

What the Polish business community expects of the EU in the new term of the European Parliament (2019-2024)



On 26 May, elections to the European Parliament are scheduled to take place. Residents of the 28 EU countries will decide who will be responsible for creating regulations on matters such as the EU economy and the Single Market for the next 5 years. Therefore, on the eve of the elections the voice of the Polish business community should be heard with particular attention. For this reason, the Polish Confederation Lewiatan prepared a survey for entrepreneurs, asking them about the most important courses of development of the European Union – its political, budgetary and economic priorities. We would like to thank everyone who participated in our survey and encourage you to check the results.

Strong support for the EU

Nearly 9 in 10 surveyed companies support further integration of the Member States in all fields. However, this unambiguously strong support for the community does not mean that they agree on the shape thereof. After all, 39% of the companies believe that the current competences of EU institutions should not be increased any further and that the decision-making process should be organised in a different way. 32% believe the opposite and are in favour of increasing the competences of the European Parliament and the European Commission. One in five companies think that the decision-making process should remain as it is, and one in fourteen believe that more competences should be given to EU Member States.

barriers within the EU internal market and development of the Single Market (46%), as well as implementation of the cohesion policy (42%), support for the R&D sector (34%) and development in the field of digitisation (32%).

As regards the most important objectives for which more funds should be allocated, they named support for small and medium enterprises, combating climate change as well as R&D.

Adoption of the euro

More than half of the entrepreneurs surveyed are in favour of adopting the euro, and 14% are of the opposite view. It is worth noting that one in three companies have no opinion on this matter. Most advocates of the euro (70%) think that it should be adopted within 5 years, while slightly more than 27% believe that it should happen in 5–10 years.

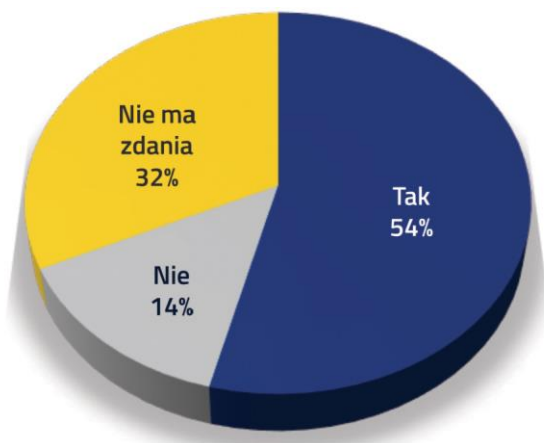


87.8%
of the companies surveyed support **further European integration**

Priorities of the EU budget

When asked about the priorities for the new multiannual EU budget, the companies pointed primarily to environmental protection and the fight against climate change, i.e. investment in renewable energy sources and low-emission transport (58%), support for the SME sector (53%), elimination of

Should Poland join the euro area?



Nie ma zdania 32%	No opinion 32%
Tak 54%	Yes 54%
Nie 14%	No 14%

Increase in the availability of experts



Increase in the availability of EU grants



Improvement of legal regulations



Adam DORYWALSKI

Brussels Office of the Polish Confederation Lewiatan

Research, development, innovation

When it comes to increased investment in R&D, the companies expect actions which will facilitate accessibility, increase the financial envelope, improve the legal environment and make it more innovation-friendly. They also point to the need to take remedial action with respect to the perceptible shortage of skilled workers (mainly IT specialists) and increase the accessibility of R&D infrastructure.

Barriers to investment in R&D



Shortage of skilled workers



Uncertain results



Budgetary constraints

Expected EU incentives to increase investment in R&D



Facilitation of access to R&D infrastructure



As regards EU priorities, the entrepreneurs surveyed indicated more effective support for R&D. Nearly half of them (49%) believe that the Union should allocate more funds than it has so far for this purpose. Even more, namely over 56%, expect the financial envelope for the fight against climate change to be increased. Both of these would have a positive impact on the innovativeness and competitiveness of the Polish economy and, in turn, those of the EU economy.

Taking these opinions into account, the Polish business should be pleased with the fact that expenditure on R&D, the fight with climate change, digitisation or circular economy will be a priority for the EU budget for the years 2021-2027 and will definitely be increased. We have yet to learn the specific amount, as negotiations in this regard will begin in the autumn of 2019, after the elections to the European Parliament and with a new European Commission. In the case of Horizon Europe, a research and innovation programme which is to replace Horizon 2020, the European Parliament has proposed co-financing in the amount of 120 billion euro, and the Commission – 100 billion euro.

The European Innovation Council, which, as the Commission sees it, will manage 10 billion euro, will be another great opportunity for our companies. It will support start-ups, small and medium enterprises, and in special cases small mid-caps which invest in innovation. The support shall take the form of grants, loans and other equity instruments. This is supposed to ensure development opportunities for companies with a high investment risk. Furthermore, the EU has placed great emphasis on matters connected with skills and lifelong learning. For the first time, there will be a programme for digital technology, which, as the Commission sees it, is supposed to allocate 700 million euro for training workers in the scope of digital skills.



34%
of the companies surveyed believe that **R&D should be an investment priority for the EU.**



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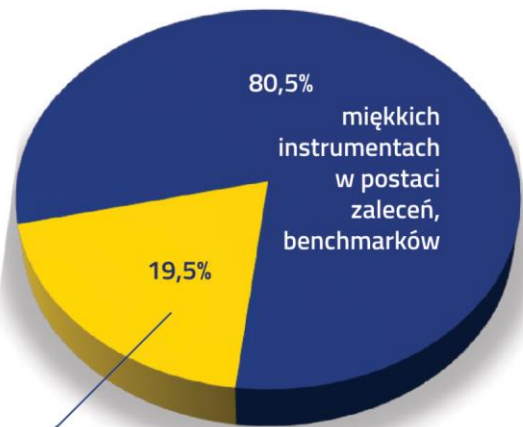
The fact that there is little support among the entrepreneurs surveyed for hard instruments in the form of regulations and directives may stem from their fears of overregulation of the field of employment. Recently, numerous acts of legislation have been adopted, both at national and Union level. In this term of the European Parliament, as many as three directives on terms and conditions of employment and one regulation have been adopted, and changes to regulations concerning coordination of social security and the mobility package are still being discussed. Companies are tired of monitoring and implementing changes. Such changes not only require them to use their resources, but first and foremost divert their attention from key business issues. The shift from rigid regulations is also a consequence of the change in the employers' view of the needs of the labour market. Due to the changes consisting an increased demand for skilled workers, employers have paid increasing attention to developing competences and keeping employees in the labour market (active ageing).

The survey conducted by Lewiatan also shows that companies believe that the most important task of the EU when it comes to its social policy is to address the challenges arising from ageing populations. The demographic changes connected with this phenomenon call for action in numerous aspects of life. It is therefore necessary to take decisive action – not only aimed at lengthening the period of active employment and adjustment of the work environment and working conditions to the needs of older workers, but also action at Member State level. Such action should aim at raising the level of health and creating effective incentives to extend working lives.

★ Social policy

The entrepreneurs were strongly against intervention of the EC in the area of social policies of the Member States. Instead of EU regulations and directives, they call for reforms through guidelines or benchmarks (80%). When it comes to the most important social challenges, the companies point primarily to the need to support active ageing of populations, as well as stimulation of young people's professional activity and digitisation of the work environment.

The EU social policy should be based on:



twardych instrumentach w postaci rozporządzeń, dyrektyw

miękkich instrumentach w postaci zaleceń, benchmarków	soft instruments in the form of guidelines, benchmarks
twardych instrumentach w postaci rozporządzeń, dyrektyw	hard instruments in the form of regulations, directives

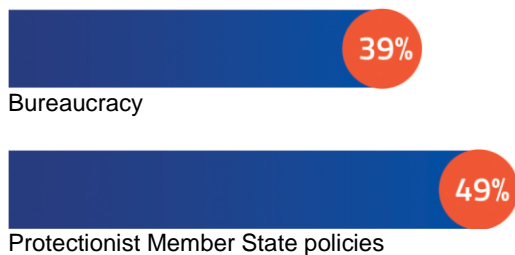
★ European Single Market

According to the companies surveyed, some of the greatest barriers to the EU internal single market are protectionist Member State policies, bureaucratic barriers which prevent mutual recognition, lack of sufficient support for SMEs, lack of sufficient harmonisation in legislation, as well as legislation hindering free movement of services and freedom of establishment.

The greatest barriers to the European Single Market

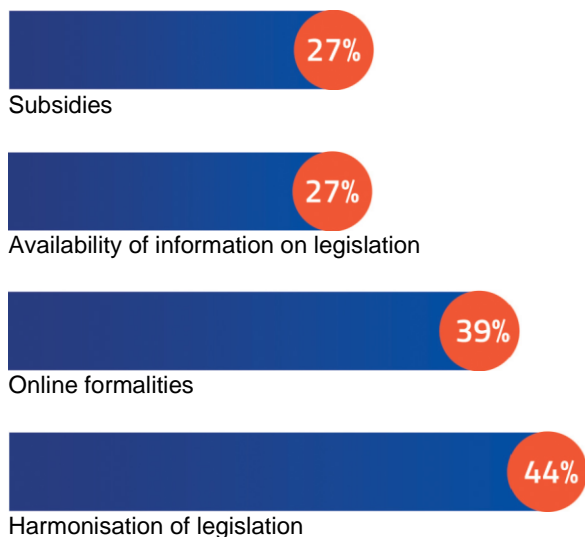


Lack of sufficient support for SMEs



The potential EU incentives which could induce the enterprises surveyed to enter markets of other Member States included first and foremost: financial support for such activities, provision of information on the formalities and procedures in the Member States, the possibility to take care of most of these formalities online, as well as greater harmonisation of legislation.

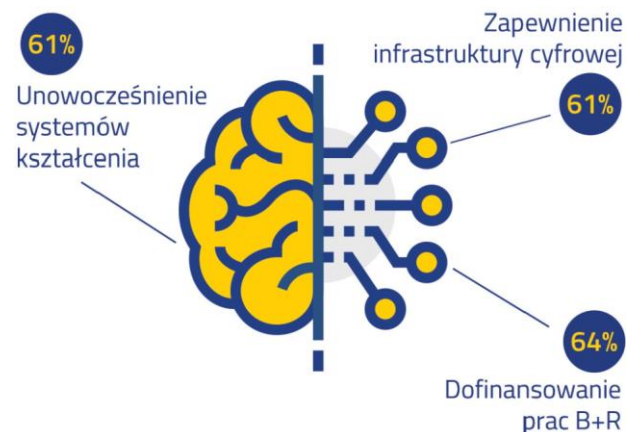
Expected incentives to enter markets of EU countries



★ Digitisation

In order to develop artificial intelligence (AI) in the EU, entrepreneurs expect the EC to ensure R&D finance, development of digital infrastructure as well as modernisation of vocational training and education systems. Some companies also point to the need to ensure access to data, as well as the need to take action which will increase the demand for AI products and services.

The development of artificial intelligence technologies requires:



Unowocześnie systemów kształcenia	Modernisation of education systems
Zapewnienie infrastruktury cyfrowej	Provision of digital infrastructure
Dofinansowanie prac B+R	Subsidies to R&D



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The study shows that the prime necessity for development of artificial intelligence technology in Europe is to ensure co-financing from EU funds for research and development in this field. European companies know that without investment that cannot compete with the leaders of the “AI race”, i.e. the USA and China, which allocate dozens of billions of dollars each year for support of the development of artificial intelligence, including a considerable amount for R&D. Other important objectives named by the companies are modernisation of the vocational training and education systems with the aim of creating an expert base and provision of digital infrastructure (including 5G, cloud computing).

★ International trade and competition policy

As in the case of incentives to enter the markets of other EU countries, enterprises may be induced to expand onto markets of third countries by EU subsidies and provision of information on the procedures and formalities followed in a given country. When it comes to the increasingly frequent EU proposals to revise the competition policy and facilitate creation of the so-called European champions, Polish entrepreneurs are divided.

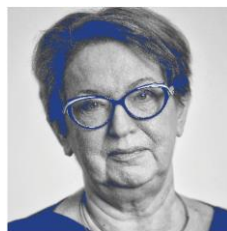
Are you in favour of reviewing the EU competition policy?



Nie mam zdania 34%	No opinion 34%
Tak 32%	Yes 32%
Nie 34%	No 34%

well as to the need to finance development of low-emission transport.

The majority of companies believe that in order to create a genuine market for secondary raw materials, it is necessary to accelerate the development of new-generation infrastructure for collecting, sorting and recycling waste. Slightly fewer respondents pointed to the need to introduce financial incentives, e.g. a reduced rate of VAT.



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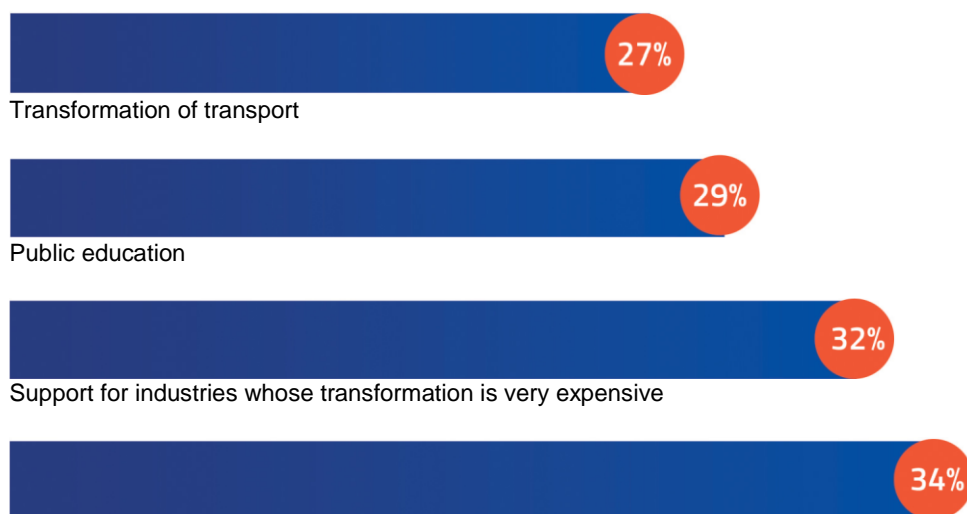
When it comes to non-financial climate policy instruments, the greatest number of entrepreneurs pointed to the need to educate consumers. It is a very important element, as in practice it allows for reduction of the costs of climate policy and circular economy. They also deemed it necessary to reduce political and regulatory uncertainty, which presently discourage entrepreneurs from long-term investment. Some respondents also expect reinforcement of coordination of Member State activities in the scope of climate and energy policy, e.g. through actual development of a common energy market or cooperation at the level of individual sectors of the economy.

Therefore, the survey conducted by Lewiatan confirms that the awareness of environmental protection issues and the complexity thereof has been growing among entrepreneurs. On the one hand, they expect financial support for development and implementation of modern technology, and on the other – action aimed at increasing the consumers' environmental awareness as a key element of the whole system.

Climate policy and circular economy

More than 41% of the enterprises surveyed support stronger mechanisms for protection of the European market in the event that the EU should adopt climate policy objectives which are more ambitious than the ones adopted by third countries. While they support the EU climate policy, the respondents also request additional support – both in terms of public funding and action at European level. They expect it mainly in the areas of implementation and development of breakthrough technology, infrastructure and sources of raw materials, as well as financial support for industries where further dramatic reduction of emissions poses a technological challenge and is costly to achieve. Some companies also pointed to the need to educate consumers so that the change in their attitude can lead to a decline in the costs of climate policy and circular economy, as

Achievement of climate objectives should be supported from EU funds in the areas of:



SUMMARY



**Kinga
GRAFA**

Head of the Brussels Office
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One of the most important conclusions of our survey is that the companies strongly support the European Union, as declared by nearly 90% of all respondents. They also identified EU policy priorities which require adequate financing as part of the new multiannual EU budget. The companies want a strong Union with a smoothly functioning single market, which will be a global leader in fields such as artificial intelligence, digitisation, the fight against climate change, low-emission transport, research and innovation. It is therefore necessary to eliminate barriers, first and foremost the bureaucratic ones, provide significant SME support and counteract the increasing Member State protectionism, which limits the four freedoms of the internal market.

Polish entrepreneurs not only fare increasingly well on the EU market, but also see it as an opportunity for their growth.

This is due to the fact that an increasing number of companies have taken advantage of EU funding (according to Lewiatan's survey – more than one third), as well as improvement in single market orientation and stronger links between the Polish economy and that of the EU.

After 15 years of presence in the EU, our entrepreneurs are perfectly aware of Poland's economic power and expect the EU to take concrete action.

As a consequence of global trends, companies want to invest in new technology, including artificial intelligence. Poland's low unemployment rate and the shortcomings of its education system have led to a shortage of workers, in particular the highly-skilled ones. Companies are ready to increase investment in R&D, but they also request easier access to funds and a friendly legal environment. To this end, the EU should focus on lifelong learning and providing workers with competences for the future. Furthermore, it is necessary to continue reducing the economic disparities between various Member States and regions, as well as ensure economic growth which facilitates social inclusion. This is the only way for the Union to remain a power which counts in the world and an equal partner for the United States and China.

The new term of the European Parliament will begin soon, and we should remember that as much as 75% of the law applicable in Poland is decided at Union level. Although the discussion on numerous projects concerning the above-mentioned issues is already under way, the next 5 years may decide the course of the Union's development. It is therefore important to protect Polish interests in Brussels, in particular in such key committees as the ENVI Committee (environmental protection, public health and food safety), the ITRE Committee (industry, research and energy), the IMCO Committee (internal market and consumer protection), the JURI Committee (legal affairs), the EMPL Committee (employment and social affairs), the BUDG Committee (budget) and the ECON Committee (economic and monetary affairs).

The Polish Confederation Lewiatan hopes for the best possible cooperation with Polish Members of the European Parliament and effective action wherever the future of Polish companies and workers will be at stake.

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