



ERIF High-Level Conference

Better Regulation, Investment and Technology: Unleashing Europe's potential for Dynamism and Prosperity

Friday 1 December 2023

Concluding remarks by Dirk Hudig, ERIF Senior Advisor

This conference by ERIF has offered tremendous insights on how Better Regulation can contribute to deliver more effectively to the green transition – specifically from the perspective of ensuring that the required and necessary investment flows to Europe.

The highlight messages raised at the conference are many.

One, of course, is the proper remark by the panel that Better Regulation is part of the solution. It is very important that we consider Better Regulation as an asset, and we find ways to steadily improve it. That is what the whole discussion is about.

A second point raised at the conference was eye-opening. It is about the distinction between risk and uncertainty. That distinction is critical, because one can calculate the risk, one can factor it in – but uncertainty creates doubts, and it is the uncertainty which makes an investment climate unattractive.

And so uncertainty can be aggravated by new “injections”, if those are not properly thought-through. For instance, when we depart from classical risk exposure models based on toxicology and likelihood of harm, and replace with new, nebulous notions like ‘essentiality’. Essentiality creates uncertainty because it cannot be quantified.

This is where regulatory impact assessment is important. It is in that 84% of CEOs who see a decline of Europe's competitiveness as a basis for industry, according to the ERT latest survey. It is uncertainty at this juncture that needs to be addressed and how we actually address that through Better Regulation is the real challenge ahead of us.

A further important message was about the underlying richness of European creativity and innovation and all these young people – 41,000 early-stage startups – represent such a huge, promising asset for Europe, making its strength and richness. Finding a way to allow this asset to develop is really a key to escape from the right assessment, that our competitiveness is something that we inherited from the past. Our next competitiveness is something we have to create.

We create our future competitiveness by putting the finger on what matters, e.g. by stimulating scaling-up. It is not the inventiveness that is lacking, it is the growing of entrepreneurs and SMEs that should be the new core notions for decision-makers. Removing barriers like forbidding pension funds to invest in venture capital is an example of concrete, specific measures, which would have an enormous impact to enhance the growth through innovation which we so badly need.



Here the Competitiveness Test does play a role. When we look at the four dimensions of competitiveness elaborated by the European Commission, what may well be lacking is whether those dimensions seam together and deliver one ultimate test: “Does that make Europe more or less attractive as a place in which you invest?”. All the rest is a sub-set of that single question. And if you can come to a single answer to that, the Regulatory Scrutiny Board would be mightily helped if they could establish that, on balance, the proposal makes us more or less attractive. All the burdens on business, all other things, are important but not as much as reducing uncertainty and making Europe more attractive. Those are the central issues for decision-makers and this debate organised by ERIF has been a most valuable and important contribution to highlighting such focus and prioritisation.

These are the key issues that really should become part of the next legislative cycle, which are already being addressed by ERIF, and are dear to many stakeholders and better regulators.

Dirk Hudig
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