



4° BUSINESS FORUM TRILATERALE

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Restoring European economic strength

We are experiencing a time of deep crisis: a European answer based on the values of democracy and solidarity is key. Europe is confronted with disruptive developments deriving from the green/low carbon and digital transition, the energy crisis and the consequences of the war. Therefore, we urge our political leaders and the European institutions to comprehensively address the most severe risks to economic prosperity and competitiveness and to strengthen growth, employment, and social fairness. Based on the discussion at the 4th Trilateral Business Forum concerning the economic and social challenges and opportunities of our respective countries, we propose:

Helping and reconstructing Ukraine

We condemn the Russian war against Ukraine causing tremendous human suffering, a wave of refugees, a food crisis, security threats across Europe, financial instability, and a large shock to economic development across the globe. Our three countries are heavily affected. In future, our countries and the EU will need to engage in the reconstruction of Ukraine. Our companies are already involved in providing critical goods and services to Ukraine in many fields and will deepen this commitment once the security improves and a multilateral architecture for Ukraine's reconstruction is in place.

Promoting stronger cooperation in defense

We endorse the planned increase in our countries' defence capabilities and support stronger and more efficient industrial cooperation. While the security of millions of citizens has been put at stake by new threats, major investments in new technologies and more cooperation are needed to ensure a European defense industry ready to address Member States' capabilities and needs. Within the key organizations of the European Union and NATO the cooperation of France, Germany, and Italy plays a fundamental role. Our countries and industries shall therefore be enhanced through effective policies necessary for a stronger and globally competitive European Defense Industry.

Containing the energy crisis through comprehensive measures

As mentioned in the Stockholm declaration of all member of Business Europe, we need to work together to protect the European industry and avoid delocalization or closure of production, notably of SME's. We urge our leaders to coordinate their action to provide immediate game-changing solutions at the EU-level in order to contain skyrocketing energy prices for households and businesses, while ensuring consistency with European climate goals and policies. Many policies and measures have been adopted to support businesses. However, further short-term and cost-efficient emergency measures are necessary to overcome the crisis, to curb the cost for gas and electricity and hence to preserve the competitiveness of Europe. In this regard, we are concerned about the possible implications of specific discriminatory elements on transatlantic trade and investment of the Inflation Reduction Act introduced by the US government and urge our leaders to work towards a swift and fair agreement.

The European Commission and Council must play a more important role in promoting cooperation and propose actions to effectively lower the energy bill of businesses and households. In this context, it is important to monitor the temporary crisis framework in order to correct flaws while maintaining a level playing field in the single market. Moreover, policies accelerating the deployment of additional renewable and low carbon energy, including nuclear energy, and natural gas capacities, are essential. Furthermore, it is imperative to assess the gas market's ability to withstand external shocks and to overcome the fragmentation of the markets in Europe. Finally, in light of decarbonization we need to evaluate which long-term electricity market design can support the competitiveness of EU industry best.

Economic governance review: strengthening investments in times of crisis

We agree that fiscal policy must play a role in the absorption of shocks and balance the objectives of income stabilization for households, support to companies and price stability. We urge our governments to use all available latitude to limit the damage, strengthen public investment and support private investment in 2023/24. In that regard, we support the review of the economic governance that encourages higher public investment. It is important that the new rules are agreed upon in 2023, in order to implement the new fiscal framework at the onset of 2024.

Strengthening public and private investments in times of crisis

We urge our leaders to adopt more ambitious policies to facilitate large-scale investment in the green transition, in particular in renewable energies and hydrogen, the decarbonization of manufacturing and low-carbon technologies, grids, storages and interconnectors at a high speed, with streamlined administrative procedures. We must use the national and EU budgets, the Recovery and Resilience Facility of NextGen EU, schemes such as InvestEU, our EU and national promotional banks efficiently to accelerate private investments. Without delay, new EU financing instruments should be developed in order to cope with possible future crises.

We urge our EU institutions additionally to provide sound and balanced regulation on capital adequacy of banks and on the solvency of insurance companies, which will strengthen the resilience of the financing sector without resulting in significant increases in capital requirements. To support the recovery, it is key that banks and insurance companies can meet companies' funding requirements; to this aim, the finalization of Basel III rules at the EU level and the revision of Solvency II should preserve European specificities and should not result in major growth of capital requirements. This is important since the green and digital transition will require enormous investments by European businesses and these investments will also have to be financed by banks and insurers.

Moreover, regulation regarding sustainable finance needs to be well designed to enhance private sector contribution to the green transition. An increase of risk factors due to climate risks must be avoided. Regarding sustainability reporting standards, we support the development of a global baseline and simplified standards for SMEs.

Dealing with strategic autonomy in a comprehensive fashion

European industry has proved to be a key bulwark against the effects of pandemics, war and energy crisis, and a crucial asset for the economic growth. Therefore, the European industrial policy and strong investment in R&I play a central role. We share the EU approach to enhance Europe's capacity to become a technological and commercial leader in specific strategic areas such as batteries, hydrogen, semiconductors, raw materials, space and defence, cloud, health. The Chips Act is a good first step towards realising these efforts. Given the important role that IPCEIs are playing - in terms of creating industrial partnerships, identifying large innovative projects and project pipelines across Europe, mobilising public and private funding – they need to be further simplified and strengthened. At the same time, national instruments need to be made more attractive and directly linkable to the IPCEIs to facilitate the realisation of innovative industrial facilities.

Our countries and the EU in general need to adopt a comprehensive approach towards strengthening the resilience of our economies towards autocratic nations. Reducing our dependency on imports of critical raw materials or goods is crucial. In many fields, this requires ardent policy action at the national and EU level to strengthen industrial capabilities in the EU in selective fields, open up new avenues for business procurement for diversification through trade, cooperation and raw materials agreements and stringent action at the corporate level to minimize potential disruption due to political risk. We share the goal of the EU Critical Raw Materials Act as announced to secure strategically important raw materials, based on a

thorough analysis of the present and future needs of these materials and on their impacts on the industrial sector, as to avoid shortages. With a smart mix of instruments European enterprises should be supported and strategically incentivized to diversify, to monitor and to identify strategic raw materials, to expand storage and to increase resource efficiency as well as circular economy approaches.

Creating a positive legislative agenda and avoiding complex and too heavy regulation

In this current weak economic environment, European companies must urgently be provided with a regulatory breathing space and the time they need to adapt to already existing regulation, avoiding imposing new undue burdens. Thousands of companies will need to comply with complex new ESG reporting requirements in due course as to facilitate the provision of corporate data on those issues. We urge the EU institutions to avoid a business-as-usual approach, to ease the legislative burdens for companies and to ensure scientifically based economic and environmental impact assessment and competitiveness checks. We underline the importance of taking the cumulative effect of EU legislation, avoiding unnecessary revisions and ensuring legal certainty; this should apply, for example, to the upcoming revision process of the Industrial Emissions Directive, the Corporate Sustainability Due Diligence Directive, and the packaging and packaging waste directive.

Supporting key regulation and speeding up a swift and full entry into force of the new Unitary Patent system is essential. Intellectual property is a key element of the EU's industrial policy to support innovation and achieve the objectives of the twin transition. After more than 30 years of negotiation, we are one step away from the creation of a Unitary Patent and a Unified Patent Court which will represent a great opportunity to protect inventions and favor Europe's competitiveness and prosperity. For this reason, we oppose any further delay in the entry into force of the new patent system, fully respecting the provisions regarding the Court of First Instance, in particular the principle that there will be one central division with two sections.

EU rules in the field of competition aim to ensure fair and equitable conditions for businesses, while promoting innovation, and the development of small and medium-sized enterprises too. Our companies are now addressing their attention to practical implications arising from the European Commission's new approach around the mechanism established in Article 22 of the Merger Regulation. Correlated with Article 14 of the Digital Markets Act, this approach can be useful for monitoring the acquisitions of gatekeepers, which are likely to raise competition concerns. On the other hand, it's important to avoid possible legal uncertainties that would be detrimental to companies.

As active member federations of BusinessEurope, Confindustria, BDI and MEDEF share and support the call included in the Stockholm Declaration adopted by the Council of Presidents of BusinessEurope on 24-25 November the European Union to define a comprehensive competitiveness strategy aiming at promoting a business-friendly environment that is attractive for investments in Europe, generates long-term growth and facilitates job creation and supporting the ever so-needed transition towards a greener and more digital society.

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