

18 June 2019

Informal Meeting of Ministers responsible for Competitiveness
(Research & Internal Market and Industry)
Helsinki, 4 and 5 July 2019

Joint background document

Finnish Presidency: Agenda for sustainable growth for the
European Union

Background and rationale

The European growth model is facing a number of critical challenges. Global competition is intensifying and traditional industries, enterprises and jobs are undergoing fundamental changes. Rapid advances in technology accentuate these developments. Climate change is a pressing challenge and a global threat, and it is necessary to step up efforts significantly to prevent its severe consequences.

The Finnish Presidency is of the view that in order to respond to these challenges the EU needs a comprehensive, ambitious and forward-looking growth agenda in order to be more competitive on the global markets and to ensure that economic growth is sustainable, both environmentally and socially.

A strategic and ambitious blueprint for sustainable growth should feature strongly in the next Commission's work programme, interlinking the relevant policy fields. Europe can and must develop its competitive advantages in a situation where the new technology wave is likely to bring new opportunities, combining connectivity, automation and artificial intelligence. Europe's policy agenda will need to tune in to quickly evolving socio-economic, technological and market developments.

It should be recognised that sound macroeconomic policies alone, albeit crucial, would not deliver the necessary growth. In particular, an overall focus on productivity – and on EU-level policies that really help to improve productivity growth – is required. Furthermore, to make future growth truly sustainable, climate change mitigation must be fully embedded within policies intended to promote economic growth and jobs.

Consequently, the agenda for sustainable growth should include policy priorities in the field of the single market, modern industrial policy, digitalisation, research and innovation, skills and the transition towards a low-carbon economy.

The overall objective of sustainable growth requires a redesigned, clearly defined policy agenda. The agenda should be integrated in nature and could primarily focus on the following elements:

- further improving the single market, especially through services and digitalisation based on ethics and trust;
- a modern approach to industrial policy;
- an active trade policy based on openness and promoting a rules-based multilateral trading system and free trade;
- research and innovation as an enabler and driver to accelerate the necessary transitions, with a research and innovation policy which sets a clear direction for investments without prescribing outcomes and creates synergies across policies to increase overall impact;
- transitioning to a low-carbon economy and the technological solutions it requires; and
- new skills for a new Europe – reskilling and upskilling for Europe, i.e. policy action that enables people to develop the necessary skills and tools.

The implementation of the future growth agenda should become the core task of the new Commission. At the same time, Member States should, insofar as possible, make an early commitment to implement the agenda, in order to ensure that from the outset there is a common understanding of the shared objectives and the means to achieve them. Policy measures that create significant added value need to be identified with greater precision in the course of the preparatory process. The agenda should have clearly defined objectives and make it clear that an integrated approach with contributions from different policy areas will deliver more effectively than policy measures chosen separately. In addition, a monitoring mechanism could be set up to help ensure that the new agenda is systematically implemented and its progress monitored, including by the COMPET Council.

The Finnish Presidency's plans to further the agenda for sustainable growth

The Finnish Presidency's intention is to prepare, for discussion at the COMPET Council meeting on 26 and 27 September 2019, the main elements of the EU's future growth agenda, consisting of the policy priorities in the field of the single market, industrial policy, digitalisation, research and innovation, skills and the transition towards a low-carbon economy. The Presidency will aim, with the help of and contributions from the Member States, to summarise the outcome of that discussion in a set of integrated Presidency conclusions (covering the full remit of the COMPET Council, i.e. research as well as internal market and industry). These would serve as the COMPET Council's key policy messages to the new European Commission

(to be appointed in late 2019) in the field of growth and competitiveness for the next five years.

The above approach would allow the whole COMPET Council (Ministers responsible for Internal Market and Industry as well as Research) to express its views regarding the EU's future priorities in the field of growth and competitiveness in a timely manner. It would also help synchronise the work of the Council with the preparatory work that will be carried out at the Commission in the course of the autumn. Moreover, the envisaged approach would serve as a concrete follow-up to the conclusions of the European Council in March 2019 and June 2019¹. This would also be a way to integrate the new strategic priorities into the work of the Council at the beginning of the new institutional cycle².

Informal Meeting of Ministers responsible for Competitiveness in Helsinki on 4 and 5 July will be instrumental in shaping the debate on the future priorities and laying the groundwork for the Competitiveness Council's integrated view on the future growth agenda.

To take the process forward, the Finnish Presidency intends to table a draft paper setting out the main elements of the envisaged growth agenda for discussion at the COMPET working party meetings (for Research and Internal Market & Industry) in early July. These will then be discussed by the High Level Group on Competitiveness and Growth (as appropriate under the remit of the HLG). Jointly, these preparations will help prepare for the discussion at the September meeting of COMPET Ministers and the Presidency conclusions.

¹ Strategic Agenda of the EU 2019 – 2024.

² It is noted that the discussions (and the outcome thereof) will not in any way prejudice the conclusion of the current MFF negotiations.