

18 June 2019

Informal Meeting of Ministers responsible for Competitiveness
(Internal Market and Industry)
Helsinki, 5 July 2019

Background document for break-out group 4

Group 4: External dimension of EU competitiveness: What is needed to ensure a level playing field?

Aim of the discussion

The aim of the break-out group's work is to provide input, within the remit of the Competitiveness Council, for further discussion on key policy actions to strengthen Europe's role as regards global markets and to ensure a level playing field globally and within the EU.

Background information and aspects relevant to the discussion

The capacity of European industry and businesses to successfully compete in global markets and their ability to play an active role in global value networks and to create global value chains are the major prerequisites for sustainable growth and competitiveness in Europe.

The other major trading blocks, China and the United States (US), are important partners but also competitors on the global markets. Due to recent changes in the geopolitical situation, the EU's relations with the US and China have become more complex. Managing this complexity requires a profound knowledge of different, relevant policy areas as well as the ability to combine these policies in such a way that they strengthen Europe's position on the global markets. In particular, trade and Single Market policies should be developed hand-in-hand to strengthen the impact of both policies. To achieve this the EU needs to be more proactive and to better define its own interests and values.

Regulation - or the lack thereof - plays an important role on the markets, especially in relation to China. It might well be the case that, due to the lack of privacy rules in China, Chinese companies are able to develop their products and services more quickly than their European competitors. Therefore, the EU

needs to adopt a comprehensive data governance policy facilitating the use of non-personal and personal data and to make data more widely available, whilst ensuring full compliance with European privacy principles.

Achieving a level playing field requires the elaboration and subsequent upholding of rules-based trade policies which promote open markets, guarantee a level playing field for all businesses and which aim to strengthen the rules-based multilateral trading system. However, the ambitious and systematic development of the European Single Market is the single most efficient way of reinforcing the EU's external competitiveness and its attractiveness as an economic partner for businesses from outside Europe. To this end, the EU needs to strengthen its position as an investment environment in such a way that its strategic interests are adequately protected. The effective enforcement of single market legislation is a prerequisite to achieving this objective.

A level playing field implies that all businesses operate in an equal environment where they can thrive based on their own capabilities. Therefore, a dynamic and competitive marketplace, both globally and within Europe, needs to be developed. If our home market performed better, it would be easier for European businesses to grow and achieve strong positions on global markets. A level playing field also means that European industries and businesses keep control of their value-chains today and tomorrow. Increasing the number of trade agreements and developing value chain strategies in Europe is essential to guarantee access to strategic inputs and key materials for European industries' global competitiveness. In this context, the necessary reform of the WTO also offers a long-term and sustainable rules-based solution to level the playing field and to defuse trade tensions. The EU must continue to provide guidance in that process.

A combination of different policy measures from different policy areas are needed to ensure a level playing field for businesses and to create an open, innovative business climate. In order to propose the best possible mix of policies we must establish where the greatest possibilities lie for value creation, both globally and within the EU itself. Therefore, Europe needs a pro-innovation strategy, e.g. based on new digital technologies, that can take advantage of our strong human capital.

Question for discussion:

- What is the most important policy action that could be taken, within the remit of the Competitiveness Council, to strengthen Europe's role as regards global markets and to ensure a level playing field globally and within the EU?