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Welcome to CIP@EU – a newsletter published by the Brussels Delegation of CIP – The Confederation of Portuguese Business. CIP is the largest and most representative Employers Confederation in Portugal, and a national social partner. We are the voice of over 150,000 companies, with 1,8 million employees and a turnover of over 70% of the Portuguese GDP.

In this fifth edition of our newsletter, we cover:

- Our concerns regarding [due diligence and sustainable governance](#);
- A business assessment of the [Portuguese Presidency](#);
- Our views on the [Digital Services Act](#).

We also invite you to visit our [website](#) and follow us on [LinkedIn](#).

I wish you a pleasant reading,
Joana Valente
Head of EU Office

[Due diligence and sustainable governance](#)

European companies are facing serious challenges as a result of the pandemic and are unable to absorb additional burdens. However, **there are new legal obligations continually emerging that imply more costs for companies**. The ideas currently under discussion regarding due diligence and sustainable governance, on which the European Commission is expected to present legislative proposals in the autumn, are an alarming example.

Among the main concerns, is the possibility of companies being held responsible for the entire value chain where they operate, as well as the emergence of abusive interference in corporate governance.

- On due diligence, it is not possible to hold companies responsible for actions that are beyond their control, and whose responsibility belongs to other entities in third countries. It is practically impossible for companies to be held responsible for everything that happens upstream in the value chains where they are integrated. Moreover, the State cannot transfer its responsibilities to companies.
- When it comes to sustainable governance, companies are committed to integrating sustainability concerns at the heart of their strategies and business models, and the development of appropriate tools can facilitate this transition. But some of the radical ideas of the European Commission would negatively affect the very foundations of how

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companies operate (anchored in the European model of market economy), would be conducive to deadlocks in decision-making and would promote endless litigation.

The proposals presented by the European Commission must be proportionate, adequate to the reality of companies, in particular SMEs, and compatible with the principle of entrepreneurial freedom. Otherwise, future legislation on these important issues, instead of achieving the goals, will only manage to have a profound impact on European companies, destroying entrepreneurship, and substantially reducing foreign investment in the EU.

Please read the full position paper here: [EN](#) | [PT](#).

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Portuguese Presidency: a business assessment

At the end of the semester in which our country held the Presidency of the Council of the European Union, we can say that, globally, Portugal knew how to effectively carry out its mission.

The crucial objective of the Portuguese Presidency was to speed up processes, avoiding setbacks, so that European funds, both those of the **Recovery Plan for Europe and those of the Multiannual Financial Framework (MFF)**, could reach the real economy as soon as possible. This role has been fulfilled. (...)

Within the scope of Social Europe, the main priority of the Presidency was the **Porto Social Summit**, on the 7th and 8th of May: an initiative with high symbolism, but risky, given the difficulty of reaching a consensus. The Summit proved to be successful, (...) reflects everyone's commitment to implementing the European Pillar of Social Rights and working together to promote an inclusive, sustainable, fair and job-creating recovery, based on a competitive economy that leaves no one behind. Its content was balanced, and therefore it is not surprising the criticism it received from more extremist forces, unfriendly to agreements which contribute to social peace. (...)

In the area of **international relations**, the Summit's conclusions with India are promising (...). The three events in which the CIP was involved, in partnership with the Presidency, are worth mentioning: with Africa, Mercosur and India, the last two co-organized with BusinessEurope. These events allowed business communities to be involved in very rich debates on Europe's relationship with emerging economies, where it is possible to leverage business opportunities.

Read the full comment [here](#).

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[Comments on the Digital Services Act](#)

Society and consumers are increasingly digital. SMEs must have at their disposal the mechanisms and means available to be able to follow this transition. The volume of online purchases and payments is growing exponentially, a trend that has been mirrored by the growth of online sales by SMEs. It is important to ensure that micro and SMEs are safeguarded in the Digital Services Regulation through a set of rules on digital service providers.

CIP welcomes the new regulatory framework that will enable the EU to consolidate its digital sovereignty, establish standards with a clear emphasis on data, technology and infrastructure, while safeguarding consumer protection and promoting business competitiveness.

The need for legislative update should not, however, undermine consistency with the principles of the E-Commerce Directive and the Single Market, in particular the protection of fundamental rights such as freedom of expression, the country-of-origin principle or the principle of free establishment.

Read the full comment [here](#).

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