



JOINT STATEMENT

SEPTEMBER 2022

The Czech and Swedish business community is committed to jointly contribute to overcome the challenges of stabilize the economic situation in Europe and ensure the competitiveness of European businesses.

The EU faces major challenges. Europe must overcome not only the consequences of the Covid-19 pandemic, but also the consequences of Russia's military invasion of Ukraine. European companies are challenged by rising prices on energy and raw material, supply chain disruptions and skills shortages. It is a time of great uncertainty, both economically and geopolitically. This is a time to recall the basic idea of the European Community's peace and prosperity through trade and economic integration.

However, countries cannot overcome today's challenges alone. We need to act together and joint action within the European Union will makes us all stronger.

Sweden and the Czech Republic are both a part of the trio that currently holds the presidency of the council in the EU. France recently finished its six months stint, and the Czech Republic took over on 1 July and will then hand it over to Sweden the first of January 2023. Therefore, the Confederation of Swedish Enterprise and the Confederation of Industry of the Czech Republic, together, wants to highlight what we believe that the EU should focus on during our presidency in the council.

First and foremost, we must place competitiveness firmly on the agenda. It is worrying that today there is no overall strategy for strengthening competitiveness at EU level. Policies and strategies should be linked towards one goal. It is businesses that create wealth, innovations, and job opportunities. To enable companies to create new solutions and business opportunities, they need the right conditions and a foundation that fosters competitiveness, increases productivity, with a level playing field globally. Many businesses are concerned that the focus instead is on proposals for detailed rules, increased requirements for administration and increased regulatory burden.

The way forward is through an EU that focuses on its strengths and on areas where common solutions add value.

The success within the EU can be measured to a great extent by the internal market where goods, services, people, capital, and data can move freely. As long as barriers to these freedoms exist, European competitiveness will continue to be challenged. Strengthening and deepening the internal market is undoubtedly what leads to a more robust economy and a better ability to cope with external shocks.

The EU needs a true Digital Single Market, based on trust and a free market, to enable the EU to take the lead in the diffusion of technologies and turning technologies into new solutions. At the same time, we are faced with an unprecedented security situation. And with discussions connected to the inclusion of sovereignty requirements in legislative proposals that could cause isolation of Europe in the field of data exchange and discrimination of technology companies from third countries. These issues will shape the future of the EU's competitiveness in international comparison.

Therefore, we need to act together against protectionism to preserve Europe's security, ability to innovate and develop a resilient Digital Single Market. One of the keyways to accelerate digitalization is to ensure and enable well-functioning international data flows. The companies' use, and analysis of data, is crucial to the success of the digital and green transition. To achieve this, it is important to create a proportional and targeted legislation to avoid costly administrative burdens that hindering innovations for European companies.

EU needs to take leadership in promoting open and free global trade. The EU is one of the largest players in the global trade arena and an important region to do business with and to invest in. The EU must therefore take the lead in free trade globally, which would ensure diversification in supply and focusing on cooperation with reliable partners outside the EU who respect European values and rule of law.

We support the EU's long-term goal of achieving net zero emissions by 2050. However, it is important that a green and digital transition takes place in a cost-effective way that promotes entrepreneurship and innovation. Only by providing a combination of reduced emissions and economic growth will it be possible to achieve a real twin transition. This includes respecting technological neutrality and investment cycles. Policies should reflect the current crisis and be set realistically, and not at the expense of the competitiveness of industry. Only then will the EU be able to act as a role model that inspires the rest of the world to follow its footsteps.

To ensure our future competitiveness, and leading the necessary twin transition, an effective research and innovation system is fundamental. Today, the EU invests less in R&D compared to both the United States and China, which has a negative effect on Europe's innovative power. This is a long-term negative trend that must be broken. Through the business community's investments in new knowledge and the development of value-creating goods and services, growth opportunities are created in new markets. For investments to be realized, it is necessary for companies to be able to operate in an attractive innovation climate, with financial systems that allow the exchange of knowledge between different actors (both within and between different industries), and which enable new technology and new services to reach the market.

Finally, European labour markets need to be modernized to fit into the 21st century. We need to educate, attract, and retain people with in-demand skills to overcome the labour shortages in a sustainable way. This includes a migration policy enabling businesses to attract and retain skills and talents from third countries. However, it is important to ensure that all new initiatives and rules respect the principles of subsidiarity and proportionality, the differing national industrial relations systems, collective bargaining, and the autonomy of the social partners.

The Presidencies of Sweden and the Czech Republic provide us with an opportunity to ensure that we pivot the EU's agenda towards competitiveness and sustainable growth. In our globalized world, it is about providing the right conditions for EU members, its citizens, and its businesses to assert themselves in increasingly fierce international competition to create jobs, growth, and prosperity.

It is by pursuing a sharp focus on removing obstacles for competitive companies and enterprising people that the EU can be the driving force for continued and sustainable prosperity for all its citizens that the Czech Republic, Sweden, and the rest of Europe need.