

EU Competitiveness in a Global Arena: Charting the Path Forward - Debate Summary

On Wednesday, 10 April 2024, the European Enterprise Alliance and Union of Entrepreneurs and Employers held a working lunch titled "EU Competitiveness in a Global Arena: Charting the Path Forward" in partnership with SME Connect at Sofitel Europe in Brussels. The opening remarks were delivered by Dr Horst Heitz, Chair of the Steering Committee of SME Connect followed by the keynote presentations given by Agata Boutanos, Director of the Representation to the European Union, Union of Entrepreneurs and Employers & Seyide Direk, Policy Analyst at the European Enterprise Alliance. The panel discussion showcased Dr. Laurent Maurin, Head of the Economic Studies Division at the European Investment Bank, followed by Dr. Tudor Petru Fabian, Policy Advisor to Iuliu Winkler MEP; Coordinator of the Working Group on Trade with SME Europe of the EPP, Dr. Daniel Wennick, Policy Director at Orgalim, Harald Past, Head of International Trade & Taxation at EuroCommerce, Michael Jäger, President of the European Taxpayers Association, Ralph Kamphöner, Head of Brussels Office at textil+mode; moderated by Dr. Horst Heitz, Chair of the Steering Committee of SME Connect.

Agata Boutanos, Director of the Representation to the European Union for the Union of Entrepreneurs and Employers, presented the ZPP report on "EU Competitiveness in a Global Perspective." She emphasized the need for direct regulation over directives to ensure faster and more effective implementation, citing discrepancies in implementation across EU member states. Boutanos highlighted the importance of clarity in regulatory environments, particularly for the tech industry, to foster innovation and the development of future solutions. To enhance competitiveness, Boutanos advocated for equal and free market access for all EU members and the simplification of regulations to promote fair competition. She stressed the need to empower smaller states, including those in Central and Eastern Europe, and called for coherence in regulations across the EU. Boutanos suggested measures such as introducing e-declarations and standardizing procedures to facilitate compliance for small businesses. Moreover, she underscored the significance of strengthening transatlantic ties and cooperation in the tech sector to learn from other regions and develop together. Boutanos emphasized the importance of regulatory alignment and collaboration to ensure that the EU remains competitive and able

to keep pace with global technological advancements.

Seyide Direk, Policy Analyst at the European Enterprise Alliance, presented the report titled "Underrepresentation of Central and Eastern European (CEE) Region in EU Institutions." Direk emphasized the significance of ensuring that the voices of these regions are heard in the institutions. Equal representation is not only a matter of fairness and inclusivity but also essential for effectively tackling the multifaceted challenges encountered by the EU. The report highlighted concerning trends in leadership positions, with Western and Southern Europe dominating appointments while the Central and Eastern European region is marginalized. For example, Poland's overall representation percentage in EU institutions remains low despite notable appointments. Several factors contribute to this underrepresentation, including political dynamics, population demographics, and economic disparities. In conclusion, Direk provided recommendations for creating a more inclusive environment to ensure equal representation in policymaking within the EU institutions.

"Europe leads in green technology, boosting its economy and future competitiveness. As renewable energy dominates, electricity costs drop, driving manufacturing power. With strong democratic and social policies, Europe offers ample support and subsidies." — Laurent Maurin, Head of Economic Studies Division, European Investment Bank

Dr. Laurent Maurin, Head of the Economic Studies Division at the European Investment Bank, emphasized the need to take a positive outlook on economic developments, considering the unexpected strength of the recovery despite challenges such as high energy costs and monetary policy tightening. Maurin then shifted to discuss the long-term trends in European growth, expressing concerns about demographic changes, lack of innovation, and the retention of innovators within Europe. He stressed the importance of implementing new policies to address these challenges and ensure Europe can maintain pace with the U.S. economy. Maurin highlighted strategic challenges such as securing European supply chains and enhancing territorial defense capabilities, suggesting these issues should be on the agenda of the new European Commission. Drawing from corporate surveys conducted by the European Investment Bank, Maurin noted that companies in the EU are more concerned about regulatory issues and skills shortages than financial conditions. Despite these challenges, Maurin highlighted Europe's strengths in green technology and social policies, suggesting they could contribute to future competitiveness. He concluded by emphasizing the importance of raising the potential growth of the European Union through coordinated policy efforts.

"Companies face heightened exposure while implementing regulations, blurring lines between business and politics globally. Increased investment in ongoing geopolitical risk assessments is imperative for both European and American companies." - Dr. Tudor Petru Fabian, Policy Advisor to Iuliu Winkler MEP; Coordinator of the Working Group on Trade with SME Europe of the EPP.

Dr. Tudor Petru Fabian, Policy Advisor to Iuliu Winkler MEP and Coordinator of the Working Group on Trade with SME Europe of the EPP, discussed EU competitiveness in the global arena, reflecting on insights from a Responsible Business Conference in the U.S. He highlighted companies' proactive initiatives in sustainability and supply chain mapping, driven by the EU's value-based policy push. Fabian noted companies' concerns about regulatory coherence across the EU, U.S., and globally, particularly regarding compliance and the pace of regulatory changes. He emphasized the impact of China-related regulations on global supply chains and the need for greater investment in geopolitical risk assessments. Fabian stressed the interdependence of business and politics, calling for increased cooperation between public and private sectors. He highlighted trust disparities between government and companies and advocated for strategic alignment and cumulative impact assessments to ensure the feasibility of regulatory frameworks. In navigating the green and digital transitions, Fabian underscored the importance of aligning legal and statistical frameworks with the practical needs of businesses. He cautioned against both excessive speed and insufficient assessment of regulatory impacts, emphasizing the need for a balanced approach to policymaking.

Dr. Daniel Wennick, Policy Director at Orgalim, emphasized the competitiveness of the EU, highlighting challenges in competition against the US and China. He pointed out the impact of factors such as regulations, innovation, and high energy prices on competitiveness. Wennick underscored the need for a market-driven framework to achieve climate goals, stable policies, and equitable taxation. He called for new legislation to ensure market conformity assessment processes and addressed geopolitical challenges regarding international and European standards. Wennick also stressed the importance of reducing trade barriers and strengthening partnerships with countries like the US, Switzerland, Australia, and the UK. In the long term, he advocated for funding support for sectors and enhancing public-private partnerships.

Ralf Kampöner, Head of the Brussels office at the Confederation of the German Textile and Fashion Industry, highlighted the complexity of the textile sector and its role in innovation. He emphasized the sector's reliance on small to medium-sized companies and the need for a conducive policy environment for competitiveness. Kampöner discussed the importance of global value chains and cautioned against protectionist measures, advocating for collaboration

instead. He underscored the challenges of navigating international trade agreements and the risks of regulatory complexity, particularly for small businesses. Kampöner stressed the importance of considering the entrepreneurial perspective in policymaking to avoid unintended consequences and fragmentation of the internal market. Kampöner urged policymakers to prioritize the creation of a level playing field across the EU to avoid further fragmentation. He emphasized the need for coordinated efforts to strengthen Europe's economic position globally.

Harald Past, Head of International Trade & Taxation, at EuroCommerce, highlighted the challenges facing the retail and hotel sector in Europe, particularly emphasizing the digital, green, and skills transformations. He stressed the need for significant investment, estimating up to 600 billion euros by 2030, to address these challenges effectively. Past also pointed out the neglect of global competitiveness in the EU's agenda, citing the disproportionate impact of certain measures on SMEs. He called for a more workable framework for small companies to succeed globally, emphasizing the importance of trade relations and urging the EU to take a more proactive approach in tackling global challenges like the green transition. Additionally, Past expressed concerns about potential barriers for smaller companies, particularly in customs reforms, and advocated for measures that would facilitate their ability to compete on the global stage.

Michael Jäger, President of the European Taxpayers, highlighted concerns regarding EU competitiveness, particularly in the context of the green transition. He expressed reservations about the centralized approach to addressing challenges and emphasized the need for market-driven solutions and innovation. Jäger called for deeper engagement with entrepreneurs and stakeholders to ensure sustainable growth and advocated for a stronger voice for entrepreneurs in policymaking. He stressed the importance of effective communication and dialogue to address collective challenges and promote EU competitiveness.

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Pauline Weil, Economist, Bruegel presented research into the macroeconomic situation two years into the Russian aggression against Ukraine. She emphasized the significant role of the UK and Russia in the globally traded food supply, highlighting challenges in both production and logistics arising from the aggression. Weil expressed global concern over historically high food prices, noting the potential for heightened food insecurity, reminiscent of events like the Arab Spring. However, she mentioned that prices have eased since April 2022 due to strong harvests, declining shipping costs, and more affordable energy and fertilizer prices. Weil discussed the impact felt at local levels in the UK, EU, and Ukraine, particularly the disruptions in grain exports from Ukraine through the Black Sea. She highlighted the EU's financial support package and measures to address import restrictions, emphasizing the enduring local impacts and the need to address competition distortions amid trade liberalization in the food sector.

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