

State of the Union's business community – Christoph Leidl, President of EUROCHAMBRES

Prior to Ursula von der Leyen's first annual SOTEU speech as President of the European Commission, the President of the association of European chambers of commerce & industry provides a business perspective on the state of the European Union.

The EU has never been more important. This might not have been the mood in the early days of the COVID-19 outbreak when member states adopted a piecemeal approach to tackling the pandemic. But it is certainly the mood among businesses across Europe as they struggle to manage the legacy of the extraordinary economic hibernation during the second quarter of 2020 and to revive their activities in what remains a hugely challenging and unpredictable context.

Chambers of commerce & industry have never been closer to their members than during the last six months. As President of EUROCHAMBRES, I am proud to acknowledge their role, as well as the resilience shown by our business community.

The EU has never been more important because the principles of cooperation and integration on which the European project has been constructed are of even greater relevance in responding to the crisis and rebuilding our economy.

The ambition of the €1.8 trillion EU recovery package that has taken up much of the political bandwidth in recent months is not misplaced. The way in which it is spent should also not be misplaced. Public authorities need to work with chambers to design and deliver plans that benefit businesses, especially small and medium sized enterprises (SMEs). The high politics need to be converted into concrete actions for the good of entrepreneurs at grass roots level if they are to have the desired effect.

The EU is of course about much more than its budget. For chambers, the EU's capacity to ensure a level and expanded playing field in which to do business is paramount. As such, the single market is its greatest asset. However, COVID-19 saw the reappearance of certain cross-border obstacles. This has created additional complexity for many companies, while indirectly underlining the importance of multiple value chains that crisscross Europe. Differing rules in response to the pandemic disrupt business and undermine planning, so we welcome the Commission's recent announcement about improved coordination and communication of measures taken by member states. This is critical to the recovery.

Even before the pandemic, many barriers prevented SMEs from capitalizing on the full potential of the single market, as Chamber data underlines. President von der Leyen should commit in her SOTEU address to an ambitious strategy to eliminate the most significant remaining obstacles to the free movement of goods, services, workers and capital. We simply cannot afford to leave the potential of the single market untapped.

In a world where several of our major competitors are continent-sized economies, deepening and strengthening the single market also increases the EU's influence on the international

stage. The principles of fair and open trade that the EU espouses have come under intense pressure in recent times, as protectionist tendencies have increased, amplified by COVID-19 has amplified this trend, with global trade declining more severely than after the 2008 financial crisis. The European Commission must lead the response from the front, pursuing measures to safeguard international trade.

Barriers also impede the online single market, which is a clear reason for the European Commission to pursue its digital policy agenda. That said, the EU needs to avoid the creation of an overly stringent rulebook. Leading on regulation does not equate to leading on innovation. This is especially true in artificial intelligence, where new rules should not curb Europe's potential.

The economic crisis adds further credence to the Commission's vision of the EU Green Deal as a growth strategy; it must be a motor for the recovery and for employment creation, providing a framework in which our businesses can innovate and invest in climate and environmental protection. Measures leading to higher costs for operators must be reassessed in the context of the economic downturn.

So, indeed, the EU has never been more important. But that doesn't mean that we can take the EU for granted or take for granted that the EU will get everything right. That is why EUROCHAMBRES continues to engage with the EU institutions to define and deliver the right responses to the crisis and to chart a path to recovery.

In times of crisis, Europe needs to pull together, and we need to pull in the right direction.

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