

18 June 2019

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

Presidency discussion paper

Sustainable growth – the integration of Single Market,
digital economy and modern industrial policies

The context and the aim of the discussion

The EU needs a comprehensive, ambitious and forward-looking growth agenda to become more competitive in global markets and ensure that growth is sustainable, both environmentally and socially. It will therefore be important for the next Commission to structure its work programme around an integrated approach to the relevant policy areas in order to offer the best possible support in preparing and implementing a growth agenda for the next five years.

At a time when the European Union is reflecting on its future choices and priorities for the first half of the next decade, the Informal Meeting in Helsinki offers an excellent opportunity and channel for ministers to share ideas on the content of the work programme of the future Commission. The discussions will be organised in the form of break-out sessions on various topics that will be crucial to Europe's future growth and competitiveness.

The outcome of discussions in Helsinki will contribute, inter alia, to the preparations for the Competitiveness Council meetings in September and November 2019.

Sustainable growth in Europe and a holistic approach to related policy areas is also the major theme of the work in the High-Level Group on Competitiveness and Growth throughout the duration of the present trio Presidency, which will therefore also contribute to this discussion.

Integrated approach to the relevant EU policies – more efficient together

The European Council of March 2019 provided political guidelines regarding the Single Market and industry and stressed that a strong economic base is of key importance for Europe's prosperity and competitiveness, and for its role on the global stage. The European Council called for an integrated approach connecting all relevant policies and dimensions, including the deepening of the Single Market and an assertive EU industrial policy.

Smart and forward-looking industrial and Single Market policies are vital for the growth and competitiveness of Europe. These policy areas complement each other and highlight the same topics, albeit from different perspectives. Therefore, it is of utmost importance that these policy areas are structured and developed in such a manner that they strengthen each other, offer synergies and are more effective together than separately. In addition, the EU should reflect on how to better link industrial and Single Market policies with other key policy areas and enablers such as research and innovation, trade, digitalisation, skills and funding and/or resources with a view to fostering economically, environmentally and socially sustainable growth in Europe.

An integrated approach and an interlinking of at least the following key policy areas is essential for the future prosperity of Europe:

- **A modern industrial policy**, meaning renewal, innovation and digital transformation as well as a simplified and innovation-friendly regulatory framework.
- **A well-functioning Single Market** requires more integration, especially to encourage businesses to provide or facilitate the provision of cross-border services (i.e. by cutting red tape and disproportional and unjustified barriers or administrative burdens). Also, better implementation and enforcement of the Single Market rules is necessary. In fact, a well-functioning and integrated Single Market means that European businesses can be more competitive and have more chances to scale up globally.
- **Boosting digital business in Europe** and supporting the digitisation of European industry and services is essential for Europe's innovation and competitiveness in the future. Europe needs to invest in new technologies and their deployment, re-skilling and up-skilling its workforce, and exploiting the vast potential of data in full compliance with our data protection and privacy rules.
- **The EU's global competitiveness** depends on a level playing field. Therefore, Europe needs an active trade policy that promotes open and fair trade and supports the rules-based multilateral trading system.

- **Integrated sustainability.** Climate change, environmental protection and a transition to a carbon-neutral economy are significant challenges that can bring about innovations and job opportunities for Europe and should therefore be integrated in policy-making as cross-cutting themes and used to increase European competitiveness.

Future EU policy approaches should better promote European industries' and businesses' access to global and European markets and help them to maximise their value creation in these value networks. In this context, it is crucial that European businesses are able to play an active role and prosper in global markets.

It is important to note that it is often very difficult to predict beforehand which value chains hold the highest potential for the future. For example, in the field of digital economy, the markets are very dynamic and new attractive business models and value chains emerge constantly. Therefore, to succeed and to be able to scale-up, European businesses of all sizes need to be agile and adapt quickly to new situations. The holistic approach to EU policies should enable and encourage this. Also, the regulatory solutions and the various policy approaches chosen should be future-proof and designed for quickly evolving markets.

Member States widely agree on the importance of innovation policy and digitalisation as key drivers of the European economy. Focused investments in R&D&I and deployment of technologies in partnership with Member States and the private sector that pool together the critical mass of financing is needed not only to invent and innovate but also to move innovations more quickly to the market.

Member States also highlight the need for increased speed in adopting new digital ideas and models, the development of disruptive technologies, artificial intelligence and a platform economy, European data governance as well as related businesses. However, it has proved to be much more difficult and time-consuming to define and decide on concrete policy actions that would enable the quick scaling-up and development of new businesses. This, however, should be the necessary next step, in view of the forthcoming institutional cycle.

In this context it is important to understand that industrial and Single Market policies both tackle the same issues; for example how Europe can become a leader in the field of artificial intelligence and how to develop and exploit disruptive technologies in such a way as to enhance the productivity of European industries and businesses. Therefore, a smart combination of policy measures from different policy areas could be the way forward. To make this more concrete, the Commission should ensure that growth constitutes a key dimension of its political agenda.

The next Commission's work programme could set up a growth agenda with clearly defined targets which would demonstrate that an integrated approach combining different policy areas would provide greater synergies than separately chosen policy measures. As highlighted by the Competitiveness Council in its May conclusions on the Single Market, a

partnership approach between the Commission and the Member States, relying on coordinated analysis and action agendas will be needed to ensure that these growth objectives are efficiently implemented.

In their conclusions, both the March 2019 European Council and the May 2019 Competitiveness Council invited the Commission to develop, by March 2020, an integrated policy framework, based on a renewed industrial vision, an analytical mapping of the main barriers in the Single Market, as well as a long-term action plan for better implementation and enforcement of Single Market rules. Indeed, we must ensure that the regulatory solutions and the various policy approaches chosen are properly implemented and enforced. Close European cooperation is necessary to successfully carry out the needed action plan. This requires strong involvement and ownership at all levels of government in each Member State, the European Commission and the European Parliament.