



SVENSKT NÄRINGSLIV



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priorities

FOR SWEDEN'S EU PRESIDENCY IN 2023



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For a more competitive EU

Europe is Sweden's neighbourhood, and is the context in which our country, our citizens and our companies develop. The European Union is not only our most important market, accounting for more than two-thirds of our trade with the outside world but also its most important legislator. More than half of all Sweden's laws and regulations originate in the EU. The EU is also becoming increasingly important politically, not least in a world in which geopolitical tensions are more the rule than the exception. In other words, Sweden is an integral part of the EU economically, legally and politically.

There are many challenges, however. In recent years, voices have been raised in Sweden that the EU is concentrating on the wrong things; be that minimum wages that do not sit well with our labour market model, a forestry strategy that does not consider our circumstances, a misconceived taxonomy or other areas where the EU is developing at a rate rarely seen before. While the EU is being deepened and broadened with an incredibly active European Commission at its head, far too often there is not enough focus on where the EU's real strength lies. Among all the strategies and innumerable road maps, there is a lack of focus on growth and on measures to improve the EU's competitiveness – precisely the ingredients that make the EU so strong in a challenging world.

A further challenge is that the business community is rarely involved in the large number of legislative proposals presented. Those companies that are required to follow new rules in key areas such as sustainability, digital development and research are invited to the table too late, and are not adequately included in the work. The risk then arises that new laws will not be of high quality and will miss their mark. It is, after all, efforts and initiatives by enterprises that will provide many of the solutions to the burning issues of the future.

A third challenge is the lack of national strategy and voice. What does Sweden want? What do our political parties and our decision makers want from the EU? Which developments do we want to see? There are often calls for proposals to be stopped – the recovery fund and the minimum wage are two obvious examples – but what do we want the EU to concentrate on instead? How is the EU to develop into a competitive global player? With our trusted ally the UK out of the game, and with shifting alliances on many issues as cooperation within the EU deepens, Sweden is all too often left weaker.

From 1 January 2023, Sweden will hold the EU Presidency for the third time. This time, it comes against a background of global tensions, war on our continent, challenges on both the energy and the raw materials front, and a – hopefully diminishing – pandemic. This is an excellent opportunity for Sweden to show how we want the EU to develop. Raising our voice too late, too quietly and being too isolated when political agreements and important rules are being adopted in Europe is simply not good enough. As well as saying what we don't want, we need to be equally clear about what it is we actually do want from the EU.

Together with its industry and member organisations, therefore, the Confederation of Swedish Enterprise has produced a proactive agenda that sets out five EU priorities: a stronger and deeper single market, global leadership in free trade, a green transition where enterprise is part of the solution, accelerated digitalisation and a strengthening of companies' research and development activities. All are to strengthen the EU's competitiveness – a competitiveness that is vital to the EU's strength and future at a time of global challenges. This will provide a basis for a strong EU at a time when this is needed more than ever.

Anna Stellingner
Deputy Director General,
Head of International and EU Affairs

Priorities for Sweden's EU Presidency in 2023 – a summary

The European Union is Sweden's most important market and its most important legislator. A full three-quarters of our trade takes place with other countries in the EU's single market. Our trade within the EU provides around 700,000 jobs in Sweden. At a conservative estimate, more than half of all laws and regulations in Sweden originate in the EU. A well-functioning EU is therefore crucial for enterprise, jobs and prosperity in Sweden – but it is not something we can take for granted.

Protectionist tendencies towards the outside world, the Russian war of aggression in Ukraine and restrictions on movement within the EU during the pandemic once again remind us of the importance of a united EU, open to the world around us – and Sweden has an important role to play here. On home ground, we need a clearer picture of the type of EU we want to see in the future, linked with a more proactive EU agenda that takes the offensive. What should the EU focus on? In which areas does cooperation need to be strengthened? What should the EU focus on less? On 1 January 2023, Sweden will pick up the baton in the EU for the third time. This term of the Presidency is a unique opportunity for Sweden to lead and make its mark on the EU's agenda. It also brings our cooperation within the EU into stronger focus, providing opportunities for greater debate at national level. This could in turn help Sweden to continue driving issues with

greater force and support in Brussels even after its Presidency. The 150 or so meetings that will be held in Sweden will provide a chance to showcase Sweden's social solutions, innovations, and enterprise.

The Confederation of Swedish Enterprise takes, as its starting point, the need to strengthen Europe's competitiveness. At present, there is an unfortunate lack of more systematic thinking around competitiveness at European level. No successor to the EU's earlier strategies in this area – the Lisbon Strategy and EU 2020 – has been launched. A proactive EU agenda is needed, pointing the way to a more competitive EU that focuses on the right issues.

This becomes even more important when the direction of movement on various matters is not that desired by Sweden and its enterprises. We have seen laws being proposed within the social sector that interfere would with the Swedish model, as well as other proposals that would restrict how we can use our forests and raw materials. There are also initiatives that would make it more difficult for businesses to fully contribute to the digital transformation and green transition. Like many others, we may therefore feel concerned about developments in certain areas where greater European regulation does not take us in the right direction and inhibits competitiveness.

Rather than further red tape and increased administrative requirements, the EU should continue to clear obstacles that lie in the way of goods, services, people, ideas, businesses and innovations – and instead work on areas that facilitate their development. In this work for greater competitiveness and growth, Sweden needs a more proactive and constructive agenda to make its voice heard. Together with our member organisations, therefore, the Confederation of Swedish Enterprise has produced our EU agenda detailing five areas that we wish to drive forward ahead of the Swedish Presidency. These five areas, along with examples of what we are proposing in concrete terms, are summarised below.

During the Swedish Presidency, Council Conclusions should be adopted in order for a new EU competitiveness agenda to be drawn up, which can then be followed up continuously at the spring summits.

1.



Strengthen and deepen the single market

European competitiveness is based on a strong single market that promotes coordination and transparency between Member States. One specific area where the single market has unexploited potential is the services sector. An action plan is needed in which existing obstacles to a growing services market are reviewed and concrete action is proposed by the European Commission to remove these. Other issues that should be prioritised to strengthen businesses' competitiveness include the free movement of workers, avoiding micromanagement of the European standardisation system and working towards greater harmonisation of market surveillance.

2.



Take global leadership in free trade

International trade is crucial for Swedish prosperity. For trade to work, we need predictable and transparent rules that guarantee openness. A positive trade agenda that increases opportunities for international trade is of considerable importance in order to balance the growing number of defensive instruments that are now being developed within the EU. Sweden should therefore actively support negotiations and the ratification of new free trade agreements. Similarly, Sweden should encourage the EU to take the lead in reforming the World Trade Organization (WTO) and continuing to develop relations with the US, including within the Trade & Technology Council (TTC).

3.



Promote a green transition

It is vital for our future that the green transition is managed successfully. To achieve the EU's more ambitious climate goals – which the Confederation of Swedish Enterprise supports – future measures must be produced with a view to growth. Unless the transition also puts people in a better position, the climate will not be prioritised on a sufficiently broad front. The green transition must therefore take place in a cost-effective manner that promotes entrepreneurship and innovation. Favourable conditions for industry to transition to more circular alternatives, and a goal of security of supply for the electricity system, are examples of topics that should be prioritised for the Swedish Presidency and that will have an important role in final negotiations on the major climate package “Fit for 55”.

4.



Accelerate digitalisation

Industry must be given the best possible conditions for continuing to drive technological development. Technological protectionism must be discouraged, with technological capacity being encouraged and the right balance being struck between innovation, integrity, and transparency. Updated laws and regulations are therefore needed around data flows, data sharing, AI, and e-commerce. For example, data flows should be enabled to a greater extent through more adequacy decisions in respect of third countries and greater inclusion in EU free trade agreements. In addition, the Swedish Presidency should work on legislation that promotes, rather than restricts, the use of trustworthy AI.

5.



Promote companies' research and development activities

Research and development largely form the foundation for strong competitiveness. Investing public funds in research projects for future technologies that have been selected for political purposes is not the way forward. Instead, the public sector should create well-functioning rules that enable companies to compete to produce the best technical solutions on equal terms. The Confederation of Swedish Enterprise would therefore like to see the Swedish Presidency prioritising proactive initiatives in joint EU programmes such as Horizon Europe, where competition should remain the starting point for investments and innovation.

1. What should the EU focus on?

Europe is Sweden's neighbourhood. The European Union is not only our most important market, but increasingly also the most important legislator. A full three-quarters of all our trade takes place with other countries in the EU's single market. Our trade within the EU provides around 700,000 jobs in Sweden. At a low estimate, more than half of all laws and regulations in Sweden originate in the EU. A well-functioning EU is therefore crucial for businesses, jobs and prosperity in Sweden.

It is often said that EU has a unique ability to manage crises and often emerges from a crisis situation stronger. Perhaps this will be the case following the pandemic and because of today's increased geopolitical challenges. What has happened in recent years has clearly demonstrated the need for a strong and united Europe. Unfortunately, during the pandemic we have seen the opposite: how European cooperation has sometimes failed, and free movement within the EU has been restricted for individuals, companies and transportation of the necessary food and protection equipment. Following the crisis, therefore, confidence in free movement must be strengthened and the single market deepened. The Russian war of aggression against Ukraine and the sanctions and countermeasures that have followed in its wake also underline the importance of EU Member States being united. Together, with the world's largest single market as our base, we are much stronger than each individual Member State when faced with a more unstable outside world.

It is astonishing that conversations about the EU, such as what kind of EU we want to have and what a proactive EU agenda might look like, are so rare in Sweden. If Swedish priorities are to win support at EU level, Sweden must contribute more actively to developments in Europe by being a strong and trustworthy player. This calls for us to take a clear position

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**Europe and a
functioning EU are
crucial for companies
and jobs in Sweden**

both ahead of and during the negotiations, with insight into how EU legislation affects our Swedish competitiveness. We are not yet there. Often this is because Sweden mobilises far too late when new legislation is being initiated within the EU. There needs to be a clear structure, one in which actors in society with insight into the consequences of new rules are involved in processes at an early stage. If we only react once the European Commission has put a complete proposal on the table, it is generally too late.



Sweden's voice needs to be heard earlier, to be clearer and to carry greater weight

There are good opportunities to influence both developments in the EU and the proposals produced – but Sweden's voice needs to be heard earlier, to be clearer and to carry greater weight. The latter is increasingly important, not least in view of the UK's exit from the EU and the clear shift in power towards the Franco-German alliance. We can achieve early influence by being more proactive, clarity by being specific and weight by building strong coalitions.

1.1 Where did our competitiveness go?

The Confederation of Swedish Enterprise's EU priorities are based on the objective of strengthening Europe's competitiveness. A strong and competitive EU is essential for a strong and competitive Sweden. It is about allowing ideas to flourish, jobs to be created, innovations to be developed and giving companies the conditions they need to be the engine for growth needed when faced with global competition. The route to greater competitiveness goes via an EU that focuses on its strengths and on areas where joint solutions provide added value. It also means not deepening EU cooperation in areas where individual countries have a mandate and are best placed to find the right solutions. One such area is the labour market and issues that affect the Swedish model, such as the minimum wage. We are convinced that a social Europe is a competitive Europe, characterised by high employment as a basis for good living standards. This is achieved by having competitive companies. Moreover, where Member States have unique circumstances that differ from the circumstances in the rest of Europe – as is the

case in Sweden, for example, in the case of industry, forestry and mining – a ‘one size fits all’ solution does not work. In these areas, cooperation within the EU must leave room for national solutions or adjustments. This will also ensure that Europe’s rich diversity is managed in the best possible way for the benefit of the whole of the EU.

At present, there is an unfortunate lack of more systematic thinking around competitiveness at a European level. No successor to the EU’s earlier strategies in this area – the Lisbon Strategy and EU 2020 – has been launched. Instead, an industrial policy has been drawn up containing terms such as ‘strategic autonomy’, and initiatives within a few selected sectors, which have become the subject of industrial alliances, support programmes and subsidies (known as IPCEIs – Important Projects of Common European Interest).



Europe needs a long-term plan for how we achieve the transition that is now under way

Yet the EU’s competitiveness has not increased, rather, it is the opposite. Europe’s share as a base for manufacturing industry is decreasing, as is its share of the global export market. The growth rate in the EU is lower than the global average. Some 85% of global economic growth going forward is predicted to take place in countries outside the EU. The EU’s economic productivity sits at 75% of the US level, and European research is lagging. Energy prices in Europe were already considerably higher than those in other regions even before the Russian war of aggression against Ukraine. The share of European companies in the Fortune 500 has decreased from 32% in 2010 to 23% in 2019. Europe needs a long-term plan for managing the transition that is now taking place within areas such as climate and environmental policy, digitalisation, the labour market and energy. We need to invest more in education, research and innovation. There are also many more geopolitical challenges than previously. The world will not wait for Europe.

The Confederation of Swedish Enterprise – with its 60,000 member companies and 50 member organisations – is able to contribute, and wants to do so. We are keen to be constructively and proactively involved, so that Sweden’s voice is heard more clearly in the EU cooperation. We need to become even better at proposing, at an early stage, a

constructive agenda where Swedish industry can contribute with concrete proposals and priorities to make the EU even more competitive in the future.

The private sector needs closer and more agile cooperation with the Regeringskansliet (the Government Offices of Sweden), so that signals from Swedish companies are intercepted more quickly when issues of importance for Sweden's competitiveness are negotiated. Businesses have an important role to play in providing Swedish negotiators with knowledge of how technically complex issues such as AI, data, forestry or the financial market will affect Swedish companies. Such knowledge can only be obtained through dialogue with the business community. It is then up to the politicians and civil servants to weigh up different interests in the final Swedish position.

1.2 What do we want to see in the future EU?

The EU is Sweden's biggest market for both exports and imports. The free movement of goods, services, people, and capital has meant that our companies, with a small domestic Swedish market, have been able to scale up in the larger 'secure home market' that in many ways the EU has become. EU competitiveness is essential if Swedish companies are to be able to become established and grow, as well as for our welfare in Sweden.

The Confederation of Swedish Enterprise has always been a strong advocate of European cooperation. Like many others we sense a certain unease over developments in areas where increased European regulation does not lead us in the right direction but instead creates greater administration and red tape, rather than clearing the obstacles faced by goods, services, people and innovation. There are also voices saying that increasing numbers of Member States want to create a type of European protectionism, which in the long run would not benefit European competitiveness. Europe does not need to be protected by walls.



Europe does not need to be protected by walls; Europe needs to be made stronger

Europe needs to be made stronger. For the EU to work successfully, it is essential that France and Germany reach agreement, yet far too often dialogue with the other 25 countries only takes place once Germany and France already have a joint proposal.

Europe is characterised by diversity. That is part of the challenge when deciding which path the EU is to take in the future. But it can also be a strength if we allow this very diversity to exist, where it both enriches the EU and at the same time forms the shared foundation needed for the EU to develop.

1.3 Five priorities going forward

The need to be proactive and concrete also applies to the business community. We can see that our recommendations and input have had significant impact, not least during the pandemic year of 2020. Therefore, together with our member organisations, the Confederation of Swedish Enterprise has set out the priorities needed to strengthen Europe's competitiveness and growth.

We are highly critical of the trend we see in the EU in areas such as social policy, and restrictions on the use of Swedish raw materials. These are areas where competence should remain with the individual Member State. We are strongly supportive, however, regarding EU cooperation in areas where this provides added value. We believe that topics in five areas should be strongly prioritised going forward, in view of, and during, the Swedish Presidency.

The five priority areas are:

- Strengthen and deepen the single market.
- Take global leadership in free trade.
- Promote a green transition.
- Accelerate digitalisation.
- Promote companies' research and development activities.

By working for the free flow of goods, services, data, capital and people in a single market and being open to trade with the world around it, the EU has historically provided encouraging conditions for what companies do best: creating jobs, innovation and growth.



The EU needs to focus on the five areas where cooperation provides the greatest added value

2. Priorities for Sweden's EU Presidency in 2023

2.1 Strengthen and deepen the single market



Summary of proposed measures:

- The European Commission should present an updated single market strategy.
- A separate action plan is needed at EU level for the trade in services.
- Sweden should work to improve the directive on mutual recognition of qualifications; business travel to and from countries outside the EU should be facilitated, e.g., by entering into free trade agreements.
- The proposal for a new standardisation strategy must ensure a market-adapted and coordinated process to produce new standards.

- Greater harmonisation of intellectual property rights should be high on Sweden's agenda.
- Harmonised market surveillance in the single market should be ensured.
- Prioritise negotiations for a Single Market Emergency Instrument during the Presidency.
- Sweden should push for the introduction into EU law of a standard for joint tax audits
- Tax reporting within the EU should be simplified and streamlined.

Strengthening and deepening the single market should be Sweden's main priority ahead of and during its Presidency in the first half of 2023. It is of the utmost importance that the single market continues to guarantee the free movement of goods, services, people and capital. The EU's successes have been built on these foundations.

A functioning single market discourages separate national regulations: instead of 27 different product standards, for example, today it is usually sufficient to manufacture a product to a single harmonised EU standard. This makes it considerably easier for both small and large businesses. At the same time, it is important that the common regulatory framework established is simple to comply with and does not discourage innovation.

A great deal has changed since the last update of the EU's single market strategy in 2015, and since the action plan for the single market set out in the 2020 Industrial Strategy. Not least, we have experienced a pandemic that brought huge challenges for the single market. The Confederation of Swedish Enterprise believes that the Swedish Presidency should push for the European Commission to present an updated strategy at the start of its Presidency, for Council Conclusions to be adopted during spring 2023 on the follow-up of this strategy. This would also be a way to mark the 30th anniversary of the single market, which falls in 2023.



The regulations must be easy to follow so as to allow innovation and new business models

A strong single market strengthens Europe's competitiveness. This in turn leads to a more robust economy that is more resilient to external shocks; both the COVID-19 pandemic and the Russian war of aggression against Ukraine have made the importance of this clear.

The Confederation of Swedish Enterprise considers it important that in the policy discussions conducted within the High-Level Group (HLG) under the Competitiveness Council, Sweden actively draws attention to the many different components that contribute to strengthening EU competitiveness – as a complement to the current focus on initiatives within certain selected sectors and on vulnerability and resilience.

Strengthen the European services market

The services sector is of great importance for growth and new jobs. In 2019, it accounted for both 78% of GDP and 24% of trade within the EU. Despite this, obstacles still inhibit the development of a strong services market for service providers that could grow globally. An action plan is therefore needed at EU level to review existing obstacles and allow the European Commission to propose concrete measures.



The existing Services Directive should be fully implemented in all member states

The existing Services Directive should be fully implemented in all Member States. There are still elements that have not been implemented everywhere. The Member States are also failing to notify of new national rules, which increases uncertainty for companies. The Directive on the recognition of professional qualifications has strong links to the services sector. National special regulations create onerous administration and impede seamless crossborder trade in services. In this area, there is great potential for improvement that Sweden should help to realise.

Promote the movement of workers

By being open to the world around it, Sweden has historically been able to share in new knowledge and capitalise on a large number of innovations that have provided a basis for businesses and jobs. Today, Swedish companies are highly international in nature.

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Foreign influences and skills provide great benefits

To strengthen their competitiveness, Swedish companies need to be able to recruit internationally and to post employees to work abroad. When people can move and work where they are most needed, it improves the available skills supply as well as the functioning of the labour market. This applies both within and between countries. Companies need access to the best talent – whether that is to be found in Borlänge, Berlin or Bangkok.

The free movement of people within the EU is a key issue for companies' competitiveness. Improving the mutual recognition of qualifications would facilitate movement and enable companies to find the skills they need more easily. Sweden should work to safeguard and facilitate the free movement of persons within the EU.

Labour immigration from countries outside the EU can strengthen the supply of skills as well as the EU's competitiveness. Today, there is EU-wide regulation of certain categories of workers, which supplements the Member States' national legislation in this area. Labour immigration within the EU also depends on being able to temporarily post workers to countries outside the EU and bring in personnel from non-EU countries. Free trade agreements should therefore facilitate the movement of persons for business travel to and from countries outside the EU.

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Ensure a rapid and flexible European standardisation process

Swedish and European companies benefit from common technical requirements in European and international standards. This means the companies do not have to adapt their production to meet different specifications of requirements. By extension, such international standards result in lower production costs. It is therefore strategically important to influence the technical content of international standards to the greatest extent possible. This in turn requires the European standardisation process to be rapid and flexible, so that European standards can be adapted to the latest technological developments. These European standards can then set the norm at global level too.

The Confederation of Swedish Enterprise welcomes that the European Commission presented a new standardisation strategy in February 2022, one which emphasises the strategic importance of standards, supports innovation and better coordinates European positions on global standardisation work. At the same time, the increased micromanagement of both the European Standardisation System (ESS) and the technical regulation in the EU is a cause for concern. It is resulting in reduced flexibility in the ESS and a delay in the production of European standards that are adapted to the market. This is no small matter, because it may restrict the single market and, by extension, the global competitiveness of European companies.



Micromanagement of the European standardisation system must be avoided

Sweden must conduct an active dialogue with EU institutions and Member States in order to ensure – together with the European standardisation organisations – that the micromanagement of the European standardisation system is avoided.

Further harmonise intellectual property rights

Knowledge-intensive companies account for a large proportion of both Sweden's exports and the EU's exports to the wider world. Yet intellectual property rights are rarely given much consideration in Europe's various export strategies. This is astonishing, bearing in mind how important these are for protecting innovations and strengthening competitiveness.

Intellectual property rights are based on international conventions and agreements and are thus transnational by nature. At the same time, some rights are associated with a particular country or countries, known as the ‘territorial principle’. In some countries, respect for existing intellectual property rights is lacking.

Within the EU, great efforts have been made to harmonise various elements of intellectual property rights. This work needs to be further intensified, not least within the area of copyright.

At present, companies that operate in multiple countries may need to sign different agreements on rights in different countries. The transaction costs relating to management of such rights can be high. In certain cases – even in relation to countries within the EU – the legal situation is so unclear that unequivocal answers cannot be given to many queries. Unfortunately, the implementation of the latest Copyright Directive will not reduce this problem; rather, it will result in even greater differences between the Member States.

Greater harmonisation of intellectual property rights should therefore be high on Sweden’s agenda. This would improve companies’ ability to protect their innovations and lower their transaction costs. Sweden should also work proactively on matters relating to enforcement, not least internationally.

Ensure that knowledge-based assets are harnessed

Leveraging knowledge-based assets requires the use of various agreements, such as patents and know-how licenses or copyright agreements for the use of software. In practice, the management of these agreements is probably as important as the existence of the right in itself.

In several areas where asserting such rights can be seen as a problem, this is a case of poor management of the agreements. What is primarily needed, therefore, is not legislative change but a change in behaviour. These matters are linked to other parts of EU law, where the dimension of intellectual property rights is often forgotten.

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**Greater
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Two areas can be highlighted in particular:

1. Collaboration within research and development (R&D). Negotiations concerning R&D collaboration are often long-drawn out. A principle reason for this is disagreement over the split of intellectual property rights. At present, there are cases where research work is taking place, but the results cannot be used later because of poorly written agreements, or a patent cannot be applied for because information has been managed incorrectly. In connection with the funding of research projects, clearer wording can and should be used to ensure that the research results can be used later. This is not a matter of proposing a single solution, but rather demonstrating a range of solutions and their consequences.
2. Public procurement. The management of intellectual property rights in public procurement is often counterproductive, largely due to widespread inadequate knowledge of intellectual property law among public sector actors. Sometimes, the rights acquisitions are far too extensive, preventing companies from building further on the knowledge in which they have invested. Other rights acquisitions are far too narrow, with the result that the procurement cannot achieve its objective. Mistakes can be avoided by having a clear strategy for making better use of such agreements.

Harmonised market surveillance within the EU

To guarantee that products do not pose a risk to health, safety or the environment, well-functioning market surveillance is needed. It is also needed to ensure that competition is not distorted within the single market. Sweden and the EU should therefore continue, and intensify, the work already underway to ensure harmonised market surveillance and supervision of products and operators.

This should also encompass goods from third countries, which means that market surveillance authorities within the EU must share information concerning checks carried out and approve each other's test results.

Ensure free movement in times of crisis

At the start of the pandemic, the European Commission rapidly made the decision to keep border crossings within the EU open for the transport of goods through so-called 'green lanes'. Guaranteeing these green lanes for the future would help promote the functioning of the single market.

As a result of the difficulties and bottlenecks that arose in the single market during the COVID-19 pandemic, a proposal for a ‘Single Market Emergency Instrument’ will also be presented in autumn 2022. The idea is to establish a mechanism that can be activated during future crises to ensure that the single market can continue to provide goods, services, transport, movement of persons, etc., something that becomes even more important under such circumstances. The Confederation of Swedish Enterprise supports the initiative to the extent that it concerns maintaining freedom of movement in the single market even in times of crisis. However, we are opposed to the proposals concerning crisis prevention, which is best achieved through having a functioning, competitive single market. Leading these negotiations will be an important task for the Swedish Presidency.

A legal framework for EU joint tax audits

Ambiguous and complex tax rules often result in disputes and increase the risk of double taxation. In addition to the EU’s Dispute Resolution Directive, measures are needed to prevent tax disputes arising. From a corporate perspective, for example, a legal standard for EU joint audits would result in greater predictability for companies, fewer disputes and the more efficient use of both time and financial resources. Joint audits could help prevent the problem of different Member States reaching differing conclusions when exercising their authority, with subsequent disputes and the risk of double taxation. Ahead of its Presidency, Sweden could propose that the European Commission present a proposal for a EU legal standard on joint audits.

Simplify and streamline tax reporting within the EU

Technological development has the potential to significantly simplify companies’ compliance costs by harmonising and streamlining reporting obligations in VAT.

Ambiguous and complex tax rules often result in disputes and increase the risk of double taxation “

Digitalisation can help with simplification – but only if the underlying rules allow it. At present, the rules are far too complex and outdated to be allow them to be coded. In addition, the information required should only be reported once, not multiple times. Such harmonisation of tax procedures would have positive impacts for both companies and Member States, and would also simplify trade in the single market.

In autumn 2022 the European Commission will present a legislative proposal on ‘VAT in the Digital Age’, in order to:

- 1) modernise VAT reporting obligations and facilitate e-invoicing,
- 2) further adjust VAT rules to the platform economy, and
- 3) transition to a single EU VAT registration.

Designed correctly, this proposal could provide major efficiency gains for Swedish companies. Starting negotiations on this proposal will be an important task for the Swedish Presidency.



2.2 Take global leadership in free trade



Summary of proposed measures:

- Free trade and openness should continue to be the norm, with restrictions being the exception, and only where justified by geopolitical tensions, unfair competition or sustainability considerations.
- Sweden should drive a positive trade agenda that increases trading opportunities by actively supporting ongoing negotiations on free trade agreements with India, Australia and other countries, approving agreements with Mercosur, Mexico and New Zealand, strengthening trade relations with the US and continuing the current dialogue with China with a view to improving conditions for trade and investment as much as possible.
- The reform of the World Trade Organization (WTO) must be accelerated and new trade rules produced.

Trade with the world around us is crucial for ongoing prosperity both in Sweden and within the EU. Companies' exports create income, jobs and welfare. However, imports are just as important. Without import, companies would not be competitive and the availability of competitively priced high-quality goods and services would be much smaller.

Open global trade has made the EU the largest player in the global trade arena and an important region in which to do business and to invest. Transparency and predictable trade rules that create the right conditions for companies to operate must therefore form the basis of trade policy. During its Presidency, Sweden must build further on and develop our long tradition of free trade.



Sweden should work to maintain and create predictable and transparent rules that facilitate companies' cross-border trade

Sweden should work to maintain and create predictable and transparent rules that facilitate companies' cross-border trade. It is the companies that trade, both within the EU and on the international market. Consequently, trade regulations must be adapted to the needs of businesses, and the companies themselves must be able to decide on their value chains and production networks.

Both the COVID-19 pandemic and the Russian war of aggression against Ukraine have recently posed challenges to global supply chains and free trade. Discussions over vulnerability, resilience and autonomy have become increasingly common. This is an important topic, particularly in relation to vulnerable sectors (such as ingredients for vital medicines, certain technical components, or critical raw materials), but must not be allowed to form a general starting point. Free trade and openness should continue to be the rule, with restrictions being the exception – and only where justified by circumstances.

The EU's resilience increases when it is an attractive and competitive market, from raw materials to finished products. In a world of increasing competition, it is important that the EU does not, for example, create obstacles for mining or forestry industries within the EU.



Along with our Nordic neighbours, Sweden can contribute solutions that facilitate climate transition through innovation and new technology, and by exporting climate-friendly solutions and sustainably produced metals and forest products. The goal should be predictable free trade with opportunities to develop the solutions of the future.

The EU's resilience increases when it is an attractive and competitive market, from raw materials to finished products

Push a positive trade agenda

In recent times, a large number of proposals have been put forward that aim, in various ways and with various motives, to reduce opportunities for trade with the world around us. Some of these proposals we can understand, and there are some we can actively support. These aim to reduce security risks for the EU and for European companies, to reduce the impact on the climate and prevent unfair competition. The EU should also work to ensure that the Union – together with likeminded trading partners – stands up for the interests of European companies when these are threatened for purely political reasons, in contravention of WTO principles.

If such proposals are drawn up (negotiated) during the Swedish Presidency, Sweden should work to ensure that the legislation is as proportionate as possible and – given its purpose – disrupts trade as little as possible, and that the legislation does not develop into hidden protectionism. Yet it is equally important that the EU drives a positive trade agenda that increases opportunities for trade. During the Swedish Presidency, it seems likely that there will be negotiations on free trade agreements with India, Australia,



Yet it is equally important that the EU drives a positive trade agenda that increases opportunities for trade

Indonesia, and other countries. Sweden should actively support these negotiations. It may also be the case that the agreement between the EU and Mercosur is ready for ratification in the European Parliament, in which case Sweden should actively support this to the greatest extent possible.

In addition, Sweden should push to actively use the inherent opportunities that exist within the free trade agreements already in place – particularly the EU-UK Trade and Cooperation Agreement (TCA) that is so important to us – as well as the agreement with Canada (CETA) and other free trade agreements with as-yet unexploited development potential. A large part of the value of these agreements lies in actively preventing regulatory trade barriers; this requires work. The agreements must be seen as a basis for cooperation, not simply as a static text.

Improve trade relations with China and the US

US

Together, the EU and US account for around one-third of the world's GDP and for nearly one-third of global trade in goods and services. We should further strengthen our bilateral ties with the current US administration. During its Presidency, Sweden should therefore prioritise strengthening trade relations with the US.



We should further strengthen our bilateral ties with the current US administration

The long-term vision should be for the EU and US to resume negotiations on a comprehensive free trade agreement. This could start with negotiations on tariff reductions for industrial goods, as well as cooperation on standards and mutual recognition in those areas where such negotiations are politically and administratively viable. The negotiations can then – if politically possible – encompass other areas, including trade in services, public procurement, intellectual property rights and agriculture.

What is important now, including during Sweden's EU Presidency, is to drive an ambitious agenda and deliver results in the EU-US Trade and Technology Council. Areas of importance include cooperation and joint research on emerging technologies and the digital economy (e.g. AI), regulatory cooperation and standardisation, and foster cooperation and innovation in green technology.

We welcome the fact that an agreement in principle has been reached that enables companies to transfer data between the EU and the US. Now it is of utmost importance that a solution is finalised and can be upheld.

The Confederation of Swedish Enterprise also wants Sweden to work to increase cooperation between the EU and the US on issues and initiatives related to climate change, such as the fight against deforestation and the development of various carbon border adjustment mechanisms, in order to prevent these presenting unnecessary obstacles to trade and/or creating incompatibilities.

We also need to join forces with the US to reform the WTO, and to put pressure on China to follow WTO rules and change its behaviour in areas such as subsidies and state-owned companies.

China

China is a key trading and investment partner for the EU. For many Swedish companies, the Chinese market has been important for generations, and still presents significant opportunities. At the same time, relations with China are affected by ongoing geopolitical tensions and the country's attitude to Russia's war of aggression against Ukraine. There are also still gaps in access to the



A new solution that allows companies to securely transfer data between the EU and the US must be finalised and upheld



The EU-China Comprehensive Agreement on Investment (CAI) has the potential to improve market access and investment conditions for European companies in the Chinese market

Chinese market in certain sectors. China's state-managed economic systems often create an imbalance, with domestic companies being preferred to foreign ones.

The Confederation of Swedish Enterprise believes that the EU-China Comprehensive Agreement on Investment (CAI) has the potential to improve market access and investment conditions for European companies in the Chinese market. The provisions of the agreement on market access and a level playing field (state-owned enterprises, subsidies, forced transfer of technologies) are a step in the right direction. The agreement also provides the EU with a platform for cooperation that increases opportunities to put pressure on China to respect human rights. While the significance of the agreement must not be exaggerated, it does represent progress.

The Confederation of Swedish Enterprise wants Sweden, during its Presidency, to continue dialogue with China on various trade matters with a view to improving conditions for trade and investment. If the political conditions allow, Sweden should push for the CAI to be ratified and implemented within the EU and China, so that companies can benefit from the various parts of the agreement.

Drive reform of the World Trade Organization

The global rules of trade and guiding principles of the World Trade Organization (WTO) have benefitted trade by the Member States enormously, creating jobs and improving welfare around the world. These rules become even more important in times of unrest and protectionist tendencies, such as those we are currently experiencing. However, the WTO needs to be reformed and modernised in various ways to function better for the future. With Sweden holding the EU presidency, the EU should continue to lead the reform of the WTO and promote the negotiation of new ambitious trade rules.



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Sweden's position should be for the EU to prioritise concluding plurilateral negotiations on an e-commerce agreement and putting new rules in place as soon as possible. It is important that the agreement contains rules on data flows and data localisation, and that it results in improved market access. During the 12th WTO Ministerial Conference, it was possible to extend the moratorium on applying customs duties on electronic transmissions until the next Ministerial Conference. While this was important, the Confederation of Swedish Enterprise advocates a permanent ban on customs duties on electronic transmissions.

Sweden should be active within the WTO, both to strengthen compliance with existing rules on industrial subsidies and to enable new rules for prohibited subsidies and state-owned enterprises to be negotiated. At a minimum, the countries within the WTO should be able to agree on greater transparency over the state subsidies handed out around the world. The aim should be the same level of transparency for industrial subsidies as already exists for agricultural subsidies.

We would also like to see a resumption of negotiations on the trade in services. In addition, there should be discussion of rules to promote the trade in goods and services that can contribute to an improved environment, climate, and circular economy.

During its Presidency, Sweden should push the EU to continue prioritising the reform of the WTO Appellate Body. The commitment on WTO reform made during the 12th WTO Ministerial Conference is highly positive. It is also positive that the member countries concluded that the WTO must have a functioning dispute resolution body established by 2024 at the latest. WTO members must also take responsibility for, and make commitments in accordance with, their actual level of economic development and capacity. Special and differentiated treatment is a difficult issue that requires considerable efforts.

Finally, ways must be found to establish closer cooperation between WTO members and industry. Consultation procedures should be drawn up in order to gather viewpoints from the business community in a structured, continuous way. The Confederation of Swedish Enterprise welcomes the fact that at the last ministerial conference the countries agreed to establish a stronger collaboration between the WTO and other stakeholders. This is something the Swedish Presidency can build on and drive forward.

2.3 Promote a green transition



Summary of proposed measures:

- Policy development for the circular economy must enable companies to drive the green transition by safeguarding technology neutrality, promoting innovation and strengthening the competitiveness of European industry.
- A goal of security of supply should be introduced for the electricity system, in order to achieve sustainable energy systems.
- Swedish negotiators must ensure that sustainable Swedish forestry is able to continue to supply bioenergy, replace fossil-based products and provide other important climate benefits in the revised Renewable Energy Directive (RED).

Energy, climate and the environment are high priority areas for the current European Commission. At the beginning of its term, the Commission published the European Green Deal (EGD) – a package of measures designed to enable and drive green transition in Europe. The Member States and the European Parliament have backed the general objectives of the Green Deal – for Europe to become climate neutral by 2050 and to reduce greenhouse gas emissions by 55% by 2030 (the previous goal was 40% by 2030) – in a European Climate Law.

To achieve the goals set out in the European Climate Law, the European Commission presented the ‘Fit for 55’ package in 2021, which contained a series of legal proposals – mainly aimed at enabling a 55% reduction in greenhouse gases by 2030. These included, for example, proposals for a more ambitious emissions trading system (EU ETS), a carbon border adjustment mechanism (CBAM), higher targets for the share of renewable energy (40% by 2030) and energy efficiency, enhanced requirements for forests as carbon sinks (LULUCF) and for deforestation, alternative fuels, stricter emissions standards for cars and vans etc. It is the most extensive legislative proposal ever presented by the European Commission.

The Swedish Presidency will play an important role, because it is likely to conclude the tripartite negotiations on the ‘Fit for 55’ package, i.e., it will represent the Member States in the final negotiations with the European Parliament and the European Commission in the spring of 2023. The Confederation of Swedish Enterprise has chosen to initially highlight three areas that are important to focus on ahead of and during the Swedish Presidency.

The EU’s more ambitious climate goals must be combined with growth. The Confederation of Swedish Enterprise supports the EU’s long-term objective to achieve net zero emissions at the latest by 2050. We are actively participating in the discussion of how the more ambitious 2030 goal can best be implemented.

However, it is important that a green transition takes place in a cost-effective manner that promotes entrepreneurship and innovation. When developing climate-related instruments, it is also vital that those pioneering companies that have already made efforts to decrease their emissions are not disadvantaged. The climate challenges can best be solved through technology, innovation and the development of a sustainable infrastructure.

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Climate challenges can best be solved by means of technology, innovation and the development of a sustainable infrastructure

The challenges we face in climate change are not restricted to Europe; functioning global systems are therefore needed. It is vital that while decreasing its emissions, the EU simultaneously ensures that it maintains European competitiveness.

We should always stress that decreased emissions must be combined with growth if the EU is genuinely to set an example worth following. All Member States and sectors need to accept that they have to assume their responsibilities in the climate efforts.

An internal circular economy

The action plan for a circular economy, issued in 2020, highlights a series of new measures, which have been developed rapidly. In March 2022, the European Commission presented the Ecodesign for Sustainable Products Regulation (a broadened Ecodesign Directive), a draft Regulation that required sustainable products to become the norm for more or less all physical products within the EU. This sets out environmental as well as circularity requirements and energy efficiency throughout a product's lifecycle. These product regulations will bring great changes for businesses – not just in terms of the design and manufacture of products, but also in changing customer relationships and new circular business models.



Companies have an important role in highlighting the need for tech neutrality and avoiding detailed regulation

The Confederation of Swedish Enterprise generally supports those initiatives that could strengthen the EU's single market. These are vital if circular business models are to be developed on a large scale and become profitable. Companies have an important role in highlighting the need for technology neutrality and for avoiding detailed regulation as well as working to ensure that future reporting requirements are kept at a reasonable level.

Work to achieve a circular economy at EU level should also focus on removing obstacles and bridging gaps in existing EU legislation that stand in the way of the new business models. This may involve greater harmonisation of regulations by means of equal implementation in the Member States, restrictions on separate national regulations and adapting regulations for circular flows.

The definition of waste within the EU should be changed so that fewer materials and products are classified as waste. Materials and products that remain a resource and that have a value and a demand through reuse, upgrading or recycling should not be included. The fact that ‘resources’ are classified as waste makes it more difficult to return them to the market and make the process competitive. The Confederation of Swedish Enterprise urges the European Commission, in its revision of the Waste Directive, to analyse how this broad definition of waste affects circular flows, and, in conjunction with the review of the Directive, to consider whether a narrower definition could benefit the circular economy. Alternatively, it could consider the possibility of reclassifying used materials and products as resources.

The European Commission’s Chemicals Strategy, published in autumn 2020, is strongly linked to the work on the circular economy. The strategy includes a forthcoming revision of the REACH regulation (on the Registration, Evaluation, Authorisation and restriction of Chemicals), which is so important for enterprise. Planned proposals for changes to the Regulation will be of considerable significance for all businesses, and it is therefore important that the legislative proposal is drawn up taking the viewpoints of the business community into consideration. The Swedish Presidency will have an important role to play as it starts negotiations on the proposal, which is planned to be presented in early 2023.



The circular economy is an important tool for enabling Europe to become the world’s first climate-neutral continent. Efforts for transformation into a circular economy therefore need to create favourable conditions for businesses to transition to profitable circular business alternatives while maintaining or increasing their competitiveness. Swedish industry and Swedish companies have deep knowledge of how this can be done and can therefore contribute significantly to this development throughout the EU during the Swedish Presidency.

The circular economy must be a driving factor in Europe becoming the world’s first climate-neutral continent

Increased global cooperation is also needed to bring about further global standards and agreements as well as to manage trade barriers to circular materials and product flows.

Energy Union 2.0 – goals for security of supply

Both nationally and internationally, the energy sector and the energy markets are facing major challenges as a result of the increased need for electricity in connection with climate change and, most recently, the Russian war of aggression in Ukraine. Energy



There is a risk of a conflict arising between on the one hand climate objectives and on the other measures to increase the security of supply

prices have skyrocketed, and there is a risk that the situation will further deteriorate as winter approaches. There is high demand for renewable, weather-dependent electricity production throughout Europe as various Member States now need to phase out Russian gas at a very much faster rate than planned. This development will create a significant oversupply of electricity when these types of power deliver, but will lead to extreme prices at other times when the weather is calm. This brings major challenges for the plannable types of power that provide the energy system with stability and reliability – that risk being outcompeted – which would have a negative effect on both security of supply and the energy situation in Europe. There is also a risk of a conflict arising between, on the one hand, a significant increase in the share of installed capacity accounted for by weather-dependent electricity production – in line with the Renewable Energy Directive – and on the other, other fossil-free, plannable power that increases security of supply.

Sweden has built its strategy for security of supply on market-based solutions, while many EU countries manage energy crises by means of a greater degree of state intervention. EU regulations demand solidarity as well as regional agreements on measures to ensure security of supply, guiding the way towards harmonisation of Member States' regulation in this area. Substantial differences remain, but at the same time an integrated energy market means that we are heavily dependent on each other's energy supplies. One example is Germany's dependence on Russian gas, which has impacted large parts of the European energy market.



This means that in an energy crisis, Sweden could end up in an unfavourable position, for example having limited options for importing power while at the same time still being required to export electricity.

To achieve a reliable and efficient integrated electricity system in the EU, a goal of security of supply must be set. This in turn is essential for putting in place the investments needed to achieve the EU's climate goals. National regulations for security of supply also need to be harmonised and coordinated at EU level.

Ever-greater co-variation of renewable power production in Europe is creating a greater need for power transmission from neighbouring areas. This demands an EU-wide review and impact analysis of the output balance in an increasingly integrated European electricity system.

Bioenergy makes up around a quarter of Sweden's total energy use, with a large proportion of this coming from residual products from forestry. With sustainable forest management that safeguards biodiversity, Sweden's forests can contribute to the climate goals by acting as large carbon sinks and by replacing fossil energy sources. Since the early 1990s, Sweden has put environmental requirements and production requirements on an equal footing in forestry legislation. This means that sustainability aspects have been integrated into Swedish forestry for longer than in most other EU countries.

All fossil-free energy is needed to deal with the shortage that exists in the short term, as well as the substantial increase in demand for energy in the future. It is therefore important that Swedish negotiators ensure that the sustainable Swedish forest management can continue to supply bioenergy, replace fossil-based products and provide other important climate benefits in the revised Renewable Energy Directive (RED), the legislation on carbon sinks (LULUCF) and the deforestation regulation.

To achieve a sustainable energy system, security of supply for the electricity system must be a goal

2.4 Accelerate digitalisation



Summary of proposed measures:

- Sweden should be proactive in pushing for the European Commission to simplify the transfer mechanisms for international data flows. Adequacy decisions should be adopted with as many countries as possible. For other countries, the European Commission needs to take over the companies' responsibility for risk analysis of the receiving country's data protection rules.
- Sweden should work to ensure that the European Commission includes ambitious rules on data flows in the EU's free trade agreements.
- It should be ensured that legislation on data sharing is based on principles and is technology neutral. This increases predictability for investments, and also makes it technically and legally simpler to share data voluntarily.
- Sweden should work to ensure that the European Standardisation System (ESS) produces technical standards that can be developed into international standards.
- Regulatory sandboxes and experimentation clauses must be introduced into regulations to strengthen the innovation climate.
- Sweden should be a driving force in making the Assessment List for Trustworthy Artificial Intelligence (ALTAI) a form of self-certification within the EU. It should also help in ensuring that the forthcoming AI Act does not restrict the use of trustworthy AI solutions.

- The GDPR needs to be updated, simplified, and amended so that other proposals on data (the Data Act) and AI do not overlap or conflict with it.
- The Confederation of Swedish Enterprise is calling for a regulatory basis for the right to process personal data on crimes and legal infringements, in accordance with the UN and OECD guidelines on Corporate Social Responsibility (CSR).

Reforms that facilitate both private and public sector use of data and artificial intelligence (AI) are necessary to achieve sustainability goals and strengthen our international competitiveness. Companies are being proactive, but laws and regulations must be updated if we are to realise the potential inherent in technological development. For this reason, Sweden needs to act jointly with other EU countries to guarantee the possibility of crossborder data flows, e-commerce agreements, data sharing and the use of AI.

For society to extract the most from technological advances, a battery of measures is needed to strengthen the use of data and AI. A joint process and clear monitoring are also required to ensure international data flows, the increased use and availability of data, and a regulatory framework that promotes AI applications. Digitalisation demands that knowledge-based assets are utilised in the best way.

Secure international data transfers and e-commerce

The possibility of transferring data between different operators and countries is key to maximising the value of digitalisation. Data transfer is also increasingly essential for international trade.



Sweden needs to act jointly with other EU countries to guarantee the possibility of data flows, e-commerce agreements, data sharing and the use of AI

However, the rules on the transfer of personal data outside the EU are obstructing and restricting international exchange and trade. The case law of the Court of Justice of the European Union has imposed extensive demands, requiring companies to investigate – in each individual case – whether they have the right to transfer everything from contact details to sensitive health data. Costly and time-consuming processes are particularly hampering trade by small- and medium-sized companies, but even large corporations are being burdened by these significant costs and uncertainty as to whether transfers will be able to take place.

The European Commission must simplify the transfer mechanisms for international data flows and support companies when setting related requirements. The Commission needs to prioritise work on adopting adequacy decisions with as many countries as possible; these facilitate data exchange considerably. For other countries, the European Commission needs to take over the companies' responsibility for risk analysis of the receiving country's data protection rules and surveillance system, which must be carried out on an ongoing basis.

Digital trade barriers must be removed. Sweden should push for the European Commission to include ambitious rules on data flows in the EU's free trade agreements. The wording of these also needs to become more ambitious, to ensure that data can be moved across borders and, at the same time, to manage data location requirements – i.e., requirements concerning where companies store data.



To be highly competitive, the EU must discourage technological protectionism, while technological capacity is encouraged

To be highly competitive, the EU must discourage technological protectionism while encouraging technological capacity. It is market mechanisms that must drive developments going forward. Both public and private enterprises need to have access to the most advanced technology available. Efficient and secure data management must be at the centre.

Strengthen the innovation climate with principles-based, tech neutral laws

The acceleration of digitalisation is based on increased data use. Sharing data voluntarily needs to be technically simpler and legally certain. Sweden needs to work for principles-based and technology-neutral laws that provide predictability for investments. Sweden should also work to ensure that the European Standardisation System (ESS) produces market-relevant technical standards that can be developed into norm-setting international standards. Micromanagement of the work must be avoided here. To strengthen the innovation climate, it is also vital to introduce so-called regulatory sandboxes and experimentation clauses into existing and new regulations. The Confederation of Swedish Enterprise also wants to see the Assessment List for Trustworthy Artificial Intelligence (ALTAI) becoming an established form of self-certification within the EU. Sweden should work to ensure that negotiations on the European Commission's AI Act do not restrict the use of trustworthy AI solutions.

Update GDPR

The General Data Protection Regulation (GDPR) should be simplified and updated so as to better support digitalisation. In addition, data protection rules need to be fully harmonised within the EU. The government must advance the work on an EU-wide infrastructure for sharing personal and other data. Based on new legislative proposals on data (the Data Act) and artificial intelligence (the AI Act), the GDPR and other regulations need to be changed so that conflicting and overlapping rules are removed. An important task of the Swedish Presidency is to prepare the ground for a review of the GDPR during the European Commission's next term. Swedish businesses are also calling for a regulatory basis for the right to process personal data on crimes and legal infringements in accordance with the UN and OECD guidelines on Corporate Social Responsibility (CSR), and to contribute to fighting serious international crime.



The General Data Protection Regulation (GDPR) should be simplified and updated so as to better support digitalisation

2.5 Promote companies' research and development activities



Summary of proposed measures:

- All actors, not least those in the public sector, should be motivated to invest further resources in research and innovation.
- Collaboration models should be developed further within the joint EU research and innovation programmes, particularly Horizon Europe.
- Sweden should drive the EU to invest more in top-quality research, such as that found within the framework of the European Research Council (ERC).
- The Confederation of Swedish Enterprise would like to see the government expand the provision of information and offer coaching for universities, companies and others that wish to take part in major EU programmes.
- The focus should be on development of new services and new functionality through increased initiatives for service innovation and service design.

A world-class research and innovation system is the basis of Europe's long-term sustainable competitiveness. The EU currently invests less in R&D than the US and China, which is adversely impacting Europe's innovative capacity. This is a long-term negative trend that must be broken. Other parts of the world are really pushing research and



innovation, thereby increasing competition for companies' investments. Initiatives by the industry relating to new knowledge and the development of value-adding goods and services create growth opportunities in new markets.

For investments to be made, companies need to be able to act in an attractive innovation climate with ecosystems that allow the exchange of knowledge between different actors (both within and between different sectors) and which enable new technologies and new services to reach the market. The basic principle must be that research is based on openness and cooperation.

Research and innovation initiatives are primarily made by the Member States themselves. In 2020, national initiatives amounted to EUR 311 billion. Joint EU initiatives add up to a small amount by comparison. The research collaboration Horizon Europe, spanning the period 2021–2027, amounts to EUR 95 billion in total – less than EUR 14 billion per year. The Swedish Presidency will work to implement this programme.

One of the greatest challenges in Europe is the inability to scale up research and innovations into successful, growing businesses. To deal with this, there are proposals to use targeted intergovernmental projects aimed at implementing new technologies in the market, with only companies from the co-financing member states able to participate.

This not only risks fragmenting global trade and distorting competition within the single market, but could also create splits that would be damaging to the EU in the longer term.

The Confederation of Swedish Enterprise instead wants to see proactive initiatives for research and development programmes at EU level, these being openly advertised and based on priorities identified together with the business community. Investing public funds in selected research projects for future technologies is not the way forward. The public sector must set well-functioning rules, and the companies must then compete to produce the best solutions on a level playing field. Europe ultimately competes with

The basic principle must be that research is based on openness and cooperation

knowledge, and this is the key to successfully managing both the green transition and the digital transformation.

The Swedish government should therefore, both ahead of and during its Presidency:

- Motivate all actors, not least those in the public sector, to invest further resources in research and innovation.
- Further develop collaboration models within the joint EU research and innovation programmes (particularly Horizon Europe), to invest more in top-quality research and innovation priorities with companies' competitiveness at the centre. The focus should be on applications – for example, through test beds – and on increased participation by small- and medium-sized companies.
- Drive the EU to invest more in top-quality research such as that found within the framework of the European Research Council (ERC), which is part of the EU programme Horizon Europe. The ERC focuses solely on bottom-up, top-quality research and has a budget of EUR 16 billion. The projects are identified by researchers in all fields and are not led by priorities set by politicians. Such initiatives are important, as now that the UK has left the Union there is not a single EU university ranked in the global top 20.
- Even though Sweden has a high proportion of projects granted under EU research and innovation programmes, many companies believe that applying for EU funding is complicated. The Confederation of Swedish Enterprise would like to see the government expanding the provision of information and offering coaching for those universities or companies wishing to take part in major EU programmes. At present this responsibility is split between many actors. As substantial European investments are now being made within a number of future-oriented sectors – e.g. cloud services, AI and hydrogen development – it is important to enable Swedish stakeholders to take part.
- Focus on the development of new services and new functionality through increased initiatives for service innovation and service design.





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