Mr Janez Janša
Prime Minister of the Republic of Slovenia
Gregorčičeva ulica 20-25
1000 Ljubljana
SLOVENIA

07 July 2021

Dear Prime Minister,

BUSINESSEUROPE'S PRIORITIES FOR THE SLOVENIAN PRESIDENCY OF THE EUROPEAN UNION

We would like to thank you again for the exchange of views we had with you during our Council of Presidents on 4 June 2021. You can count on us to work constructively with the Slovenian Presidency on its four priorities: facilitating the EU's recovery and reinforcing its resilience, reflecting on the future of Europe, strengthening the rule of law and European values, and increasing security and stability in the European neighbourhood.

The Slovenian Presidency takes place at a crucial moment for the recovery of the European Union from the COVID crisis. For BusinessEurope, all the decisions to be taken during the Slovenian Presidency must contribute to strengthening this recovery because this is the basis to invest in the protection of people and of the planet.

First, the Slovenian Presidency will have the historic task of facilitating the approval of the national recovery and resilience plans. Member States must **make good use of the once-in-a-generation opportunity the Recovery and Resilience Facility provides** to ensure that this debt can be reimbursed by growth without undue burden on future generations. To fully exploit the potential of the funds, there must be a greater focus on investments that can drive long-term competitiveness (particularly in research and innovation) as well as more ambitious growth-enhancing reforms. We must also be coherent in the implementation of the updated industrial strategy, avoiding unnecessary burdens for companies.

At the same time, we must avoid any **premature unwinding of supportive measures** for companies and workers still deeply affected by the crisis. Even though the outlook for our economies and societies has improved, Europe is still operating slightly below pre-pandemic levels. Industry and domestic consumption remain suppressed. All policies must be mobilised to ensure a lasting recovery and strengthening our European Union. Nevertheless, we must also start preparing a return to more sustainable public finances and improved European economic governance. We therefore encourage the Slovenian Presidency to make progress in the upcoming discussions on the European Commission's Economic Governance Review.

Second, **Europe needs technology-driven green and digital transitions** and a real business plan to mobilise the necessary investments in green and digital technologies. The Green Deal must be underpinned by a **coherent**

implementation of the updated industrial strategy. The Fit-for-55 package will be the first major set of legislative steps to put the increased ambition for 2030 into practice. Setting ambitious climate targets is easier than agreeing on how to deliver them and much easier than delivering them. Legislation to deliver those targets must be carefully calibrated to avoid damaging companies' competitiveness. Should a **Carbon Border Adjustment Mechanism** be introduced, it should be done in addition to existing ETS carbon leakage protection measures and must be fully compatible with WTO requirements. A substantial cut in benchmark-based free allocation for those sectors covered by the CBAM would go against the objective of the measure and increase the risk of carbon leakage compared to the current system.

To accelerate the **digital transition**, the Slovenian Presidency will have to find the right balance between supporting trust, enabling further innovation, ensuring a level playing field and promoting our digital capacities on various key files: the **Digital Markets Act (DMA), Digital Services Act (DSA), Directive on the security of network and information systems (NIS 2.0 Directive) and the AI Regulation.**

Third, we must further **develop our Single Market**, not only **restoring free movement** to pre-COVID conditions and drawing the lessons from the pandemic to improve Europe's capacity to respond to similar sanitary crises, but also **addressing barriers that existed before the crisis**, including long-standing obstacles to cross-border labour mobility and provision of services. A well-functioning Single Market is the basis of prosperity and social wellbeing. Further integration of the Single Market is essential for companies to drive the economic recovery towards green and digital objectives. Initiatives such as the Digital Services Act, the Artificial Intelligence Act, a review of the General Product Safety Directive and the New Legislative Framework (NLF) for products should safeguard Single Market freedoms and we should avoid NLF-disruptive notions such as for example "placing a product on the market" in the Single Use Plastics Directive. Effective harmonised standardisation is a strategic Single Market tool for the competitiveness of EU industry. We trust the Slovenian Presidency will continue to encourage active engagement of the Council to address existing bottlenecks in standardisation, as follow-up to the latest steps taken by the Competitiveness Council.

Fourth, **European social policy must focus on facilitating job creation and equipping people with skills** needed on the labour market. Recruitment is increasingly difficult for companies, even in times of high unemployment. Companies are still struggling to survive the COVID crisis. EU social policy should avoid putting additional burden on their shoulders. In the discussions on the Commission proposal for a **Directive on minimum wages** and collective bargaining, the Slovenian Presidency should ensure respect of the EU Treaty which protects national competences in this field and avoid heavy-handed legislative intervention regarding pay and the right of association. We remain convinced that the appropriate way to deal with minimum wages is a Council recommendation, respecting national competences and autonomy of the social partners.

Fifth, **an ambitious trade policy is key for the recovery and a driver of growth**. In an increasingly challenging global trading environment, we must reset our partnership with the US, rebalance the relationship with China, ensure ratification of agreements concluded with other regions such as Mercosur, facilitate implementation of the agreement with the UK, and establish synergies between trade policy and other EU policies to enhance Europe's open strategic autonomy while remaining the champion of rules-based trade. For the EU to defend its interests effectively, we also need to reform the WTO, and develop instruments that will help the EU level the playing field (like the instrument on foreign subsidies or the International Procurement Instrument).

Sixth, **better regulation is a cost-efficient way to support investment**. It is essential to avoid any initiatives which would disproportionally increase the administrative burdens and costs for companies, as this will reduce the resources available to companies to deal with the economic and social impacts of the crisis.

Some initiatives to be discussed during the Slovenian Presidency can severely damage the recovery if they are badly shaped:

- **Sustainable finance and taxonomy:** A well-designed EU Taxonomy Regulation can be an appropriate tool to support the green transition. But the way in which the proposals are evolving can turn taxonomy into a real threat for access to finance for companies and undermine the recovery as well as our ability to reach our environmental goals. It is important to design a taxonomy that supports and finances companies in their transition. Financing the already green alone will not be enough, if we want to reach the Green Deal ambition financing the "greening" will be key. Reporting requirements must not go beyond what is foreseen in the original regulation and should strike the right balance between EU's business competitiveness and transparency.

  Due diligence: Companies understand the importance of good corporate governance and of mitigating risks that can occur in the supply chains. However, it is essential that future EU rules in this field are workable and provide legal certainty. Enterprises cannot be made liable for what is beyond their control. Future due diligence rules must be based on an obligation of means rather than an obligation of results. And one must avoid the multiplication of initiatives with potential overlaps and contradictions in this area when working on other related issues such as non-financial reporting.

- **Corporate governance:** Future corporate governance rules should not harm companies' ability to do business effectively and weaken current corporate governance models by blurring directors' duties.

- **Non-financial reporting:** Regarding the new Commission proposal for a Corporate Sustainability Reporting Directive (CSRD), we advocate for a broad, principles-based framework, which each company can tailor to its own situation, in cooperation with its stakeholders. Prescribing numerous detailed reporting requirements in different pieces of legislation, risks leading to different and overlapping obligations, causing extra burdens for companies and confusion for stakeholders.

Streamlining the various obligations (related to the future rules on corporate governance and due diligence, taxonomy, and non-financial reporting to name but a few) is essential to avoid reducing the resources available to companies to deal with the economic and social impact of the crisis.

At annex you can find further details about our priorities for the Slovenian Presidency, indicating the key issues on which to focus to build a lasting recovery and a better future for companies and citizens.

We look forward to working constructively with you and the different members of your government on Europe's economic renewal in the spirit of the Slovenian Presidency's slogan "Together. Resilient. Europe."

Yours Sincerely,

Pierre Gattaz
President

Markus J. Beyrer
Director General

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Technical annex:
BusinessEurope Priorities for the Slovenian Presidency

1. Supporting the recovery from the Covid crisis

- Despite rising vaccination rates and falling Covid infections, we must continue to address vaccine production challenges and ensure that the **EU Digital Covid Certificate** operational as off 1 July 2021 is well implemented throughout Europe and paves the way to a globally applicable solution.

- As Europe will not be safe if the Covid pandemic continues in other regions of the world, **improving access to vaccines and treatment across the world** is essential. In this context, we welcome the G7 statement noting the positive impact that voluntary licensing and technology transfer on mutually agreed terms already made to increasing global supply. We are open to explore options that can bring consensus in the WTO, including the EU's proposal, to ease the use of compulsory licensing within the existing Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). At the same time, we recall the importance of supporting increased vaccine production and lifting export restrictions that disrupt vaccine supply chains.

- The EU must ensure that the **national recovery and resilience plans** bring real additionality, and will not use the funds to replace either normal, recurring expenditure by Member States, or projects supported by other EU schemes, are sufficiently linked to the implementation of structural country-specific reforms, as designated under the European Semester, and have a greater focus on research, development, and innovation, as well as on projects that are key for European industries to master the twin digital-climate transition, with IPCEI being a key European instrument in this regard.

- When using EU funds, the EU must also ensure the **respect of basic rule of law requirements.** Defending the fundamental freedoms guaranteed by the Treaty and the rule of law is crucial for the functioning free market economies. Public authorities must create a trustful environment. Without trust, companies do not invest.

- Proposals such as a new EU levy on digital firms, a Financial Transaction Tax or an additional EU own resource targeted at the corporate sector, risk undermining the efforts to increase investment through the European recovery funds. The EU must reimburse this exceptional common debt thanks to increased growth, not with additional corporate taxes. It needs a **modern corporate tax framework** that makes corporate taxes across the EU simpler and more conducive to investment and economic growth. Corporate tax reform considering the increasingly digital economy is best taken forward through global agreement, based on recent progress at the OECD.

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2. Developing the Single Market

- The Single Market is our biggest asset, and its success will be key to grow out of this crisis and enable the green as well as the digital transitions. The Slovenian Presidency should continue the focus on implementation and enforcement of existing Single Market rules. Having learnt the COVID-19 lessons, the idea of a **Single Market Emergency Instrument** to protect free movement of goods and services in possible future crises can be a step forward. However, restoring free movement to pre-COVID conditions will not be enough. We also need strong measures to remove barriers to cross-border activity in the Single Market present before the crisis. We count on the Presidency to make the utmost of the Single Market Enforcement Taskforce activities in partnership with the Commission.

- Consistent and vigorous application of **better regulation principles** is at the core of a successful recovery. Better regulation guidelines and tools such as impact assessments, must remain policy neutral. Gearing better regulation tools towards supporting specific policy outcomes jeopardises evidence-based policy and law making. Moreover, starting to apply the "1-in, 1-out" principle as of 2022 only, would mean that this Commission commitment will not be applied to major policy initiatives published in 2021. In the current fragile situation, we must limit new burdens on businesses to the absolute minimum necessary and apply the "1-in, 1-out" principle to all policy initiatives immediately.

- The updated Industrial Strategy rightly highlights the strategic role of **harmonised standards** and, confirms the need to fix bottlenecks in the European standardisation processes. BusinessEurope welcomes the proposal on EU industry competitiveness and effective harmonised standardisation made by the sixteen Member States at the Competitiveness Council. It invites the Commission to establish efficient procedures to develop state of the art European harmonised standards that meet the deadlines that the market demands. BusinessEurope counts on the Slovenian Presidency to ensure that the Council remains closely involved in addressing the mentioned bottlenecks.

- The Slovenian Presidency must continue to tackle long-standing obstacles to cross-border labour mobility and provision of services, reinforcing implementation of EU requirements on proportionality of national service provision regulations, ensuring transparency of Member States' justifications for those regulations, and improving overall application of the Services Directive. The Slovenian Presidency must make the best of the work of the Single Market and Enforcement Taskforce.

3. Accelerate the digital transition

- In the upcoming negotiations on the **Digital Markets Act (DMA) and Digital Services Act (DSA)**, we count on the Slovenian Presidency to find the right balance to create the necessary level playing field without undermining innovation.

- In relation to the **DMA:** We agree with the intentions of the DMA to harmonise rules to ensure fair markets in the digital space where gatekeepers are present. No contradiction between the DMA and ex-ante rules enacted by Member States should exist and the DMA should remain without prejudice to existing EU Competition Law. The DMA should apply and be enforced extraterritorially. Appropriate and clear criteria are needed to legally define what a gatekeeper is to legally understand who is and who could potentially become a gatekeeper. We support qualitative and quantitative designation in this regard.

- In relation to the **DSA:** We support the goals of the DSA to ensure a safer, more predictable and trusted online environment. The DSA should focus on intermediaries disseminating public information to ensure a safer and more transparent online environment as well as on the removal of illegal goods & content online (while codes of conduct could curtail "systemic risks" that are harmful but not necessarily illegal). Upholding the "country of origin" principle throughout the application of the DSA is of paramount importance.

- **Artificial Intelligence** will be among the priorities of the Slovenian Presidency. We welcome the planned inclusive stakeholder dialogue and stand ready to constructively contribute a business perspective. The recently published proposal for the Artificial Intelligence Act (AIA) will have enormous implications on Europe's industry. The scope of the AIA is considerably expanded compared to the White Paper. While the proposal provides for a risk-based approach and introduces requirements for "high-risk" AI systems, we must be careful that the categorisation of high-risk and the detail of requirements do not hinder the uptake of industrial AI.

4. Making sure the green transition acts as a real driver for economic growth

- The Green Deal must be underpinned by a coherent implementation of the updated industrial strategy to turn it into a real growth driver.

- The *Fit-for-55 package* will be a key file for the Slovenian Presidency and will be the first major set of legislative steps to put the increased ambition for 2030 into practice. At the same time, European businesses have competitors with no or very little carbon costs. With the increased European ambition and remaining uncertainties about the plans of trading partners, this disparity becomes even starker, making the protection against carbon and investment leakage more relevant than ever.

- On the **EU ETS**, sectors are already projected to deliver the majority of emission reductions until 2030. When increasing the ambition, it is important to maintain a closer balance between ETS and non-ETS sectors. In addition, there are ways to ensure that adequate free allocation will be available until at least 2030 (e.g., adjusting the auction share, or providing for the possibility of transferring shares from the MSR to cover free allocation needs). Lastly, to maintain the cost-effectiveness and stability of the market, policy makers should avoid interventionist approaches including rebasing or large-scale cancellation of allowances through the MSR.

- If a **Carbon Border Adjustment Mechanism (CBAM)** is introduced, it should complement, not replace existing carbon leakage measures under the EU Emissions Trading System (free allowances and indirect cost compensation) and be fully WTO-compatible. A substantial cut in benchmark-based free allocation for those sectors covered by the CBAM would go against the objective of the measure and increase the risk of carbon leakage compared to the current system.

- Regarding the revision of the **Renewable Energy Directive (RED),** the last version of the law is only now just being implemented and that we do not have good data on its impact yet. Therefore, we suggest maintaining the existing responsibilities on targets between EU/Member States as it is and focus the revision on essential elements to achieve our mid- and long-term climate targets.

- Concerning the revision of the **Energy Efficiency Directive (EED),** it is important to realize that the primary target of this transition should be reduction of greenhouse gas emissions, which no longer is equivalent with the reduction of total energy usage.

- We must develop a carbon pricing roadmap within the G20 to foster global convergence on **carbon prices,** starting with agreeing on a common minimum price for 2030 with key partners such as the US, Japan, and China. COP26 must deliver tangible results on increasing short- and medium-term ambition to achieve a level playing field, as well as on cooperative mechanisms for implementation (Art. 6 Paris Agreement)

- An **updated Energy Tax Directive (ETD)** is needed to take account of the new energy mix, given the advancements in greener fuels for example. Taxation should, as a general principle, encourage the deployment of the greener alternative. However, there should be no double taxation, meaning that carbon emissions already compensated for in the ETS should not be taxed again under the ETD. Furthermore, potentially higher tax rates on energy should be offset with lower taxes in other areas e.g., taxes on labour income or capital.

5. Streamlining rules on corporate governance, due diligence, taxonomy, and non-financial reporting

- Streamlining the various obligations (related to the future rules on corporate governance and due diligence, taxonomy, and non-financial reporting) is essential to avoid reducing the resources available to companies to put the necessary measures in place to deal with the economic and social impacts of the crisis.

- **Sustainable finance** must be about effectively filling the investment gap (an additional 480 billion annually to meet the 2030 emission reduction target and other environmental goals, according to the Commission) to reach our climate and sustainability ambitions and does not just create red tape for companies. Financing the already green alone will not be enough, if we want to reach the Green Deal ambition financing the “greening” will be key. The way in which the proposals are evolving and are referred to in different legislative/funding frameworks can turn taxonomy into a real threat for access to finance for companies and undermine the recovery as well as our ability to reach our environmental goals. It is important to design a taxonomy that supports and finances companies in their transition. Reporting requirements must not go beyond what is foreseen in the original regulation and must strike the right balance between EU’s business competitiveness and transparency. Companies must get enough time to implement the disclosure requirements and sensitive information must be protected. Otherwise, companies are confronted with a mission impossible and at a disadvantage compared to their competitors.

Due diligence: Companies understand the importance of good corporate governance and of mitigating risks that can occur in the supply chains, but future EU rules must be workable and provide legal certainty. Enterprises cannot be made liable for what is beyond their control. Due diligence rules must be based on an obligation of means rather than an obligation of results. The same rules should apply across all member states to avoid legal fragmentation. And one must avoid the multiplication of initiatives with potential overlaps and contradictions when working on other related issues such as non-financial reporting.

- **Corporate governance:** Corporate governance rules must not harm companies’ ability to do business effectively and weaken current corporate governance models by blurring directors’ duties.

- **Non-financial reporting:** Regarding the new Commission proposal for a Corporate Sustainability Reporting Directive (CSRD), we advocate for a broad, principles-based framework, which each company can tailor to its own situation, in cooperation with its stakeholders. Prescribing numerous detailed reporting requirements in different pieces of legislation, risks leading to different and overlapping obligations, causing extra burdens for companies and confusion also for stakeholders. A more balanced approach needs to be found between the scope, the overall level of detail of the requirements and the need for flexibility.

6. Implementing the updated Industrial Strategy

- To recover from the crisis, the **updated Industrial Strategy** rightly stresses that, open strategic autonomy of the EU, the green and digital transitions, and public-private co-operation are essential. It is however not enough to establish targets. The key policy questions are about how to realise them. What we need now are tailor measures for climate neutrality and digital transition with the main objective to generate growth. SMEs need to be borne in mind in all actions under the updated Industrial Strategy.

- The work on industrial alliances at EU level is crucial to develop large-scale and cross-border industrial projects in strategic fields, where the market alone does not deliver. These **industrial alliances** together with Important Projects of Common European Interest (IPCEI) are key to pool public-private investments.

- It is crucial to further clarify and improve the state aid rules for **IPCEI**, to support public and private investment, ensure transparency and a level playing field for companies. It is also important that the IPCEI instrument is used only when there is a clear market failure.

7. Focussing on employment-friendly social policy measures

- After such a crisis it is more important than ever to avoid EU policy initiatives that create new costs and administrative burden or obligations that will undermine enterprises' recovery and job creation.

- Increasing employment and achieving a **better match between jobs and skills** should be at the centre of better coordinated EU and national employment and social policies. Our capacity to attract more of the inactive parts of our societies to the labour markets will play a key role in our ability to sustain social protection.

- This is not the moment for European experiments on **minimum wages** and we count on the Slovenian Presidency to defend national competences and social partners' autonomy. Heavy-handed EU legislative intervention regarding pay and the right of association must be avoided. We remain convinced that the appropriate way to deal with minimum wages is a Council recommendation, respecting national competences and autonomy of the social partners.

- When implementing national recovery and resilience plans, Member States should also **prioritise skills-related investments** that are necessary to re-skill and up-skill workers and to strengthen Europe's future economic growth potential. This is particularly important in a context characterised by an ageing and shrinking population, as well as in the context of the digital and green transitions, where productivity is the main growth driver. At the same time, the EU should attract talented people from third countries that are equipped with skills needed on European labour markets.

- The **action plan to implement the European Pillar of Social Rights** must move beyond purely short-term crisis response. By putting a focus on better performing active labour market policies, EASE is a step in the right direction. The way forward is to progressively move out of short-time work schemes and focus available recovery resources to improve effectiveness and responsiveness of active labour market policies.

- A Commission proposal on **platform work** is expected to be announced during the Slovenian Presidency as part of the action plan to implement the European pillar of social rights. Platform work is a new way of working but is not a legal category. A variety of contractual arrangements co-exist in platform work (employee, self-employed, fixed-term work, part-time work and agency work). Who is an employee can only be defined at national level and a rebuttable presumption that platform workers are employees would not reflect the reality. Instead of EU legislation, a self-regulatory approach by platforms themselves would be more appropriate and effective.

- Regarding **pay transparency**, we look forward to working with the Slovenia Presidency to improve the Commission's proposal. We support the objective of fighting pay discrimination. Reasonable requirements on pay transparency can be part of the answer. However, the key to improve gender equality is to address the root causes of inequalities, especially gender stereotypes, labour market and education segregation as well as insufficient provision of childcare. Furthermore, any EU initiative on pay transparency must respect national social partners' competences for wage-setting, allow to determine pay according to individual performance and fully respect the confidentiality of individual pay.

- Finally, in the absence of conclusive results during the Portuguese Presidency, the Slovenian Presidency has a key role to take over and bring to positive conclusion the **pending trilogue on regulation 883/04 on social security coordination.** This should include an appropriate exemption from the obligation of traveling with an A1 form in the case of business trips and short-term postings (with possible derogations for certain sectors like construction).

8. Pursuing an ambitious international trade agenda

- Ensuring that the EU remains **open to trade and investment** is a prerequisite for a successful recovery and to achieve resilience. Trade can help diversify supply chains and allow the EU to have better access to inputs that are critical for our capacity to innovate and scale up production.

- The EU should **lead WTO reform efforts**, starting with a successful 12th ministerial conference taking place at the end of 2021 under the Slovenian Presidency. For us, a successful outcome means multilateral and plurilateral deliverables and concrete proposals to get the WTO back on track as a strong organisation.

- Restoring **transatlantic cooperation** must be at the top of our agenda. The EU-US summit of 15 June 2021 was a first step to chart a roadmap to jointly eliminate existing market distortions, push the reform of the multilateral trading system, mitigate climate change, and manage the technological and digital transformations. Building on this, the EU and the US need to find long-term solutions to outstanding commercial disputes on aircraft subsidies, additional duties on steel and aluminium or the digital services tax. Business also calls for reinforced bilateral cooperation on COVID-19 vaccines and for an agreement on a revised EU-US Privacy Shield.

- **Relations with China** are unfortunately characterised by rising tensions and we are deeply concerned about the new Chinese anti-sanctions law. Sanctions should be proportionate and precise to avoid unwanted spill-over effects that may have far reaching consequences, especially when they impact individuals.

Business is not operating in a vacuum in terms of respect of human rights and public international law, but we are convinced that it is in the interest of both the EU and China to have a balanced and constructive relationship. Despite its limitations, the Comprehensive Agreement on Investment (CAI) is an important element for the EU to rebalance its relationship with China.

- The Commission proposal for a regulation on **foreign subsidies** is a step in the right direction in addressing existing legal loopholes, preventing market distortions, and ensuring fair market conditions for all economic operators. Having an effective instrument that is consistently applied across the EU while minimising the burden on business is essential. The instrument should focus on major subsidies leading to significant distortions of the level playing field and the European Commission should be the main competent authority. At the same time, the EU must remain open to trade and foreign investment because such openness is critically important for our economic prosperity.

- The proposed **EU International Procurement Instrument (IPI)** will be another essential instrument for levelling the playing field in the Single Market and complement the upcoming instrument on foreign subsidies. The Slovenian Presidency must double its efforts to conclude the legislative process as soon as possible.

- In addition, the Slovenian Presidency must continue to promote effective implementation of existing trade agreements and ratification of agreements that have been concluded such as **Mercosur**. Missing this opportunity would weaken both the EU and Mercosur economically, geo-strategically, and sustainability-wise. The revised **EU-Mexico** agreement, as well as the announced restart of the **EU-India** negotiations should also be among Slovenian priorities.

- We must continue to forge deeper and closer political and economic ties with our **neighbourhood countries**, as their prosperity is a vital interest of the European Union. Trade, especially when it is combined with other policies, also plays a very important role to ensure peace and stability at the EU's borders.

9. Improve EU-UK relations

- The EU and the UK should remain committed to the implementation of the **Protocol on Ireland and Northern Irelan**d that is part of the Withdrawal agreement.

- BusinessEurope is concerned by the increasing tensions in Northern Ireland. There might be a need for certain flexibility to take into account the specificity of the situation on the ground. Both sides should strive for a solution that stabilizes the EU-UK relationship and avoids further frictions. Unilateral actions should be avoided. There are no easy solutions to this issue, and it requires goodwill by both partners to come up with arrangements that work for everyone and still respect the jointly agreed Withdrawal Agreement.

- Any solution must be in line with the Protocol and respect the Good Friday (Belfast) Agreement while safeguarding the integrity of the EU Single Market. The business community stands ready to engage and contribute actively to this process.

10. Reflect on the Future of Europe

- The debate on the future of Europe must focus on core tasks of the union and where the EU can bring added value - it should be "big on big things, small on small things". The process that will lead to the adoption of recommendations is still unclear. For BusinessEurope, the conference recommendations cannot replace the political priorities of the EU set out in the Commission Work Programme established by the von der Leyen Commission and democratically adopted. Nor can it lead to unrealistic proposals that would over-burden companies in these difficult times. Legally and politically unfulfillable promises can back-fire by creating mistrust towards the EU, when citizens realise that promises that were made cannot be fulfilled.

- A possible area for reform is the **EU's foreign and security policy**. If the EU wants to be recognised as a reliable partner internationally, it must be able to speak with one voice. Therefore, the EU should be able to take majority decisions. Every Member State - even the big ones - is too small to be able to solve global political issues on an equal footing with other international actors.

- In the area of **social policy**, national and social partners' competences as defined in the Treaty remain valid and must be respected. The concrete legislative proposals for the implementation of the European Pillar of Social Rights threaten to tilt the balance between the competences of the EU and the Member States. The **subsidiarity principle** must be respected.

- In the Executive Board of the conference, we count on the Slovenian Presidency to **defend the role of the Social Partners and the social dialogue** as an effective tool to support reform processes for future growth and job creation. As Observer on the Executive Board, and member of the Plenary, BusinessEurope will constructively contribute to the work of the conference.