



PRAGUE DECLARATION

BUSINESSEUROPE'S COUNCIL OF PRESIDENTS

2-3 June 2022

Faced with the consequences of the war in Ukraine and an increasingly tense geopolitical situation, the Czech Presidency will have an important role to play to put Europe back on the path to security, stability, and prosperity. Four weeks ahead of the start of the Czech Presidency of the European Union, the Council of Presidents of BusinessEurope gathered in Prague at the invitation of the Confederation of Industry of the Czech Republic. The Presidents of BusinessEurope's 40 member federations defined their priorities for the Czech Presidency and underlined two strands of work requiring priority attention during the future Czech Presidency.

1. Supporting Ukraine and dealing with the economic consequences of the war for the European Union

We, the Presidents of BusinessEurope and its member federations strongly condemn the invasion of Ukraine by Russia. We firmly believe the EU must defend international law and do the utmost to support Ukraine and its people. Since day one of the aggression, we stand behind the sanctions. European companies are taking the necessary actions to comply with these sanctions, despite the significant economic implications.

Unity is crucial and we will clearly continue to stand behind sanctions considered necessary by the European institutions in the future. These sanctions must be well targeted and carefully designed to preserve Europe's economic strength which is our major factor of leverage. Furthermore, public authorities need to give clear guidance to facilitate compliance.

The recent Russian gas delivery stops to some EU countries underline the urgency of developing a realistic and workable diversification strategy, speeding-up integration of the European energy market and the necessity for European unity and solidarity.

The Green Deal is an important part of the answer. However, to avoid a worsening of the current energy crisis and make the green transition economically and socially workable, the EU needs a coordinated plan to decrease Europe's energy dependency, bring down barriers to an integrated European energy market, expand energy interconnections, better exploit our own energy production capacities, facilitate investment in all zero- and low-carbon energy sources and solutions necessary for the transition.

The war in Ukraine has exacerbated challenges linked to global supply chain disruptions, shortages, and raw material price spikes. To adjust to this new reality and build a more resilient European economy, the EU must relaunch its industrial strategy. The development of the EU's defence pillar creates new opportunities for synergies between the public and private sector, including for research and innovation, with positive spill over effects across all sectors of the economy, in a real EU defence market.

At the same time, the EU must pursue an ambitious trade policy that can respond to successive shocks. The European Union needs to reduce dependencies and exposure to unreliable suppliers, build coalitions with like-minded partners and diversify sources of supply. We count on the Czech Presidency to promote the opening of new trade and investment deals for European companies across the world, the acceleration of ratification of negotiated bilateral free trade agreements such



as with Mercosur, Mexico, and Chile and the deepening of trade relations with key international partners such as the US and the UK.

We support cooperation with the US in the Trade and Technology Council (TTC) and appreciate that an "agreement in principle" has been reached on a new framework for transatlantic data transfers. We count on the Czech Presidency to contribute to its swift finalization and implementation.

Both the COVID-19 pandemic and the war in Ukraine demonstrate the importance of the digital economy, new technologies and the need to ensure cyber security. Close cooperation with like-minded partners who share our values is essential to respond effectively to cyber security challenges such as cyber-attacks on key institutions and infrastructures.

2. Adapting mid and long-term EU policies to the new reality

Whilst inflationary pressures within the EU have been driven primarily by rising global energy and food prices, we must all guard against such temporary pressures raising long-term inflation expectations. Rather than unsustainable wage increases creating a damaging wage-price spiral, the response to strengthen peoples' purchasing power must be to implement a proactive growth agenda that supports the competitiveness of European companies. Governments must address labour and skills shortages that undermine the recovery and pursue policies that increase productivity and innovation as this is the basis for sustained prosperity and job creation.

Unlocking the full potential of our Single Market, developing it and accelerating its digitisation is a matter of urgency. We count on the Czech Presidency to inject much stronger ambition in addressing Single Market barriers by bringing the free movement of goods, services, capital, persons, and data back to the top of political priorities. Any negotiated proposal supporting the green and digital transition, be it the rules on general product safety, artificial intelligence, data sharing or on sustainable products, should safeguard the provisions which guarantee these freedoms.

There is no time and space for legal uncertainty, standard approaches and business-as-usual policy-making. All mid and long-term EU policy measures will need to factor in the new reality and the principles of better regulation must be strictly adhered to. If the European legislators hinder innovation and deployment of new technologies, if they over-burden European companies in their home-market, if they fail to simplify and fast-track procedures to authorise investment projects in the EU, they hinder the digital and green transitions and undermine job creation, as well as re-industrialisation efforts to increase our open strategic autonomy.

We count on the Czech Presidency to play a key oversight role and steer the different legislative proposals it will deal with towards workable requirements for companies, from corporate governance and due diligence rules to Fit-for-55 proposals and social policy legislation, for example on pay transparency. We fully support the objectives pursued by those initiatives but have serious concerns regarding some provisions which do not take into account the current crisis situation and would impose overburdensome requirements on companies.

In an increasingly uncertain and unstable world, in addition to dealing with the immediate challenges to peace and prosperity, the European Union must check that all its policy measures help to bring stability and foster prosperity. The Versailles declaration rightly underlines the importance of competitiveness to have a more robust economy, building on the strength of the European Single Market.