COUNCIL OF PRESIDENTS BUSINESSEUROPE
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Nicosia CYPRUS

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DECLARATION OF THE NICOSIA COUNCIL OF PRESIDENTS TO THE FUTURE CYPRUS PRESIDENCY OF THE EU

The future Cyprus Presidency will steer the work of the different EU Council formations in a defining moment for Europe. Geopolitical tensions have increased and economic headwinds are stronger.

BusinessEurope and its member federations acknowledge the actions taken by the EU to boost competitiveness. Unfortunately, the effects are not yet felt by European enterprises, who are faced with an increasingly challenging situation.

There is only one effective way to counter the perception that the EU is falling short of its ambition: delivery of concrete measures that make a difference for companies on the ground.

BUSINESSEUROPE HAS 6 KEY MESSAGES TO THE FUTURE CYPRUS PRESIDENCY:

1. **Foster European unity to defend European interests globally and promote trade diversification:** We support the deal made with the US, even if it is far from ideal because it allowed to avoid a damaging tariff escalation and provides a basis to continue the work needed to solve remaining issues in the transatlantic relationship. It is key that both the EU and the US proceed with implementation, respecting the form and spirit of the deal avoiding actions that would undermine the EU-US framework agreement.

   Trade diversification is also an essential part of the answer and swift ratification of the Mercosur agreement is a central element in such a trade diversification strategy. We also need to move forward with the ratification of the Mexico agreement, work with UK to advance negotiations as part of the EU-UK reset, and conclude further negotiations with India and Asean countries. Securing uninterrupted access to critical raw materials is key for Europe's competitiveness.

2. **Accelerate EU regulatory burden reduction to make it easier to do business:** If we want to come anywhere near the promised twin regulatory burden reduction by at least 25% for all companies and 35% for SMEs, the simplification proposals that are on the table today must be swiftly adopted and implemented. In addition to this, we need a constant stream of omnibuses or similar burden reduction measures. Moreover, as stated in the letter of 22 Heads of States ahead of the European Council meeting of 23-24 October, a new culture of self-restraint is needed when it comes to new legislation.

   BusinessEurope made 68 concrete proposals to simplify EU legislation and is currently working on additional targeted burden reduction measures aimed at reducing compliance costs for companies, without jeopardising the goals pursued. They must be drawn on to significantly step up regulatory simplification in Europe.

   In particular, we count on the future Cyprus Presidency to finalise the adoption of the pending Omnibus packages, without delay, and to simplify the Pay Transparency Directive to facilitate transposition by Member States and compliance by companies.

3. **Deepen the Single Market to release Europe's full growth potential:** Remaining barriers are equivalent to tariffs of 44% for goods and 110% for services.

   We need full implementation of the Single Market Strategy an ambitious Single Market roadmap to 2028, to remove barriers to cross-border trade and investment, including when they stem from gold-plating the implementation of Single Market rules in member states.

   We also count on the Cyprus Presidency to finalise the adoption of the long-awaited e-declaration and of the exemptions from prior notification for business trips and short-term postings (less than 3 days) under Regulation 883.

4. **Focus energy and climate policies on enabling conditions to meet Europe's ambitions:** European businesses remain fully committed to climate neutrality by 2050. However, targets alone will not deliver the needed results. There must be incentives and a business case to invest in decarbonisation. The focus must be on the key enabling conditions that will create this business case and make the EU's climate ambition achievable.

   Energy prices remain persistently high in many Member States. Securing access to affordable energy, mobilising massive private and public investments, building the necessary infrastructures, and creating lead markets will be key. Companies also need a stable and technology-neutral regulatory environment that avoids overregulation and fosters innovation.

   European industry needs strong protection against carbon leakage until there is a level playing field. If CBAM proves not to be effective, the phase-out of ETS free allowances should be postponed until other appropriate instruments are found. Flexibility mechanisms, including high-quality international credits and certified removals, can also play a role in reducing costs and recognising sectoral differences.

5. **Facilitate job creation in competitive and innovative European companies:** To optimize growth and ensure the financing of our social model in a context of demographic ageing, it is important to increase simultaneously productivity and employment. The Union of Skills is a positive step to help tackling skills and labour shortages which are holding companies back but it is not enough.

   The future Quality Jobs Act could undermine competitiveness and the Industrial Accelerator Act. To avoid hindering innovation, it is of strategic importance to refrain from actions that hamper the development and deployment of AI in European companies and remote work.

Furthermore, the EU must not shy away from necessary simplification in social legislation, notably by leaving the necessary space for social dialogue solutions. In particular, the introduction of a presumption of compliance for companies adhering to collective agreements would facilitate compliance with the pay transparency directive and support social dialogue throughout Europe.

6. **Close the EU's investment gap by facilitating private investment and enhancing pro-competitiveness expenditures in the EU budget:** The EU invests roughly the same share of GDP as the US but far less in strategic areas such as green, digital and R&D.

   Strengthening capital markets in the framework of the Savings and Investment Union is essential to enhance cross-border competition among financial intermediaries, improve capital provision, lower financing costs, foster innovation. Key to this is removing barriers to cross-border liquidity flows, including dividends, to boost bank-led investment and improve financing conditions for businesses.

   The upcoming Multiannual Financial Framework (MFF) for the EU's budget will also be crucial. BusinessEurope welcomes the proposed creation of a European Competitiveness Fund (ECF) and increased focus on research and innovation.

   In particular, we count on the future Cyprus Presidency to preserve the proposed budget increases for the ECF and flagship programmes and instruments such as Horizon Europe, the Connecting Europe Facility, Global Europe and InvestEU in upcoming Council discussions on the next MFF, without increasing business taxation as the EU already has a high average tax burden compared to global competitors.

A competitive European economy with strong European companies is a prerequisite to successfully fulfilling Europe's security, green and digital ambitions. It is essential to have the means to continue supporting Ukraine. Giving clear signals that Europe is raising its game when it comes to the delivery of promised policy improvements during the future Cyprus Presidency is more important than ever.