

Ms Ursula von der Leyen  
President  
European Commission  
Rue de la Loi 200  
1049 Brussels  
Belgium

Prague, 3 January 2025

Subject: **Input for the forthcoming Competitiveness Compass**

Dear President von der Leyen,

Based on indications that the announced Competitiveness Compass may be published in mid-January, I allow myself to provide some considerations from the perspective of the European network of chambers of commerce and industry. We will of course analyse the document once available and remain committed to contribute to the rollout of a proactive EU competitiveness strategy throughout the new term.

Eurochambres held an event in late 2022 that defined a Competitiveness Compass. The content discussed by chambers at that time related to measures to drive Europe's post-pandemic recovery. Many of these measures are, with some recalibration, equally pertinent to the critical aim of restoring our long-term competitiveness.

The European Commission's Competitiveness Compass should guide the work of the executive and the EU policy agenda more broadly for the next five years. Chambers would highlight the following key areas as the four cardinal points of the compass:

**Simplification:** the stockpile of existing EU regulatory requirements – not just in relation to reporting, but compliance more generally – must be radically streamlined, removing obsolete, overlapping, and disproportionate legislation with the cumulative burden on particular sectors or categories of business firmly in mind. Eurochambres already submitted to the European Commission a list of 60 existing pieces of EU legislation where swift and resolute simplification measures are urgently needed to deliver on your commitment of cutting red tape by 35% for SMEs.

Digitalisation is part of the solution, especially in relation to reporting requirements. Nonetheless, it would be short-sighted and inefficient simply to digitalise complex existing requirements, so a deep rooted review and simplification process is needed. This must be coupled with a significant shift in mindset in relation to policy-making. The 'regulate first and deal with the consequences' approach that has characterised much of the recent decades must end. We need a more committed approach to evidence-based policy-making, systematically weighing the costs and benefits for business against the objectives and carefully considering alternatives to regulation.

Co-legislators and enforcement agencies must also adhere to this agenda and respect the 'think small first' principle of developing and implementing policy with the vast majority of businesses – SMEs – foremost in their decisions. Eurochambres therefore welcomes your commitment to renew the interinstitutional agreement on simplification and better law making.

Many previous 'better regulation' initiatives have, from a business perspective, flattered to deceive. This time, our entrepreneurs must perceive a difference; they must be able to reallocate time and resources away from compliance and reporting to the real business of generating added value and creating jobs through the provision of goods and services.

**Scale:** facilitating market access is a fundamental way in which the EU can drive business growth and support scaling up. The single market is the jewel in the crown of European integration. This jewel requires further polishing before it fulfils its potential. Many businesses still encounter significant technical and other non-tariff barriers when pursuing cross-border opportunities within the single market. SMEs are more affected by these barriers, explaining why only around 15% of them trade cross-border. Opportunities for large-scale investment remain untapped, limiting the potential to leverage funds for innovation and leading many of our dynamic entrepreneurs to seek growth opportunities outside Europe.

Ensuring a level-playing field within the single market would unlock the capacity of European businesses, driving competitiveness and creating opportunities for all. A proactive strategy focused on addressing persisting obstacles to cross-border trade and investment can clear the path for continued growth and success.

With most global growth being generated outside the EU, trade undoubtedly matters. Strong economic relations with established partners such as the USA and the UK must remain a focus. The recently secured Mercosur agreement is an encouraging sign of your Commission's intent. In parallel to seeking additional FTAs, the Commission must work with trusted service providers such as chambers to ensure that there is greater uptake of the opportunities that these agreements present by businesses, especially SMEs.

Strategic investment is another important component in the EU's international outreach. Here, the Global Gateway initiative must be more targeted and accessible to companies, again including SMEs, and focus on business needs.

European prosperity depends to a great extent on the ability to maintain open markets, and the predictability of global market conditions as enshrined through the multilateral rules-based trading system. The EU must therefore continue to prioritize strengthening the WTO rules, update and reinvigorate them as part of its needed reform agenda, and make them fit for purpose in light of current business practices and challenges.

**Security:** access to affordable energy and raw materials is key for securing Europe's competitiveness and advancing our climate ambitions. EU companies continue to face electricity prices that are two or three times higher than those in the USA, creating a significant cost disadvantage. At the same time, Europe's heavy reliance on a limited number of suppliers for critical raw materials jeopardises the production of clean and innovative technologies that are vital for the green transition.

The Clean Industrial Deal must be a fair deal for businesses, enabling decarbonisation while simultaneously driving Europe's reindustrialisation. It must deliver on reducing energy prices, ensuring a stable and affordable supply of raw materials and addressing strategic dependencies. Achieving these objectives will require expanding energy infrastructure, streamlining permitting procedures, and improving access to financing for sustainable projects. Furthermore, diversifying sources of energy and critical raw materials, along with fostering a robust market for secondary raw materials, will be crucial to reducing Europe's dependencies.

International collaboration to harmonise climate policies is equally critical to securing Europe's competitiveness on the global stage. Without such cooperation, the risk of carbon leakage threatens both Europe's industrial base and the effectiveness of its climate measures. By aligning global climate efforts, we can establish a level-playing field for businesses, ensuring that decarbonisation becomes an opportunity for growth rather than a threat to Europe's competitiveness.

**Skills:** the competitiveness goal will fall short if appropriate attention is not given to Europe's core strength: its human capital. While this remains a key competitive advantage, Europe's workforce is currently under strain due to demographic trends and the challenges of transitioning to a more digital and green economy. Businesses are repeatedly facing shortages of workers with the necessary skills, as revealed by the findings of the 2025 Eurochambres Economic Survey.

Addressing this challenge requires first and foremost a clear understanding of the skills that companies require to successfully navigate these changes. Chambers of commerce and industry, with their close connections to businesses, are uniquely positioned to provide insights into these needs and inform policy-making.

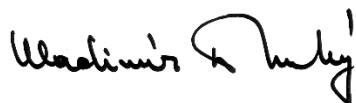
An effective skills strategy must also prioritise the strengthening of vocational education and training (VET) programmes, which have consistently proved effective in upskilling the workforce and integrating NEETs (people not in education, employment, or training) into the labour market. While VET must be central to Europe's agenda, it is also essential to ensure that the cost of training is not borne solely by businesses, but that they are adequately supported in investing in their employees.

Europe's universities, as centres of excellence and innovation, can also contribute significantly to Europe's competitiveness. Strengthening research and development, ensuring sufficient research funding, and promoting the commercialisation of research outputs are crucial to achieving this goal. By fostering academic excellence and technological advancements, Europe can not only drive the twin transition forward, but also revitalise its position as a global innovator.

Chambers would also highlight the crucial role of mobility and migration in addressing labour market gaps and ensuring businesses' access to talent. In this regard, we support the strengthening of the EU Talent Pool to facilitate skilled legal migration. Additionally, we advocate for the creation of viable legal pathways for refugees, and initiatives that promote their socio-professional inclusion within European societies. Achieving these objectives will require robust financial support for local actors at both national and European levels, as well as close cooperation with member states.

A European Commission Competitiveness Compass that is based on the 4Ss – simplification, scale, security and skills – will provide a good basis for this key priority throughout the new term. Eurochambres is committed to the EU competitiveness agenda and I remain available to discuss with you how we can mobilise the chamber network to contribute to this shared objective.

Yours sincerely,



Vladimír Dlouhý