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Joint Statement on Enhancing Economic Competitiveness

The Estonian Chamber of Commerce and Industry, the Latvian Chamber of Commerce and Industry, the Association of Lithuanian Chambers of Commerce, Industry and Crafts, and the Finland Chamber of Commerce call for decisive action to enhance the competitiveness of the economic environment at both the national and European Union levels. Strengthening competitiveness is essential for attracting new businesses and encouraging existing enterprises to invest in human capital and technological advancements. To achieve this, we urge the implementation of the following measures:

1. Reducing Administrative Burdens

- Administrative obligations imposed on businesses should be significantly reduced. The objective should be to reduce these obligations by at least one-third, both at the national and EU levels. National and EU institutions should immediately present proposals for reducing administrative burdens. For example, we recommend that governments collaborate to make ESG reporting voluntary for businesses in the EU, including its auditing.

2. Ensuring Proportional and Efficient Legislation

- As a substantial share of regulatory requirements originates from EU legislation, it is crucial to prevent the introduction of excessive and unjustified obligations. To this end, we propose incorporating three key principles into EU lawmaking and hope that our governments would support these:
a) Minimum Regulation Principle: When harmonizing regulations, the European Commission should adopt the standard of the least-regulated member state to avoid unnecessary regulatory burdens. Currently, harmonization often occurs at the level of the most restrictively regulated member state, which may create unfair competitive advantages. We also recommend that member states transpose EU law as a set of minimum requirements and not impose additional burdens on businesses that do not

originate from EU law.

b) **"One-In, Two-Out" Principle:** A principle should be established at both the national and EU levels stating that whenever a new regulatory burden is imposed on businesses, two other obligations must be removed.

c) **Three-Member State Principle:** The European Commission should introduce new legislative proposals only when at least three member states submit a joint and justified request. Such requests must be made public and explicitly referenced in any resulting legislation.

3. **Reducing Public Sector Expenditure**

- Public sector spending should be substantially reduced. This includes a targeted **reduction of at least 20%** in the number of officials engaged in legislative drafting, supervision, and administrative functions, including within the European Commission and its subunits.

4. **Strategic Allocation of the EU Budget**

- The European Union's budget should remain within its current limits but should prioritize measures that **enhance economic competitiveness and strengthen the defense sector**.
- Compared to the current allocation, a significantly larger share of funding should be directed towards defense investments and related industries.
- Greater emphasis should be placed on **cross-border cooperation and joint projects** between member states, fostering a more integrated and competitive European economy. This should also include the aim of promoting cross-border and joint services at the state and municipal levels.

We urge national governments to take these recommendations into serious consideration to ensure a stronger, more competitive, and resilient economic environment across the European Union. We believe that Estonia, Latvia, Lithuania, and Finland could collectively take the lead within the EU on these issues, especially in reducing administrative burdens.

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