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AN ECONOMIC AND FISCAL ENVIRONMENT TO FOSTER INVESTMENT

The succession of shocks has led to a perma-crisis that has deteriorated the shape of public finances. The recent agreement on new fiscal rules and the issuance of EU debt to finance the NextGenerationEU funds can form the basis for consolidating and stabilising the EU economic environment. The next few years are crucial to ensure that the right measures are taken to encourage long-term investment and facilitate businesses' access to financing, leveraging the European savings capacity. To this end, it is essential to further consolidate the Economic and Monetary Union (EMU), the Banking Union and the Capital Markets Union. We rely on the European institutions and political decision-makers to work towards:

CONSOLIDATE THE EMU, BANKING UNION AND CAPITAL MARKETS UNION

- Ensuring the **correct implementation of the new economic governance framework**, improving public finances while addressing the necessary investments for the twin transition and enhancing the competitiveness of businesses and the role of the euro.
- Firmly committing to completing the **Banking Union** during this term, implementing the **European Deposit Insurance Scheme (EDIS)** to strengthen the common framework for managing banking crises and national deposit guarantee schemes.
- Advancing the deepening of the **Capital Markets Union**, consolidating the European

securitisation market and thereby creating a stable and predictable environment to boost fiscal incentives and attract investment.

- Addressing **international taxation** measures from a **business perspective** to maintain global competitiveness.
- **Avoiding fragmentation and unequal taxation conditions** at European level: the proliferation of levies in different jurisdictions, with divergent approaches, is incompatible with the consolidation of the Banking Union.
- Refraining from creating sector-specific levies which can lead to distortions of competition and destabilise the level playing field within the EU.
- Ensuring legal certainty of tax rules by **unifying interpretative criteria** for major EU taxes, establishing **a fast and binding mechanism for query resolution** and creating a European-level database **binding for Member States' authorities**.
- Considering the **digital euro** project and given its potential implications for financial stability, focusing on fair competition between the existing payment solutions on the market, securing distribution and fraud prevention and putting cybersecurity at the top of its design.

A SOLID EU BUDGET AND FINANCING TOOLS FOR BUSINESSES

- Designing a new **Multiannual Financial Framework**, including new own resources, to

enable the **necessary investments** to boost those activities and sectors with growth potential and key to the economic security of the EU, providing the necessary support for SMEs' access to financing.

- **Ensuring spending efficiency and effectiveness** so that the available EU resources meet their objective at the lowest possible cost while making sure that measures to increase new own resources do not lead to increases in business taxation.
- Ensuring the efficient supervision of the **execution of the NextGenerationEU funds**, conducting ex-ante and ex-post expenditure evaluations to guarantee their transformative and dynamising impact on the economy.
- Building on the example and experience of the NextGenerationEU funds, but in line with the new fiscal rules, consider **issuing common debt through a new instrument** to fund investments in the twin transition, supporting European value chains and ensuring a level playing field among Member States.
- Working for a design and allocation system of **cohesion funds** based on efficiency and sound impact criteria, considering potential spill-over effects and prioritising their ability to reach businesses of all sizes and public administration modernisation.
- In a context of fiscal consolidation, taking advantage of **catalytic European instruments and resources**, including those of the

European Investment Bank, to **close the investment gap** with other regions, as well as to **generate incentives** across administrations.

- As a complement to the EU Innovation Fund, using the growing resources generated from private businesses covered by the ETS and CBAM to set up a "European support fund for decarbonisation investments" (scale-up & front-loading), which must be accelerated to meet climate targets.

SUSTAINABLE FINANCES

- Reducing reporting costs by simplifying the regulatory framework, while adapting reporting needs to the real timelines of businesses and the availability of methodologies and data.
- **Responding to the needs** of both the financial markets and the **real economy**, by improving the **EU Taxonomy**, completing it with those sectors that want to be included or simplifying it for certain economic activities, whose technical selection criteria are not sufficiently developed or endorsed by the sectors. This would require a taxonomy of economic activities in transition.
- Increasing access to financing for the transition through voluntary measures and tools beyond the Taxonomy.