

VILNIUS DECLARATION OF BUSINESSEUROPE'S COUNCIL OF PRESIDENTS

SAVING EUROPEAN INDUSTRY THROUGH COMPETITIVENESS ENHANCING MEASURES

European industry is at risk. Enterprises of all sizes and sectors across Europe are deeply concerned about the state of our economy and slow delivery of measures to strengthen it. Growing geopolitical pressures, rising costs and cumulative regulatory burden continue to undermine investment, growth and job creation in Europe. Europe needs to take forceful action to improve its competitiveness, facilitate investment, scale innovation and counter unfair competition. Delivering tangible improvements felt by companies is more urgent than ever. A strong European economy is essential for Europe's continued support to Ukraine and to reach our security, environmental, digital and social goals. Europe's economic security and resilience depend on a competitive industrial base, resilient supply chains, secure critical infrastructure and the ability of businesses to maintain operations in times of crisis. This is the message from the Presidents of BusinessEurope's Council of Presidents gathered in Vilnius at the invitation of LPK, its Lithuanian member federation, five weeks before the start of the Lithuanian Presidency of the Council of the European Union.

During the first half of 2027, BusinessEurope urges EU leaders to:

01 ACCELERATE THE DELIVERY OF REGULATORY BURDEN REDUCTION AT EU LEVEL AND REFRAIN FROM GOLD PLATING IN MEMBER STATES

Reducing regulatory burden and making EU legislation easier to comply with is one of the fastest and most cost-effective ways to improve Europe's competitiveness. It is crucial to live up to the announced legislative discipline, refrain from creating new regulatory burden, accelerate the work to simplify EU legislation at all levels, streamline industrial permitting and carry out the announced deep house cleaning of the EU acquis to deliver the promised regulatory burden reduction by at least 25% for all companies and 35% for SMEs. BusinessEurope made very concrete proposals in its Omnibook. Only 7% were addressed so far.

ACTIONS TO BE TAKEN:

- Finalise the adoption of a simple, and attractive EU Inc. - focused on company law and refraining from adding overly complex workers participation provisions - to allow companies to scale across Europe with less paperwork;

- Make further meaningful regulatory and permitting simplification proposals at EU level, drawing on the almost 140 concrete proposals outlined in BusinessEurope's Omnibook;
- Simplify EU banking regulation, including through the upcoming Bank Competitiveness and Simplification Package, ensuring a more proportionate and risk-sensitive prudential framework that strikes the right balance between safeguarding financial stability and supporting the real economy, while reducing unnecessary regulatory burdens and strengthening banks' capacity to finance businesses, particularly unrated companies and SMEs;
- Make certain that new legislative initiatives such as the Industrial Accelerator Act, the Public Procurement Act, the Cloud and AI Development Act, and the Digital Fairness Act do not create further burden for European companies and respect the better regulation framework;
- Ensure that the Quality Jobs Act simplifies rather than adds to the regulatory framework and helps enhance European competitiveness, as it is the basis to have quality jobs;
- Set up a tool to ensure that member states do their part of the simplification work and refrain from adding unnecessary additional requirements when implementing EU legislation by agreeing on an Anti-Gold-Plating Pact;
- Reduce tax compliance burdens, eliminate duplicative reporting obligations and improve tax certainty for cross-border business activities. Concerning this, it is important to continue to support the Taxation Omnibus proposal.

02 COMPLEMENT THE "ONE EUROPE, ONE MARKET" ROADMAP WITH A LONG-TERM VISION FOR OUR SINGLE MARKET

The Strategy and the "One Europe, One Market" roadmap give useful timelines for completing legislative work. However, we are missing a long-term vision on where we want the Single Market to be in ten years, with clear KPIs and measurable targets for cross-border integration and enforcement of Single Market rules, as was done for the green and digital transitions.

ACTIONS TO BE TAKEN:

- Establish a headline target for Single Market integration for 2035 coupled with a few more specific targets such as increasing intra-EU goods and services trade by 2% by 2030, removing the "terrible ten" barriers by the end of 2027 and a target for Member States' compliance with EU Single Market legislation;
- Enable mobility in Europe through the Fair Labour Mobility Package, improve mutual recognition of qualifications and reduce administrative burdens by fostering stronger use of digital tool such as the recently adopted e-declaration;
- Mobilise private investment at scale by improving framework conditions for investment, deepening European capital markets and strengthening access to finance for companies, including venture and growth capital to channel more European savings towards productive investment, innovation and scaling companies as suggested in BusinessEurope's priorities for the Savings and Investment Union and on European startups and scaleups.

03 SECURE ENERGY AT COMPETITIVE PRICES AND PREVENT CARBON LEAKAGE

Decarbonisation must improve competitiveness and cannot mean deindustrialisation. Across the EU, businesses are grappling with stubbornly high energy prices, which disadvantage them on global markets and drive industry and the related jobs out of Europe.

ACTIONS TO BE TAKEN:

- Reduce energy taxes, levies and network costs - making sure that reductions translated into lower final energy costs for companies, - and ensure that demand saving measures do not lead to industrial demand destruction;
- Advance the integration of EU energy markets and the development of cross-border interconnections, electricity grids and storage, ensuring that Member States build energy systems that contribute to wider system benefits, and that interconnection deployment is balanced with responsibilities for individual member states;
- Develop a simple and technology neutral post-2030 energy framework to allow Member States and businesses to decarbonise at the lowest cost, relying on diversified supplies and long-term partnerships with reliable producers;
- Ensure a central role of the ETS in EU's post-2030 climate framework, while maintaining effective carbon leakage protection - which includes removing conditionalities for free allocations and delivering a permanent CBAM export solution - and sufficient funding for ETS operators.

04 PUT IN PLACE A NEW MULTIANNUAL FINANCIAL FRAMEWORK WHICH STRENGTHENS COMPETITIVENESS

Disproportionate cuts in competitiveness funding and new company taxes like CORE will not make Europe a better investment location. On the contrary, the next MFF must strengthen Europe's competitiveness, leverage private investment and concentrate resources where European action provides the greatest added value.

ACTIONS TO BE TAKEN:

- Preserve the increases proposed by the Commission in competitiveness-enhancing expenditure, securing reinforced funding for the European Competitiveness Fund, the Connecting Europe Facility, Global Europe and increase funding for Horizon Europe;
- Avoid that application of the Do not Significant Harm Principle leads to automatic sectoral exclusions or restrict access to EU funding for investments supporting industrial transformation, innovation and decarbonisation;
- Ensure adequate funding for cohesion policy, including the European Regional and Development Fund, and target it increasingly at competitiveness, with a meaningful role for business and social partners in the national and regional partnership plans;
- Continue with the European Social Fund as a standalone instrument supporting employment, skills development through life-long and work-based learning, as well as social dialogue, with funding targeted at demonstrable labour market needs, skills shortages as well as company driven training;

- Reject increases in business taxation such as CORE or digital services taxes to finance the EU budget as European enterprises already face a high average tax burden compared to global competitors and as such measures risk generating limited additional revenue while imposing disproportionate compliance and administrative costs on businesses, further undermining their competitiveness.

05 CONTINUE PROMOTING TRADE DIVERSIFICATION AND A LEVEL - PLAYING FIELD

While putting our economic house in order, we must defend our interests when faced with state policies creating market distortions, systemic risks, and dangerous dependencies impacting Europe's industrial capacity as well as economic growth and employment in Europe.

ACTIONS TO BE TAKEN:

- Continue an ambitious and proactive trade policy to boost exports in growth markets, support the diversification of supply chains and secure access to critical inputs at competitive prices through the provisional application and smooth ratification of the agreement with Mercosur as well as of the free trade agreements with Mexico, India, Indonesia and Australia;
- Assert and safeguard the EU's economic interests, vis-à-vis countries like China that distort trade through subsidies, state-induced industrial overcapacities or undervalued currencies by using the trade defence toolbox in a more distinct way, working with like-minded partners, keeping the dialogue open and being clearer about costs to ensure that the actions taken are balanced and avoid further loss of competitiveness for European industry;
- Stabilise the relationship with the US, ensuring that both sides respect the EU-US Joint Framework Agreement and work to address existing trade and geopolitical irritants in a way that is mutually beneficial;
- Build on the outcomes of the EU-UK summit to pave the way for stronger cooperation and enhanced trade and investment flows.

06 LEVERAGE EUROPE'S SECURITY AND RESILIENCE STRATEGY TO IMPROVE INDUSTRIAL COMPETITIVENESS

Security and defence are now integral to Europe's competitiveness agenda. Safeguarding Europe's security requires strengthening Europe's competitiveness, industrial base, innovation capacity and economic resilience. BusinessEurope reiterates its support to Ukraine, its people and their European future and underlines that a stronger and more resilient Europe is essential to sustain this support.

ACTIONS TO BE TAKEN:

- Ensure that the common security, defence and preparedness strategy is a driver of industrial growth and innovation across Europe, developing a proactive whole of society model that promotes effective public-private cooperation to safeguard the functioning of critical infrastructure, supply chains, industrial systems and the Single Market.
- Leverage increased defence investment to strengthen Europe's industrial and technological base, drive innovation, support high-skilled jobs and reinforce long-term productivity, with special attention to the needs of SMEs and dual-use technology producers. Ensuring access to finance and capital growth to scale up strategic industrial capabilities and maximising the use of European instruments such as the European Defence Fund (EDF), SAFE, EDIP and EIB financing mechanisms;

- Strengthen coordination on procurement, standards, export controls, supply chains and military mobility to reduce fragmentation, scale production and ensure rapid deployment;
- Ensure that economic security measures remain targeted, proportionate and evidence-based, avoiding protectionism and unnecessary disruptions to European supply chains. The announced DiversifyEU initiative should support voluntary and market-driven diversification, without creating additional reporting requirements or binding companies' sourcing decisions;
- Accelerate the implementation of the EU Critical Raw Materials Act and the RESouceEU action plan to secure diversified raw material supplies through faster permitting, targeted financing and investment de-risking as well as long-term offtake agreements supporting Critical Raw Materials projects along the whole value chain in Europe and with partners.

Europe has talented people and innovative companies and a valuable industrial base, but European companies have strong competitors and industrial jobs are declining. Europe cannot regulate and tax its way to prosperity. It has to deepen its Single Market, reduce regulatory burden, address high energy costs, adopt an ambitious and forward-looking MFF to improve the EU as an investment location. At the same time, Europe must defend its interests when faced with state policies creating market distortions and promote trade diversification so that quality jobs can flourish in Europe. There is no time to waste. Delivering tangible improvements that are felt on the ground is more urgent than ever.