



European Entrepreneurs CEA-PME

**Confédération Européenne des Associations
de Petites et Moyennes Entreprises**

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MANIFESTO

of the

The European Real Economy for a Realistic Industry Policy

June 27th 2023

As representatives of the **European Real Economy**, the **micro-, small-, medium-sized enterprises (MSME) and Mid-Caps**, mainly owner-managed, regionally bound to their social, cultural, natural and economic ecosystems, and well aware of the European Union's and the world's great opportunities, but also of the **secular challenges** and inestimable needs we are facing in this first half of the 21st century, we are **seriously concerned about the European Union's current Industry Policy**, defined during the last 5 years and meant to be valid for the next 25-30 years.

This Industry Policy – for our understanding – suffers from at least **4 central problematic aspects**:

1. The illusion of European Policy Makers that solving the biggest challenge, the global climate change, could be done **by Europe alone, in particular by the European Industry alone, as supposedly main responsible and executor of political strategies**;
2. But on the other hand, that this strategy and the way towards this important objective **shall be defined by the State / the EU institutions alone**, instead of focussing on the definition of negotiated targets and aims, and leaving it to companies and the market to find the most suitable and efficient solutions;
3. While setting **strict timeframes and deadlines, increasing prohibitions, and putting a huge pressure on our society**, which is made of individuals, companies, families and communities;
4. And imposing as means to achieve the desired results **certain technologies and processes**, excluding by law other economic players from the market, making the emergence of unforeseen innovations impossible, and hence limiting future opportunities.

This leads currently to:

- **Significantly higher production costs**, namely of energy and raw materials, triggering inflation;
- Increasing our **dependencies from other countries** and tightening **international competition**;
- Requiring **multiple, disruptive and rapid changes** to technologies, products, business models, supplies and to the skills of the experienced, but always less available workforce;
- Raising a **huge need for investment and thus capital**, what causes further inflation, more private debt, changing ownership structures concentrating property in less hands, and pushing also sovereign debt of the Member States, which companies have to pay back with higher taxes;

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- Resulting in countless **company crises, and thus career and biography crises**, obliging **individuals and their families to change their lives, skills, homes and jobs**, regardless of whether they are entrepreneurs or employees, in fast changing and highly challenging contexts;
- And consequently, **reducing the likelihood of the necessary change to be socially accepted.**

As **the Roundtable of the European Real Economy** and its organisations we stand for the most productive areas of **10 very industrialised European Union member states**, like Germany, France, Italy, Spain, Poland, Austria, Czech Republic, Denmark, Portugal and Estonia, that make nearly **350 Million or 80% of the EU's citizens**, and in our case speaking for **1.5 Million MSME and Mid-Caps**, employing more than **15 Million European citizens** and producing roughly **20% of Europe's GDP**,

WE CALL

the European Union's Institutions, the EU Member States, all European Political Families, the European Business Community and the European Civil Society to

*Undertake everything to obtain a **Green, Digital and Competitive Transition** of the European Industry, with realistic targets & timeframes, and technological openness!*

In details, we ask:

1. To relaunch the *"Think Small First"* principle in EU- and national law making processes, by involving **more and foremost the European Real Economy, i.e. MSME and Mid-Caps, into strategy formulation and re-orientation**, with regular feedback meetings on national and European levels about the current economic developments, with this Real Economy **in the focus of a green, digital and competitive transition**, and using updated, relevant and transparent environmental data as basis for decision-making;
2. **Put all relevant legislation on the examination bank**, and – if necessary – correct, integrate or adapt it to more feasible targets, deadlines – especially now after the COVID-19 pandemic and Russia's war on Ukraine – and to **dimensions more achievable by the European Real Economy**, i.e. by MSME and Mid-Caps, with **more equitable pay-offs and advantages, lower costs and higher benefits**;
3. Announce a **robust moratorium on new reporting, compliance and documentation obligations for companies** in new European Laws, which indirectly or directly affect MSME and Mid-Caps in order to **give companies enough time to act and adapt: reports** – like those required for CSRD, Due Diligence & Taxonomy, etc. – **will not alone make the economy more sustainable**, this will only be achieved thanks to successful and competitive business models;
4. **Make authorisation procedures easier and faster**, with more aftercare and less pre-care obligations: recent emergencies required fast action, and that showed **we can move much faster, if we want to**;
5. **Define clear "CO₂ Lifecycle" Targets**, with moments of transparent CO₂ emission data verification on EU-levels, but leave **technological choices and processes towards Climate-neutrality to the market and to companies** in arranging the most efficient & competitive solutions – **we need technological openness**;

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6. **Reduce bureaucratic burdens with the “Once Only” principle for product authorisations in the European Single Market:** what has been approved and authorised in one country must be automatically and without further tests and documentations approved in the whole EU, as well as finally delivering better results with the **“one in, one (better two) out”** principle for new legislation substituting old one;
7. **Use the full potential of digital technologies**, Artificial Intelligence included, **to simplify bureaucracy** wherever possible – *government has to go ahead and proof its readiness to change;*
8. Take into account the **workforce’s capacities in terms of availability of skilled workers and ability to reskill and upskill them** in a humanly appropriate time and manner: We do not want to dismiss staff, we need more and help them to adapt to new challenges - but that takes time and requires also innovative changes to the companies’ culture;
9. Foster the **transfer of green innovations to the European Real Economy**, with MSME and Mid-Caps at the heart of the **European Innovation Policy**, by offering practical expert support to at least 1 Million SMEs, in order to **establish 1 Million of good practices all over Europe**, showing the feasibility of changing business models, products and services towards a **circular, digital and sustainable economy**. This can be achieved with only **10% of the current Horizon Europe funds**, the R&D Programme of the European Union, i.e. 10 Billion Euro;
10. **Significantly reduce company taxes on Member States levels rewarding the virtuous ones**, e.g. all those companies using and producing green energy, recycle products, implement circular and CO₂-neutral processes, invest into re- and upskilling, improving their company’s culture and directly training employees in the companies, invest into energy efficiency and saving, green innovation, among others;

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