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**NOTE**

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From: Trio Presidency  
To: The High Level Working Group on Competitiveness and Growth  
Subject: Sustainable growth agenda – Preparatory discussion for the September Competitiveness Council

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Delegations will find in Annex a Trio Presidency note on the Sustainable growth agenda – Preparatory discussion for the September Competitiveness Council, in view of the meeting of the High Level Working Group on Competitiveness and Growth on 19 July 2019.

**Sustainable growth agenda – preparatory discussion for the September Competitiveness Council****Need for a comprehensive sustainable growth agenda**

1. We need sustainable growth to build sustainable Europe. A new growth agenda is necessary for the transition towards a climate neutral society. We need to promote the transformation towards climate neutral, circular and sustainable economy.
2. A strong economic base is of key importance for Europe's prosperity and role on the global stage and for the creation of jobs. However, the European growth model is facing new developments such as climate change, fierce global competition resulting i.e. from recent changes in the geopolitical situation, the rapid development of technologies and the need to develop new skills for adapting to technological changes. This creates opportunities and challenges. It is therefore of the utmost importance that the EU has in place a comprehensive agenda and effective means for taking advantage of these opportunities and meeting the challenges in order to improve its productivity.
3. Making use of technology drives productivity growth. Especially emerging digital technologies, including increased connectivity embedded with automation and intelligence, have the potential to enable new applications and thus economic growth. Europe is well positioned to take advantage of this change. Europe's unique engineering capabilities should be harnessed. By improving its approach to programming skills and scaling of businesses through a more unified digital market, Europe can create disruptive, growth-promoting and globally tradable goods and services. By adopting an "innovation principle", Europe can shape the wide range of its policies and take a full benefit of emerging technologies.

4. The conditions for sustainable<sup>1</sup> growth in the EU could be promoted through a specific growth agenda putting citizens and businesses at the core of the future policy action. The agenda would have clearly defined objectives and demonstrate that an integrated approach combining a number of policy areas would provide greater synergies than separate policy measures. Moreover, a monitoring mechanism could be set up to help ensure that the growth agenda is systematically implemented and its progress monitored. The Competitiveness Council should also have a role in the monitoring as this would enhance its possibilities for making a real contribution to the integrated approach in the relevant policy areas and for strengthening the horizontal role of the Competitiveness Council overall.
5. The main elements of the growth agenda should be included in the next Commission's work programme. The implementation of the future growth agenda should become the core task of the new Commission. Accordingly, Member States should, as far as possible, make an early commitment to contributing to the agenda in order to ensure that there is a common understanding of the shared objectives and the means of achieving them.

### **Main elements and priorities for inclusion in the growth agenda**

6. Recently, the opportunities and challenges as well as the priority areas for a future growth policy have been addressed in a number of different contexts. These include the conclusions of the European Council (*March 2019*) and the Competitiveness Council (*May 2019*), the New Strategic Agenda of the EU 2019 – 2024 for the EU, the report of the Industry 2030 High Level Industrial Round Table (*June 2019*), the declaration by the Friends of Industry (*December 2018*) and the letter by 17 Member States concerning the future development of the Single Market and digital policy (*February 2019*).

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<sup>1</sup> The concept of sustainability has a broad focus as it covers economic, social and environmental sustainability. Therefore, sustainability must be integrated in policy-making as a cross-cutting theme.

7. In addition, the recent work of the High Level Working Group on Competitiveness and Growth has *made* a contribution to this discussion from the perspective of several different policy areas and priority topics. These include the need for a holistic approach to Industrial and Single Market policies and digitalisation, the untapped growth potential related to services, the discussion on data policy and the platform economy, the transition to climate neutrality as well as the functioning of strategic global value chains and the concept of Important Projects of Common European Interest (IPCEIs).
8. Against this *background*, it is evident that a smart and forward-looking EU agenda for sustainable growth would be needed in order to adopt an integrated approach to the following priority areas and policies:
- Single Market including services;
  - Modern Industrial policy;
  - Digitalisation;
  - Research and Innovation;
  - Skills; and
  - Transition to climate neutrality.
9. Despite there being a broad consensus on the need for further integration of the different policy areas, it is much more challenging to create and to fine-tune the right mix of policies and concrete policy measures that would be optimal for improving the growth and competitiveness of Europe. On the other hand, there is probably not only one single right way of doing this. In any case, we need to be able to recognise the key drivers of growth and use them efficiently to strengthen the economic base and the productivity of Europe. Furthermore, in order to be credible *vis-à-vis* the European businesses and citizens the growth agenda must comply with and promote European social values as well as the fundamental principles of the EU.

## What is expected in September 2019 Competitiveness Council – Envisaged process and outcomes

10. The Finnish Presidency is intending to prepare an integrated **Presidency paper** for the *Competitiveness* Council on 26 and 27 September 2019. The Presidency paper will cover the full remit of the Competitiveness Council, i.e. research as well as Single Market and Industry.
11. The intention of the Presidency is to reach a broad consensus on the main elements<sup>2</sup> of the envisaged growth agenda. The idea is that the Presidency paper will serve as the COMPET Council's key policy messages to the new European Commission in the field of growth and competitiveness for the next five years. The intention, however, is not to be exhaustive – instead, the Presidency paper would highlight the policy direction and the actions that the Competitiveness Council would consider as priorities for the work programme of the next Commission.
12. The preparatory process is designed to be as inclusive as possible giving the Member States the opportunity to express their views in several different contexts and also at the political level. The Informal Meeting of the Ministers responsible for Competitiveness in Helsinki on 4 and 5 July provided the first opportunity for ministers to share ideas and exchange views on the priorities of the work programme of the next Commission. The ministers welcomed the comprehensive approach to sustainable growth. The discussion will be taken forward at the September COMPET Council meeting.
13. The preparation and drafting of the Presidency paper as such takes place in Council working parties (Industrial Policy, Internal Market, Research) and in Coreper. In order to maintain an integrated approach to the different policy areas joint Council working party meetings will be held. This work is already ongoing.

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<sup>2</sup> The main elements of the Presidency paper would include policy priorities in the field of Single Market, modern industrial policy, digitalisation, research and innovation policy, skills and the transition towards climate neutrality.

14. Related to the work of the High Level Working Group on Competitiveness and Growth four break-out groups have been set up to contribute to the key elements of the sustainable growth agenda. The idea is to develop further the political messages from the break-out discussions of the Informal Meeting of Ministers responsible for Competitiveness in Helsinki on 5 July 2019. The results of the HLG break-out group work will be presented at the informal HLG meeting in Helsinki on 9 September 2019. The results will contribute to the preparation of the Competitiveness Council on 26 and 27 September.
15. The close cooperation, involvement and ownership of the Member States are necessary for successfully carrying out this process and for achieving an ambitious and forward-looking outcome to be transferred to the new Commission for the preparation of its work programme for the next five years.

***Question for discussion:***

*Which are the most important measures that the EU needs to take in order for EU economies to succeed in global economy, amidst accelerating technological change and necessity of environmental sustainability?*

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## **Developing our economic base: Vision of a long-term strategy on sustainable growth**

The EU Growth agenda could include, for example, the following policy objectives:

### ***In the area of industrial policy, Single Market & competition***

- Promote the use of the “innovation principle” to ensure that regulatory solutions (i.e. various Single Market rules) foster innovation.
- In the area of industrial policy, Single Market and competitiveness, strengthen the enforcement and implementation of the Single Market rules to ensure a true level playing field.
  - Adopt a specific Action Plan on enforcement and implementation.
  - Strengthen the national and EU enforcement/implementation capabilities and consider possible structural or administrative solutions, such as new authorities or agencies.
  - Make use of a thorough sector-by-sector analysis to identify the most important remaining cross-border obstacles in the field of services, and commit to removing them.
- Assess whether the EU’s competition framework is fit for purpose for addressing anti-competitive practices in the platform/data-driven economy.
- Ensure that the enforcement of EU competition rules in individual cases is based on true understanding of the functioning of the markets concerned.

### *In the area of research and innovation*

- Promote co-ordinated efforts in research and innovation to facilitate the transition towards climate neutrality and digital transformation. In this context, promote ‘strategic value chains’ to develop and secure the EU industry’s position globally, in emerging and strategically important areas. Ensure that the approach is technology-neutral and open to emerging and innovative approaches by new entrants.
- Develop European capital markets and public funding mechanisms in an integrated way so as to smartly combine EU funds with other funding sources and thereby enable the renewal and efficient scaling up of European companies with strong growth potential. In this context, ensure efficient operation of the European Innovation Council for scaling up breakthrough and disruptive innovations.

### *In the area of digital economy*

- Develop a comprehensive roadmap for the regulatory landscape on data as well as the fair and innovative use of data (including privacy rules, access, interoperability, connectivity, sharing and ownership as well as ethics and integrity).
- Create conditions for data access and interoperability which ensures a fair and legal use of data, providing users with the tools to control their data and allowing them to access and transfer their data securely to different service providers.
- Ensure that European fundamental and applied research into AI is at competitive level vis-à-vis other leading countries. Improve Europe’s AI capabilities and promote uptake of digital technologies, also by service businesses.
- Promote the market-driven creation of European (industrial) platforms.



### ***In the area of skills***

- Encourage Member States in their efforts in continuous learning and in reskilling/upskilling and enhance the collaboration between education and training, research and the business sectors. Enable digital skills in the rapidly progressing digital era.

### ***In the area of global competitiveness***

- Promote a level playing field globally by continuing to uphold openness and a multilateral rules-based trading system.
- Support an ambitious approach in multilateral fora and pursue the reform of the WTO in order to increase transparency, address trade barriers and update the multilateral legal basis in order to meet the current challenges in international trade. Address unfair trading practices systematically, and be proactive in pursuing the EU's own interests and values.
- Promote digital trade through trade agreements and the free flow of data.

### ***In the area of transition towards climate neutrality***

- Adopt, by the end of 2019, an ambitious long-term climate strategy to achieve climate neutrality by 2050. The Energy Union Governance Regulation provides a cross-sectoral policy framework for energy and climate actions, such as preparation of National Energy and Climate Plans.
- Encourage close collaboration with other economies globally to achieve the objectives of the Paris Agreement.

- Support innovative technologies promoting climate neutrality by addressing European research and other financing instruments to enable and incentivize the private sector investments.
  - Ensure sustainable access to raw materials needed for technologies promoting climate neutrality as well as to consider a reduction of tariffs and non-tariff barriers on goods and related services relevant for the energy transition in a bilateral and multilateral context.
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