaches the real economy**, ensuring access to funding for the whole fabric of business, especially SMEs and the self-employed, with banks able to play a key role thanks to capillarity throughout the territory. In this context, the participation of the business sector in Important Projects of Common European Interest (IPCEI) must be prioritised so as to dimension cross-border operations and industrial partnerships.



³ *Business Europe Reform Barometer 2023* https://www.busineurope.eu/sites/buseur/files/media/reports_and_studies/reform_barometer_2023/2023-03-21_reform_barometer_2023.pdf

1.d) SUPPORTING COMPETITIVENESS IN KEY INDUSTRIAL ECOSYSTEMS

In line with the Communication on updating the current industrial strategy from 2020 it is crucial to **support key industrial sectors and ecosystems**⁴, particularly those that produce **essential goods and services** and **address the challenges of the twin green and digital transitions**. Cases in point are the construction and textile industries and the agricultural sector. Assessments are presented here of some of the ecosystems identified by the European Commission:

- **Retail trade:** The retail trade sector accounts for 13% of the economy and 17% of the jobs in Spain, and 10% of the GDP and 13% of the jobs in the EU⁵. As

such it plays a key role in supplying food and other essential products. At the CEOE we therefore ask, in the framework of the C4 (our Committee on Competitiveness, Trade and Consumer Affairs), that it be **recognised publicly as a strategic sector**, so that its operations are guaranteed in any future crises. Business freedom must be guaranteed and special attention paid to the regulatory and tax frameworks that businesses must deal with. Consideration must also be given to their special needs as **strategic major energy users**.

- **Agri-food industry** Food chain security is essential to the strategic autonomy of the EU: hence the importance of ensuring EU food supplies. Accordingly,



⁴ The European Commission identifies 14 industrial ecosystems: 1. Aerospace & defence, 2. Agri-food, 3. Construction, 4. Cultural and creative industries, 5. Digital, 6. Electronics, 7. Energy-intensive industries, 8. Energy/renewables, 9. Health, 10. Mobility - transport - automotive, 11. Proximity, social economy and civil security, 12. Retail, 13. Textile, 14. Tourism. Other ecosystems can also be identified and their distribution adapted in line with the dialogue held with stakeholders and changing circumstances. <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021SC0351>

⁵ Data from EuroCommerce, October 2022: <https://www.eurocommerce.eu/2022/10/transforming-the-retail-and-wholesale-sector-key-measures-to-support-europes-largest-private-sector-employer/>

it must be ensured that **the new Common Agricultural Policy is applied effectively** via national strategic plans. In regard to the proposal for a Regulation on the **sustainable use of plant protection products**, and pending the release of the European Commission's study supplementing the existing impact assessment, the importance must be stressed of **not speeding up the legislative process** when the current basis is still uncertain and there is expected to be a major impact on the fabric of industry and agriculture. In regard to the future revision of rules on **food information provided to consumers and its provisions, including those related to food labelling**, it must be ensured that there is a consensus-based approach that does not hold back the competitiveness of actors involved in the distribution chain.

- **Health:** in line with the guidelines in the new **EU Global Health Strategy** (November 2022), the Spanish presidency should seek to drive forward the introduction of the *One Health* approach in Community policies and promote prevention and a strengthening of health systems throughout the EU, enlisting the aid of the private sector, and reinforce the EU's own role in health through a new, global cooperation approach. Specifically, in regard to the **pharmaceutical package**, which envisages a review of legislation on pharmaceuticals and on paediatric and orphan drugs, along with measures to step up the fight against antimicrobial resistance via the One Health approach, efforts must be made to ensure the safety and efficacy of medicaments and to promote innovation and accessibility. It is also crucial to foster research and development by encouraging cooperation between Member States and the active participation

of the private sector. In regard to the **proposal for a Regulation on the European Health Data Space** (May 2022), the Spanish presidency needs to take into account the particular features of the different health systems so as to establish a framework that enables data to be analysed and shared securely and efficiently by Member States, thus encouraging interoperability of health information systems and promoting the use of common standards. This will help improve the quality and efficiency of health services and promote research and innovation in the sector. There is also a need to foster cooperation between all the actors involved (health authorities, healthcare specialists, patients, the private sector) through the use of effective connectors and communication mechanisms.

- **Mobility, transport & automotive:** Out of all the proposals for legislation ongoing, and as set out in more detail in the priorities document issued by the Transport and Logistics Council of CEOE, we believe that the Spanish presidency should focus particularly on:
 - Driving forward the outstanding projects for the **Trans-European Transport Network (TEN-T)**, with particular focus on the priority rail corridors established by the EU (including the **Atlantic Corridor and the Mediterranean Corridors** as far as Ukraine, under the framework of the revision of TEN-T), and supporting projects that facilitate more sustainable urban mobility. Ensuring in the area of **overland transport** that ambitions to reduce emissions from private cars and vans are consistent with and proportional to the ambition shown in the proposal for the deployment of infrastructures; and supporting the recognition of emission-neutral fuels for cars,

vans and especially heavy vehicles, setting up a framework that assesses and recognises emissions. It is also important to consider what direction progress in revising the rules on emissions should take (**Euro 7**), and to study future **sustainable transport packages** and other measures concerned with **combined transport** and environmentally - friendlier corporate vehicle fleets, including both freight and passenger transport, plus the volume and size of loads. The specific features of each sector must be taken into account, with a more effective framework of access to financing, and the implications must be assessed when it comes to liberalising the railway sector and the business opportunities offered by multi-mode transport. In this regard, it is especially important to promote a **revision of the *de minimis* system applicable to companies in the sector** so as to prevent any effects that limit or run counter to the process of transition to new technologies.

- In **air transport**, progress needs to be made in negotiations to reform the **Single European Sky** initiative, to set competitive **airport fees** conducive to connectivity and economic growth, and to promote and recognise the alternative offered by **sustainable aviation fuels (SAF)**. An increase

in tax pressure (e.g. via a tax on kerosene) could substantially reduce the capacity for investment in new technologies and have a strong impact on sectors such as tourism. The presidency must also seek to ensure that the revision of the rules on **slot allocation at EU airports** continues to provide a transparent system and that the future **regulatory framework on passengers’ rights** does not have a negative effect on the process of recovery of air traffic.

- In **maritime transport**, efforts must be made to promote **low-carbon fuels** and **more sustainable alternatives** as regulations are developed, maintaining respect for technology neutrality and opting for solutions that help meet the sector’s short- and medium-term decarbonisation targets in a cost-efficient manner while forestalling the risk of delocalisation to third countries of supplies of sustainable and synthetic fuels for this sector.
- Finally, the presidency is expected to introduce the **social factor in the transport sector** into the debate in the EU. It is essential, especially in the context of the European Year of Skills, to foster training for professional careers in overland and maritime transportation.



- **Tourism:** This accounts for 9.9% of the EU's GDP and 12.4% of that of Spain. It is essential that the Spanish presidency **fosters the recognition** of tourism as a **key ecosystem** in the European business productive fabric and **economic development**. It is essential that Spain argues for firm support for a **sustainable tourism model** adapted to the twin transition. This is a core topic that must be given a key push forward at the forthcoming informal Tourism Council meeting on 30-31 October. Spanish presidency of the Council must establish the grounding for tourism to play a core role in European policies in the forthcoming European legislature (helping the sector to **acquire more weight within the organisation of the European Commission**). Among other points, it is especially important to reach a balanced agreement in the negotiations on a proposal for rules on **short-term rentals**, on the proposal for a directive on **consumer empowerment** for the green transition,

the proposal for rules on setting a **European Digital Identity Framework** and on the future proposal for rules on **vehicle-generated data**.

- **Aerospace & defence industry:** We at the CEOE **support the strategic nature** of this sector for the EU. It is important to start a process of reflection on the place of defence policy in the priorities of the forthcoming European legislature and the future Multi-annual Financial Framework, among other points. To make the technological and industrial basis for European defence more competitive and more efficient, we need to **make progress in negotiations** on proposals for regulations to establish the reinforcement of the European defence industry via **joint procurement (EDIRPA)** and ensure that the proposal for a future regulation on the **European Defence Investment Programme (EDIP)** is effective in terms of **reinforcing joint projects for the development and acquisition of industrial defence capabilities**.



Passenger rights - 8th parliamentary term © European Parliament

2. **TURNING THE TWIN TRANSITION INTO AN AXIS FOR COMPETITIVENESS**

2.a) The green transition: turning decarbonisation and the circular economy into drivers of competitiveness

2.b) Consolidating the digital transition and reinforcing innovation to ensure a competitive business ecosystem

2. TURNING THE TWIN TRANSITION INTO AN AXIS FOR COMPETITIVENESS

Spanish companies are committed to the twin transition, which has been one of the central axes of the current European legislature. We have taken an active part in bringing our experience to ensure that the multiple regulations adopted are adapted to the actual circumstances of businesses, fostering their full potential.

In the current context, we trust that the Spanish presidency of the Council, which must handle the conclusion of negotiations on several ongoing files and on others recently proposed, will seek to **ensure that the green and digital transitions are an essential lever for consolidating a competitive, innovative European Union.**



2.a) THE GREEN TRANSITION: TURNING DECARBONISATION AND THE CIRCULAR ECONOMY INTO DRIVERS OF COMPETITIVENESS

The green transition needs to be designed and configured via public-private partnership so as not to jeopardise the competitiveness of businesses and so as to develop a resilient fabric of business which is capable of making the most of the opportunities available, insofar as **businesses** are facilitators of **practical solutions to the challenges posed by environmental and climate-related goals** as required to achieve the European Green Deal. To attain those goals there is a need not just for a predictable legal framework that prevents excessive regulations but also to speed up the obtaining of industrial authorisations and permits.

In this regard, and as set out in more detail in the priorities document issued by the Committee on **Industry and Ecological**

Transition, the Committee on the **Circular Economy** and the Committee on **Water and Shoreline Protection** of the CEOE we are counting on the Spanish presidency:

- o To ensure that the **Green Deal Industrial Plan** presented by the European Commission in February is as open and inclusive as possible and supports all technologies that can help make the energy transition a success, guaranteeing **technology neutrality** as a cross-sectoral element for European competitiveness. Along the same lines, it must be ensured that the proposal for a **Net Zero Industry Act** attracts the investment needed by speeding up permitting for equipment and technology and for their implementation at plants, in close cooperation with leading suppliers, recognising that decarbonisation in Europe is a priority matter for the whole economy, industry and business.



- In the context of the current crisis, it must be ensured that decarbonisation signals are maintained in **the reforms envisaged to ensure security of supply and raw materials, reduce energy prices and accelerate the energy transition** and that there is protection for vulnerable consumers and for the competitiveness of our businesses and industries.
- Priority must be given to completing work on the **Fit for 55** Package, adapting it to the new circumstances in which the EU finds itself. In many cases the proposals adopted will require legislative development. It must be implemented **in line with the principle of proportionality, with realistic timetables that blend ambition and pragmatism.**

In the **field of industrial policy:**

- Emphasis must be given in the European political agenda to the

reintroduction of the target for **industry to account for 20% of GDP**, so that the green transition is carried out by strengthening industry.

- In a context where ambition and commitment to sustainability in the EU are higher than in most countries around the world, it is essential to guarantee a **level playing field** for European businesses, e.g. by reinforcing the carbon border adjustment rate using a method that can demonstrate true equivalence between extra-Community and intra-Community suppliers and by intensifying diplomatic efforts with countries which are developing similar schemes. There is also a need to develop and foster incentives and infrastructures that can help develop technologies for the **capture, storage and use of carbon**, which are essential if further emission reductions are to be made in hard-to-electrify and hard-to-decarbonise industrial production processes.



In the **field of energy:**

- It is essential to strengthen the **internal energy market** and ensure a **reform of the electricity market** that encourages investment in clean energy and is preceded by a thorough impact assessment that takes into account the different circumstances of Member States in terms of their energy mixes. This entails **maintaining regulatory stability** and developing **new, complementary markets** for term contracting that can reduce price volatility while respecting the principle of technology neutrality and considering all options as back-up for renewables.
- **Interconnections** must be strengthened so that we can move forward in integrating European energy markets, enhancing the efficiency and competitiveness of markets and at the same time consolidating security of supply. Interconnections are a key tool for attaining the targets set by the EU for decarbonisation. They bring efficiency and savings to the system. Specifically, there is a need for the following:
 - **More electricity interconnection projects** at European level, like that of Spain and France via the Bay of Biscay, to reach the EU target of 15% electricity interconnection by 2030.
 - Progress in **gas & hydrogen interconnections**, and in adapting existing infrastructures for the transportation and storage of hydrogen. There is a need to foster the development of green hydrogen, to ensure the attainment of the goals set in the REPowerEU Plan, promoting projects and corridors such as H2Med. To that end, green hydrogen corridors and "hydrogen valleys" must be set up which can foster the setting up of large-scale strategic projects based on Europe-wide cooperation and partnerships.

- To reach the targets set in the REPowerEU Plan we must also seek to make the most of Spain's potential for **biomethane** to promote employment in rural areas and increase security of supply⁶,
- Opportunities for Spain must be maximised in a decarbonised gas system based on biomethane, hydrogen and syngas in negotiations concerning the **gas & hydrogen package**.
- In regard to housing and building rehabilitation, the Spanish presidency must focus on the **deployment of the Renovation Wave strategy** published by the European Commission in 2020: the rehabilitation of housing and buildings to cut energy consumption and CO₂ emissions is essential if the climate targets set by the EU are to be met.



⁶ This must be done along similar lines to the development of other technologies such as sustainable aviation fuels and low-carbon fuels for maritime transport, as mentioned above.

In the **environmental field**:

- **Spain** must **lead the EU delegation at the COP28 in Dubai (UAE)** on 30 November - 12 December 2023, where the first review of the undertakings of the Parties to the Paris Agreement will also take place, in a major step for assessing progress on climate action. The Spanish presidency must seek to **increase the role of the private sector** at the summit and promote an EU negotiating position that seeks a balanced outcome but also continues to move forward to assure that the market mechanisms set out in Article 6 become operational shortly, fosters greater commitment and ambition on the part of the EU's trading partners and maximises the opportunities arising from the fight against climate change for Spanish and European businesses.
- In regard to the rules on **emissions and pollutants**, it is essential to **avoid**

any further burdens on businesses that do not entail **clear environmental benefits**. For instance the revised wording should maintain the core elements of the **Industrial Emissions Directive**, avoiding any restriction of the limits on emissions permitted in association with best available technologies, among other points. In the proposal for a Regulation on **fluorinated greenhouse gases** it is important to avoid setting targets for reductions in use in sectors where this may encourage uncontrolled imports, and the calendars set must be proportionate and must take technical and financial viability into account. In the proposal for a Directive on **ambient air quality**, the Spanish presidency must seek to avoid the application of generalised restrictions which may cause serious harm to certain sectors.



- It is also essential to safeguard privacy (protection of sensitive data and information) and the competitiveness of businesses in emissions reporting under schemes such as “**Count Emissions EU**”, promoting the development of clear, simple, consistent methods and ensuring calculation and reporting for the full life-cycle of products.
- The presidency of the Council also needs to pay particular attention to ensuring adequate progress in regard to the proposal for a **Union certification framework for carbon removals** and other relevant procedures within the Zero Pollution Package, such as the revision of the **Water Framework Directive** and the regulations associated with it.
- Under the framework of the **EU biodiversity strategy, realistic targets** need to be set in the proposal for a Regulation on **nature restoration** with priority being given in its processing to the data layout and rigorous assessments of the status of ecosystems.
- In the context of the **EU Circular Economy Action Plan**, an efficient market for secondary raw materials and circular products needs to be generated, with encouragement for the development of the circular economy at **all tiers of the value chain** and support for **innovation, industrial symbiosis** and **new business models** that can make businesses more competitive.
 - This approach needs to be maintained in schemes such as the proposal for an **Ecodesign for Sustainable Products Regulation**, e.g. by establishing a digital product passport strictly relevant to the purposes of the circular economy that protects confidential commercial information.
- In the process of revision of the **REACH Regulation** the safety of professional users needs to be improved to foster a more holistic strategy that takes advantage of the EU’s balanced system of health and safety at work, ensuring consistency with the Globally Harmonised System (GHS) for classification of hazardous substances in the proposal for a **Regulation amending CLP on hazard classes and classification criteria**. In this regard, we believe that **self-regulation schemes should be encouraged** to bring together all parties involved in the life cycle of products, so as to achieve a faster and more efficient implementation of measures to reduce their environmental impact.
- In regard to the proposal for the **Packaging & Packaging Waste Regulation**, the technical viability of measures and their application periods must be watched closely and proportionality must be ensured via environmental impact assessments adapted to each situation at sectoral level. Essential points include the setting of targets for the re-use of packaging when this is shown to be environmentally beneficial and cost-efficient, taking into account full-scale solutions in the market and respecting freedom of choice in packaging materials. It is also important to safeguard the basis in law of the internal market for this proposal, so as to obtain the best possible results and enable the transition to take place profitably and quickly. In this case it is especially important for there to be an in-depth analysis to avoid duplication in regulations, and for possible moratoriums on application to be considered.

2.b) CONSOLIDATING THE DIGITAL TRANSITION AND REINFORCING INNOVATION TO ENSURE A COMPETITIVE BUSINESS ECOSYSTEM

The digital agenda has moved forward at a headlong pace during the current legislature, with the Digital Market and Digital Services Acts (DMA & DSA) now in force. Their implementation should ensure the adequate competition and effectively eliminate any barrier to entry. Specific proposals remain in the areas of **data, artificial intelligence (AI), European Digital Identity and cyber-resilience or instant payments**, which have yet to be concluded or ratified in the European Parliament and in the Council. In the negotiations of these files it is essential to achieve closer alignment between ambitions for European digital leadership and competition policy, so that progress can be made towards greater open strategic autonomy and digital sovereignty in Europe without yielding to the temptation of protectionism that would hinder growth of the fabric of production.

On that basis, we believe that the Spanish presidency of the EU Council should help to achieve the following:

- In regard to data, negotiations must be concluded on the **Data Regulation**, focused on high levels of **security, interoperability, portability and openness**, with a **fair allocation of costs** to the various actors, **without harming innovation** or competitiveness. Protection of freedom of contract and proper compensation for making data available to third parties are basic requirements, but there must be no jeopardising of intellectual property rights or commercially sensitive information belonging to businesses. The creation of a single market for data will enable data to flow freely through the EU and between sectors, to the benefit of businesses, researchers, public administrations and, indeed, citizens in general. In this context it is also essential to ensure that **international transfers** of personal data take place in a framework that guarantees all the basic rights and freedoms of citizens, and at the same time provides legal certainty in the long term for businesses. That framework must be viable in the light of the national legislations of the countries involved.



- In regard to AI, there is a need for an **AI Regulation** based on the **actual risk** to basic rights and/or health and safety posed by applications, with **clear delimitation** and a balance of **responsibilities** throughout the value chain, without undermining the ability to implement the relevant technologies in work settings, assuring proper flexibility in terms of requirements and with regulatory test beds so as to guarantee ethical, human-centric use. In this area it is essential to avoid overlaps between different regulations, so as to create a context that provides the necessary legal certainty for all parties involved.
- In the area of cybersecurity the EU needs to equip itself with a **Cyber Resilience Act** with a **clear categorisation of risks**, taking advantage of the potential of European standards and in alignment with international standards. There is a need to strengthen consistency with the other applicable legislation, avoiding ambiguity and the overlapping of more layers of complexity in terms of cybernetic requirements for specific products, promoting the extension of the application period and removing the obligation to inform ENISA within 24 hours in case of a cyber attack.
- Help to implement a future **digital identity wallet** at European level that will enable citizens to store data, credentials and attributes associated with their identities and share them with third parties who request them or use them for online and off-line authentication. Involving the private sector in the ecosystem for the future identity wallet will be key for its successful adoption, so public/private sector cooperation is fundamental.
- To work for **greater legal consistency**, avoiding overlaps, **to enable the targets set in the Digital Decade Policy Programme**, fostering **alignment between digital ambitions and competition policy** and working through predictability and legal certainty in the regulatory framework for the digital economy to create **a level playing field** that can give rise to an upscaling of the European market and to the consolidation of a **competitive, knowledge-based business ecosystem**.
- To foster sustainable, digitised industry adapted to the needs of the 21st century, through enablers such as the IIoT (Industrial Internet of Things), AI, robotics, VR, digital twins, 3D printing, Cloud computing, quantum computing and blockchain as elements that can help improve the competitiveness of industry with more flexible, more efficient, less polluting production processes, and can raise the quality of life of workers while at the same time offering consumers more innovative products and services tailored to their needs.

As the country holding the presidency of the Council, Spain must work in the digital field to achieve the following:



To make this possible, **education and training in digital skills and STEM disciplines** needs to be fostered. The European Year of Skills provides a unique opportunity to do this, as detailed below.

All these are principles that Spain has advocated for in the context of the work of the **D9+ informal ministerial group**, which comprises 12 digitally advanced and ambitious Member States. The CEOE contributes actively to this group through its membership in the **B9+ business group**.

To enable the digital transition to take place it is also essential to continue fostering a **strong European policy on innovation** based on:

- Setting specific targets for increases in public investment in R&D&I, fostering trail-blazing cross-sectoral macroprojects with substantial innovation components in key sectors and encouraging the use of bridging technologies while new, emergent

technologies are being developed, accompanied by a framework of control for State aid that can help attain these goals;

- to develop a balanced, integrated, collaborative R&D&I ecosystem, with a particular focus on a firm shift towards a culture of public-private sector cooperation;
- to support the new European Innovation Agenda with initiatives focused on financing for growing emergent businesses, the setting up of regulatory sandboxes, the creation of regional innovation valleys and the attracting of talent.

All this must be underpinned taking into account the necessary simplification and stabilisation of support instruments for R&D&I, especially as regards the tax framework, and assuring a framework of aid that can drive efforts to reach these goals.



3. **“A MORE SOCIAL EUROPE” MUST MEAN MORE BUSINESS AND SOCIAL DIALOGUE**

3. a) A stable, flexible employment framework, reinforced by social dialogue

3. b) A culture of lifelong learning tailored to the needs of the employment market

3. “A MORE SOCIAL EUROPE” MUST MEAN WITH MORE BUSINESS AND SOCIAL DIALOGUE

The Spanish government has announced an **ambitious social agenda**, so debates can be expected on social dialogue, the social economy and democracy in the workplace. In all of them, **it is necessary to find the right balance between this ambition and, at the same time, avoiding overregulation, while maintaining competitiveness.** Accordingly, it is essential to work towards a reduction of the regulatory burden on businesses in the social area too.

For businesses to tackle today’s challenges and achieve a more resilient, inclusive and diverse job market **it is essential for there to be a stable and flexible employment framework.** To that end, **social dialogue** needs to play a **core role** as a tool for achieving flexible, consensus-based, proportional responses in circumstances of extraordinary uncertainty for the world of business such as those that currently prevail.

In a context of social and economic transformation characterised by its

dynamism and by the need to **update professional skills continually**, the **European Year of Skills 2023** provides an **opportunity to address the current gap between supply and business demand** of professional skills and qualifications, especially those which are essential for the digital and green transitions, without neglecting key sectors such as tourism, transport and trade. At a time when discussions on competitiveness in Europe are particularly significant, there is a need for personnel with the necessary skills to attract investment to the EU. Businesses need the establishment of mechanisms to **anticipate training needs** and of measures to help palliate the **skills shortage** in some sectors, which must be adopted in permanent dialogue with them. In the context of this European Year, the Spanish presidency must do its utmost to drive forward measures in the form of recommendations, leaving the required space for national level development via social dialogue.

3.a) A STABLE, FLEXIBLE EMPLOYMENT FRAMEWORK, REINFORCED BY SOCIAL DIALOGUE

The Spanish presidency of the Council must take measures:

- **To foster the participation of sectoral and inter-sectoral social partners** in drawing up EU policies, to reinforce the outcomes of social dialogue and to increase institutional support for it. In 2023 the binding **Agreement** that will be reached between Europe's social partners on **teleworking and the right to disconnect** will be highly important, reflecting the potential of social dialogue as a tool for reaching major agreements in which social partners manage to find a proportional response that maintains the balance between the needs of employers and workers.
- **To guarantee** that the future **Council Recommendation on Strengthening Social Dialogue** in the EU is implemented effectively in terms of promoting collective bargaining and strengthening the role of social partners, while respecting their autonomy and the diversity of industrial relations systems and of labour markets of the Member States. It must also seek to strengthen the capacities of social partners at national level.
- **To work to facilitate job mobility within the EU**, seeking the rapid adoption of the e-declaration for notifying posting of workers, and revising the rules on the coordination of social security systems. The arrival of talent from third countries also needs to be fostered by launching the Talent Pool initiative and updating the **Long-term Residents and Single Permit Directives**.
- To lead efforts in the files that are part of the **Migration and Asylum Pact** so as to reach broad, balanced agreements and thus establish a consensus-based EU regulatory framework on legal migration.



- To seek to ensure that the proposal for a **Directive on the working conditions of platform workers**, which can be expected to reach the triilogue stage during the Spanish semester, is balanced and flexible, so as not to hinder entrepreneurship or the consolidation of new business models.
- To ensure that the revision of the **Directive on the protection of workers from the risks related to exposure to asbestos at work** (with a view to seeing that inter-institutional negotiations take place during the Spanish presidency) results in a framework that increases worker protection but is also workable for businesses, with a suitable transition period for implementing the changes introduced.
- To make an effort to ensure that digital schemes such as the proposal for a Gigabit Infrastructure Act are effective in **fostering digital inclusion and accessibility**, ensuring that the relevant services reach all citizens, especially those in remote and/or rural areas and the outermost regions.
- **To refrain from promoting new EU legislation that harms our competitiveness or leads to unnecessary recasts of current legislation**, such as the revision of the Directive on European Works Councils, which must in any event be left in the hands of social partners.



3.b) A CULTURE OF LIFELONG LEARNING TAILORED TO THE NEEDS OF THE EMPLOYMENT MARKET

In the context of European Year of Skills and as an essential part of the strategy to make our economy more competitive, we need the Spanish presidency:

- To bring education and training closer to the employment market so as to **reduce the gap between supply and demand in professional skills**, by fostering efficient, smooth mechanisms for detecting current and future needs on the employment market and guaranteeing effective social governance in education and training systems.
- **To reinforce job guidance systems** based on adequate detection of job requirements.
- To obtain **firm support at European level** for national-level actions for workers' upskilling and reskilling. The holistic approach of the Green Deal Industrial Plan is particularly useful in this: its third pillar focuses on fostering the skills required for the green and digital transitions, with the setting up of schemes such as Net Zero Academies. This Plan envisages specific measures for monitoring skills and attracting talent to the EU, e.g. through a future proposal for the **recognition of professional qualifications held by third-country nationals**. Accordingly, it must be highlighted that fostering legal migration will not suffice to overcome the shortage of skills faced by the EU, but it may be part of the solution.
- To work to bring in measures to increase the attractiveness of **STEM disciplines** (Science, Technology, Engineering and Mathematics) so as to address the major shortage of workers and skills in these sectors, without neglecting the importance of revising and fostering

education and training in sectors such as transport and tourism.

- To develop the **micro-credential approach** established under the Council Recommendation approved in 2022, in the context of a culture of **lifelong learning** that facilitates the updating of professional skills so that individuals have the skills needed to move forward in their careers.
- In regard to learning done via placements in companies, a distinction must be drawn between the acquisition of theoretical and practical knowledge with a view to obtaining a qualification and the acquisition of work experience after a qualification has been obtained, **so as to avoid the "labourisation" of students**. In this context any **revision of the European quality framework for traineeships** should make this distinction clear and refrain from discouraging businesses, especially SMEs, from offering traineeships. This should be done in the form of a recommendation so as to permit flexibility in adapting to the different circumstances of different Member States and leave room for social dialogue.



4. **FOSTERING A TRADE AND INVESTMENT POLICY THAT SUPPORTS COMPETITIVENESS ON A GLOBAL SCALE**

4. FOSTERING A TRADE AND INVESTMENT POLICY THAT SUPPORTS COMPETITIVENESS ON A GLOBAL SCALE

In an international context with increasing uncertainty, businesses are opting to **foster the role of trade policies** as a **key pillar** not just for helping to attain **sustainability** goals but also for **reinforcing the strategic open autonomy** of the EU.

In this regard, trade policy can and must play a fundamental role in supporting the competitiveness of the EU by complementing and supporting other EU policies (e.g. on climate change, innovation and industry), specifically by achieving the following goals:

- 1) **To diversify supply chains**
- 2) **To reduce the costs of raw materials and inputs**
- 3) **To create market opportunities for European businesses**
- 4) **To improve security and mitigate geopolitical risks**
- 5) **To promote more sustainable regulations for production and trade**
- 6) **To ensure a level playing field**

Apropos of the Green Deal Industrial Plan, whose fourth pillar is based on the trade policy and is indeed considered an essential element for maintaining EU's leadership in sustainable technologies, and in line with the document of CEOE on trade policy priorities ahead of the Spanish presidency of the Council:

- **We at the CEOE applaud the firm commitment of the Spanish government for promoting the political agenda with Latin America and the Caribbean**, as its potential for developing economic, trade and investment partnerships is undeniable. Accordingly, with our sights set on the **next EU-CELAC summit scheduled for 17-18 July** and the concurrent business event, it is especially important:
 - To **identify and approve a portfolio of strategic investment projects** in Latin America and the Caribbean linked to the **Global Gateway** strategy.
 - To speed up the **processes of negotiation and ratification of trade agreements** between the EU and **Chile, Mexico and MERCOSUR**.
- Efforts must also be made to **consolidate Spain's position as the main partner of the Southern Neighbourhood**, a region of particular strategic interest (particularly in Algeria and Morocco) with which there are shared needs and key interdependencies.
- The **European Political Community**, an idea born during the French presidency of the Council in 2022 will meet in Granada on 5 October. This is a good **tool for consolidating relations with reliable and close partners as progress** is made in the accession process of the Balkan countries. It is also essential to seek to ensure **good relations with the United Kingdom** while implementing the Withdrawal and Trade and Cooperation Agreements.

- Needless to say, it is important to continue strengthening **the transatlantic open relations with the United States** and **making full use** of the possibilities offered by the **EU-US Trade and Technology Council** to make progress in areas of common interest and seek solutions to safeguard the economic, technological and strategic interests of the EU such as the specific Working Group (IRA).
- We aim to conclude the trade agreement negotiations with **Australia**, to make substantial progress in trade negotiations with **India** and to ratify the trade agreement with **New Zealand**.



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- As far as the **relations with China** are concerned, the Spanish presidency should ensure **the progress towards a more balanced trading relationship and foster the cooperation with China in order to address global challenges** such as the struggle against climate change and the strengthening of multilateralism.
- It is also important to give the **European Commission** the **instruments needed to strengthen its negotiating capacity**.
 - Thus, the Spanish presidency should seek to ensure the effective application of **economic anti-coercion rules** and the

regulation on **foreign subsidies distorting the internal market** (in force since January 2023). In this regard, the presidency must seek to make progress towards the future proposal for an implementing regulation on the rules and procedures for applying regulations themselves.

- The CEOE also insists that a proposal be published for the revision of the regulation on the **Blocking Statute, to update it and adapt it to current circumstances**.



5. **OPEN STRATEGIC AUTONOMY BASED ON PROMOTING COMPETITIVENESS IN EUROPE**

5. OPEN STRATEGIC AUTONOMY BASED ON PROMOTING COMPETITIVENESS IN EUROPE

The Spanish presidency of the Council is called upon to lead the debates on **the definition of the current concept of the “open strategic autonomy” of the EU**, which will be the core topic of the informal European Council meeting in Granada on 6 October. In this regard, we believe that it is **important to enlist the cooperation of the private sector**, due to its experience and in line with the priorities set out above, to establish just what this means and how the concept should be developed.

- The concept of strategic autonomy has evolved since it was first coined (in the Global Strategy for the European Union’s Foreign and Security Policy of 2016) to reflect the need to strengthen security and the collective defence of the EU in a multipolar world with continual changes on the geopolitical chessboard, characterised by coexisting global

challenges on a large scale. **With the COVID-19 pandemic and the Russian invasion of Ukraine** it has become **even clearer** that the EU needs to prioritise the protection of its citizens **responding to current dependencies on third countries**. That means boosting capacity and the defence industry, as well as fostering autonomy in other basic areas for the proper functioning of the internal market.

- **At the CEOE** we therefore believe that **open strategic autonomy must be backed up by a boost to competitiveness in the EU**, brought about by strengthening its **strategic industries**, consolidating and diversifying **strong, resilient supply chains** and, of course, implementing **policies** that boost competitiveness that deal with existing shortcomings.

- To attain that open strategic autonomy we need to invigorate economic and industrial activity and **strengthen both the internal resilience of the internal market and the EU's leadership on a global scale in all areas**. Special attention must be paid to areas such as energy, industry, digitalisation and technology (particularly cyber-security), health, agri-food, investment and trade policies, the defence industry, critical raw materials and waste recycling and valorization techniques, but the **definition of open strategic autonomy in the EU must not leave behind any sector or Member State** and must not succumb to the temptation of protectionism.
- The functioning of strategic value chains must be ensured and necessary actions must be taken to make those chains autonomous and resilient.





**Spanish Presidency of
the EU Council**

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The background features a dark blue gradient with several large, stylized, 3D-rendered elements. On the left, there are yellow stars of varying sizes, some appearing as cutouts. In the center, there is a large, light blue, 3D-rendered number '3' with a white outline. The overall aesthetic is modern and corporate.

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