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Perspectives for the EU's strategic priorities in 2019 – a new design for sustainable growth



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Abstract	<p>This publication is an outlook review by officials at the Ministry of Economic Affairs and Employment. It is intended as a basis for the new strategic priorities of the European Union and for the work programme to be agreed for the next European Commission (to be appointed in November 2019).</p> <p>It is imperative that the EU makes the right choices in 2019 by setting an ambitious policy agenda for growth. The new growth agenda should be geared towards enhancing the EU's competitiveness in the global context, creating an economically, environmentally and socially strong Europe and taking a modern, forward-looking policy approach to the digital era.</p> <p>Finland's upcoming EU Presidency in July 2019 is an opportunity to become actively engaged in the debate on the future of the EU. This paper discusses the EU's future strategic priorities from a growth and competitiveness perspective and sets out the building blocks that the Ministry of Economic Affairs and Employment considers crucial for a new design for sustainable growth in the EU for the next five years.</p> <p>The Ministry of Economic Affairs and Employment stresses that, in relation to the growth and competitiveness of the EU, the following policy areas are particularly relevant and should be taken forward: the single market interlinked with a dynamic digital economy; the external dimension of the EU's competitiveness; reskilling and upskilling for digital Europe; and the transition to a low-carbon economy.</p> <p>Contact person at the Ministry of Economic Affairs and Employment: Janne Känkänen, Head of International Affairs, Tel. +358 295 064 200</p>		
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FOREWORD

This is a crucial year for the European Union. The European Parliament elections will be held in May 2019, after which a new direction will be sought for the Union for the next 'programming period', i.e. 2020–2024. The new strategic priorities to be set by the European Council in June 2019 as well as the work programme to be agreed for the new European Commission (to be appointed in November 2019) are key in this context. Overall, the EU needs to renew its policy approach to growth and jobs for the next five years.

It is imperative that the EU makes the right choices during 2019 by setting an ambitious policy agenda for growth. The future growth agenda should be geared towards enhancing the EU's competitiveness in the global context, creating an environmentally and socially strong Europe and taking a modern, forward-looking policy approach to the digital era.

Finland's EU Presidency in autumn 2019 will bring an opportunity, but also a responsibility, to be actively engaged in the debate on the future of the EU. This paper¹ discusses the EU's future strategic priorities from a *growth and competitiveness* perspective and sets out the building blocks that the Ministry of Economic Affairs and Employment (MEAE) considers crucial for a new design for sustainable growth in the EU for the next five years. The paper is not meant to be exhaustive in nature – rather, it serves to highlight the policy direction and the actions that we should, in the MEAE's view, take forward.

¹ Reflecting the Ministry's overall view as confirmed by the Management Committee and Permanent Secretary (not officially endorsed by the Government of Finland).

Finland expects to pursue two key priorities during its upcoming EU Presidency. First, Finland wants to promote European growth and competitiveness. Second, Finland wants to further improve European security. These two areas complement each other and they have significant interlinkages.

In view of the above, there is a need for an ambitious vision of the growth agenda for the EU.

Jari Gustafsson
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1 Setting the scene

Vision for sustainable growth

The EU as a whole – and the new European Commission's work programme in particular – should embrace the need for the prospect of **sustainable growth**. In order to respond to peoples' legitimate concerns about their prospects for the future, employment, safety and livelihood in general, the work programme should provide an ambitious blueprint for Europe at a time when global competition is intensifying and traditional industries, enterprises and jobs are undergoing fundamental changes.

Indeed, the European growth model is facing challenges in global markets, also due to rapid advances in technological development. The core question for Europe from a growth and jobs perspective is which measures does the Union need to take in order to ensure that EU economies – and hence EU citizens – will succeed in the global economy, whilst taking into account the accelerating pace of technological change and the need for environmental and social sustainability?

Public trust in politics and established institutions is also facing severe challenges. Hence the need to articulate a *common vision that contributes to growth and economic competitiveness* in Europe for all Member States and their people. We need policy action that enables people to develop the necessary skills and tools – and the freedom to use them to find and create new jobs and new value and thus boost economic development.

This vision should reassure residents of the EU that the economy can create jobs, and give them a feeling that they belong to society, and that the EU, as a

community, matters. Pursuing growth-enhancing policies solely for the sake of growth is therefore not sufficient. Economic growth must include social and environmental aspects. The EU must act in a way that produces results that are visible to the ordinary citizen. In this spirit, EU measures should be geared towards developing a socially and economically strong and fair Union. This will make it possible to increase the well-being of citizens and enhance citizen's support for and trust in the EU.

Policies at various levels are in need of reassessment. Innovation and technology should be embraced and applied swiftly in order to meet global competition and the fast pace of renewal in digital markets. This calls for a combination of experimental and ethically responsible approaches. Inclusiveness should encompass all Member States and all Europeans. More attention to the renewal of skills, social security systems and incentives for work and study are needed. Transparent and predetermined goals will be necessary to build trust, and successful policy delivery will enhance it further.

Productivity growth and technology

Economic growth is crucial for the European model of well-being. At the same time, conditions in global markets are constantly changing. Sound macroeconomic policies alone will not deliver the necessary growth; the capacity for a dynamic renewal of the economy is also needed. This requires an overall focus on productivity – and on EU-level policies that truly contribute to improving productivity growth.

Technology is the main driver of productivity. Advances in know-how and digitalisation-driven business models are some of the key drivers forging a new structure for economic activity in the global context. The current productivity wave of information and communications technology based on mainframes and personal computers is coming to its end. The new wave is likely to be more complex as it combines connectivity, automation and intelligence. New tech waves have the potential to shift economic superiority to new geographic locations. The US leads the current one, but during the new wave there will be much more competition.

Europe can and must develop its competitive advantages in this new situation. If accompanied by the right policy mix, the evolution of the next productivity wave could bring widespread economic and societal benefits.

European assets such as manufacturing efficiency and advanced engineering need to embrace more widespread and radical innovation. Data and new business models, digital infrastructure, customisation and experimentation are some of the key drivers of this paradigm change. Importantly, the financing of innovation also needs a major overhaul in order to accommodate the global challenge. The pace, scale and extent of innovation will increasingly determine success in the creation of economic value and consequently sustainable growth and jobs. This should be reflected in future EU action and, in particular, in the priorities of the upcoming EU funding programmes. We need more emphasis on innovative applied research, as well as on piloting and demonstration activities.

Role of global competition

Global competition continues to represent both an opportunity and a challenge. Large economies outside the EU, especially those of the US and China, have significant advantages in the development and adoption of the next technology wave. Economies of scale enabled by large integrated markets are key to success. For example, having access to large data sets is useful for the digital economy, in particular for artificial intelligence. As there will be high fixed costs, bigger markets will be more important to gain an advantage over competitors. Due to its size and increasing geopolitical and economic clout, Europe's relationship with China is becoming more complex.

Although Europe's market is already large, making the single market function better will be of vital importance. Experimentation and the ability to scale rapidly will be required. The more coherent the EU's single market is, the stronger the EU will be in relation to non-EU actors and the more opportunities it will have to influence global developments and the rules of world trade. The EU needs a strategic blueprint and an ambitious action plan interlinking industrial and single market policies to boost the competitiveness of the European economy.

Tackling climate change is a must – but also an economic opportunity

Climate change represents an imminent challenge, a global threat, and it is necessary to step up efforts significantly to prevent its severe consequences. It is acknowledged that the transition towards a low carbon economy and climate neutrality means a profound change in many sectors of society. To make future growth really sustainable, climate change mitigation must be fully embedded within policies intended to promote economic growth and jobs.

Climate change also poses a risk to economic growth and, more broadly, the welfare model as a whole. For the time being, the world is far from the emissions reduction targets as agreed in the Paris Agreement. Mitigation of climate change requires uncompromising action on a global scale to reduce greenhouse gas emissions. There will be even greater pressure in the near future to reconsider EU emissions reduction targets and ways of reducing emissions, not to mention increasing carbon sinks. The move towards an environmentally sustainable economic model and low-carbon economy as a whole therefore needs to be stepped up.

In November 2018 the Commission published its long-term vision for Europe, including eight scenarios to achieve a low-carbon or climate-neutral Europe. Discussions, including under different Council configurations, should ultimately culminate in an EU long-term strategy to be approved by the European Council. Europe needs to find a proper policy mix to be able to significantly and cost-effectively reduce emissions and thus boost economic growth over the next decades. European industries have an important role to play in reducing greenhouse gas emissions in the EU and globally. Actually, decarbonising industrial processes in the EU is a prerequisite for a climate-neutral EU economy. Innovative low-carbon technologies and solutions should be promoted as an engine of growth for European industries.

Growth needs to be socially sustainable

Social sustainability targets include decent work for all and ending poverty. In the EU, the social and labour targets are included inter alia in the European Pillar of Social Rights. These include fundamental rights at work as well as other employment-related and social rights and policy measures supporting a high level of employment, continuous learning, working conditions and health and safety at work. These targets will also remain relevant in the future. Non-discrimination at work on whatever grounds as well as non-discrimination of EU citizens based on nationality when moving to other Member States are part of the EU's DNA. Common labour and social standards contribute to well-being at work and to a level playing field for enterprises in the EU.

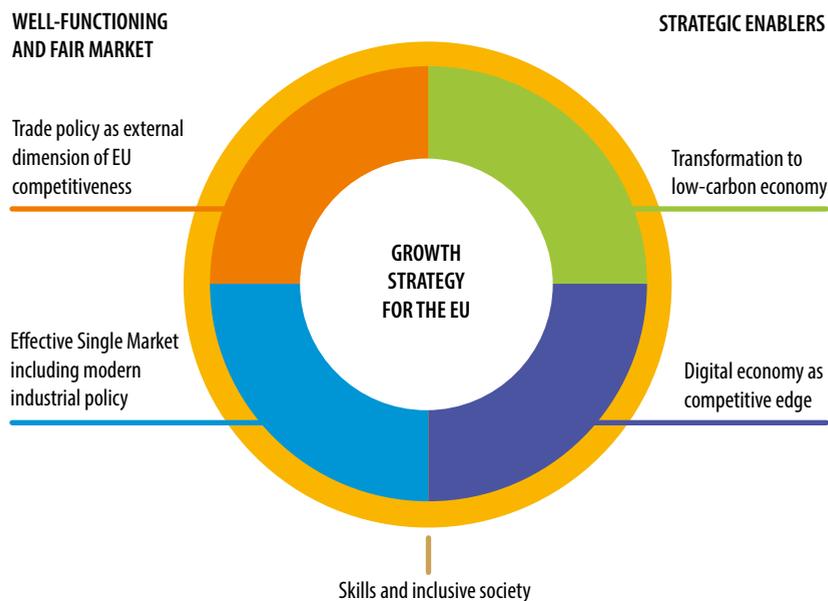
2 Our vision for sustainable growth agenda

The overall objective of sustainable growth requires a redesigned, clearly defined policy agenda. This should consist of a forward-looking single market policy in the digital era and set the objective of Europe becoming a global leader in the digital economy. It should also include an ambitious approach to developing the external dimension of competitiveness (trade policy) in a way that promotes openness and a rules-based trading system, whilst taking care of the EU's strategic interests. Also, the agenda should address the climate change challenge and the need to ensure the transformation to a low-carbon economy by harnessing new technologies in Europe. Furthermore, reskilling and upskilling are fundamental in making Europe and Europeans fit to respond to the major economic and societal challenges.

The growth agenda should define a long-term outlook for sustainable growth conditions in the EU. This would also require setting the timespan of the growth agenda at, for example, 5–10 years, depending on the policy area. The agenda should primarily focus on the following elements:

- Further improving the single market, especially through services and digitalisation based on trust, and taking a modern approach to industrial policy,
- An active trade policy based on openness and promoting a rules-based multilateral trading system and free trade,
- Transitioning to a low-carbon economy and the technological solutions it requires, and
- New skills for new Europe – reskilling and upskilling for digital Europe.

Illustration: Creating sustainable growth in the EU



Public policy, including at the EU level, can support the necessary renewal by providing new competences, a new outlook and vision; it will be up to companies to decide which business areas to engage in. The future growth agenda should ambitiously promote economic openness and market integration as well as facilitate – by means of regulation and funding across the spectrum of policies – a restructuring of European industry and the development of, among other things, digital business models.

Part of the European response should be about creating a truly level playing field in the EU single market and about sticking to jointly agreed rules. The future single market must be market driven, future oriented and resistant to pressures from vested interests and those previously in charge of the agenda. Moreover, it is vital that markets should remain open and for new entrants with new solutions to have a fair chance of market entry. Due to increasing servicification of EU manufacturing, the current differentiation between the manufacturing and service sectors is no longer justified. The conventional distinction between goods and services on the one hand and the digital single market on the other is not effective when it comes to growth-enhancing policies.

Overall, the EU's strategic priorities and the new Commission's work programme should focus on the future, not on the past. The agenda for sustainable growth should embrace actions where maximum added value can be expected from policies at EU level. It should define productivity growth, accompanied by high employment, as its main goal and a core mission.

The implementation of the future growth agenda should become the core task of the new Commission. Policy measures should be ambitious but realistic. At the same time, Member States should make an early commitment to carrying out the programme in order to ensure that there is, at the very outset, a common understanding of the objectives and various means of achieving them (e.g. legislative proposals). Policy objectives and, in the next phase, measures that create significant value added must be identified with greater precision.

Value for money from the EU's budget

The European Commission has proposed a new European budget² to reflect the future priorities of the EU. The long-term budget should focus on modernised and future-proof instruments which support the renewal of the economy and competitiveness in the EU during the 2021–2027 period.

In the context of EU spending, the preconditions for European competitiveness should be strengthened. Moreover, it is crucial to focus on the impact of both Multiannual Financial Framework (MFF) financing and European sustainable growth. A mission-oriented innovation model could be part of the solution, and offer inspiration for the new growth agenda. It could provide improved focus, create linkages and direction across different disciplines and actors and, consequently, assist the strategic purpose of EU spending.

EU-funding should enhance Europe's capacity for innovation as well as economic and industrial renewal. MFF programmes such as Digital Europe and Horizon

² The proposal for a new Multiannual Financial Framework for 2021–2027. The overall level is proposed to be EUR 1 161 billion, which corresponds to 1.14 % of GNI of EU27.

Europe should be seen as strategic investments in digital capabilities in Europe and for sustainable growth. Also, the new cohesion policy should be geared towards boosting innovation, renewal and the conditions for sustainable growth.

The EU has a significant opportunity to succeed in global competition and to take advantage of the next wave of digital transformation. At the same time Europe will need to adopt a forward-looking policy perspective that focuses on the benefits the next generation of digital technologies can bring to Europe's economy and society.

3 Key action areas

3.1 Single Market interlinked with dynamic digital economy

In this field, the EU should pursue a forward-looking single market policy in the rapidly progressing digital era and set the objective of Europe becoming a global leader in the digital economy.

A well-functioning Single Market is an essential element in creating a level playing field for European businesses and making it possible for them to scale-up, as well as in enabling new businesses (and business models) to develop quickly. A well-functioning single market should also be recognised as the key driver to ensure and develop industrial competitiveness. Future EU policy approaches to the single market should also be better at promoting European companies' access to global value chains.

The future policy approach should likewise address the gap between high-productivity firms and low-productivity firms, which is particularly prevalent in the EU context. Furthermore, the EU market currently does not spread technology and innovation in the same way as elsewhere in the world. Future policies should therefore create a level playing field for SMEs, boost their capacity to compete and be productive and help provide for faster dissemination and better absorption of digital technologies and solutions. It is increasingly the case that innovations are the fruit of interaction between different participants, not just one acting alone.

Single Market – key considerations for the next five years

Developing EU-wide services markets

The EU's growth potential lies mainly in the services sector. To boost Europe's capacity to generate growth and jobs, that potential must be realised. The servicification of EU manufacturing, the opportunities it offers and its untapped potential should be further examined so that we can choose the best and most efficient policy measures to improve the EU's competitiveness. The focus should be on strengthening services, especially digital services as an integral part of the single market. As industry value chains are highly dependent on services, it will be necessary to remove the remaining cross-border obstacles and to prevent any new barriers and risk of fragmentation in this regard.

For this to happen, a thorough sector-by-sector analysis would be opportune. This kind of approach would enable tailor-made and more user-centric policy measures. Furthermore, we need to identify opportunities and barriers experienced by entrepreneurs, including in the sectors in which such barriers are most impenetrable. On that basis, Member States should also commit to improving their performance in reducing service restrictions.

Making sure that the EU's common set of rules adhere to better regulation principles and are applied consistently and in a uniform manner

The conditions for sustainable growth can only be based on a sound and enabling regulatory environment that promotes innovation, competitiveness and employment as well as the well-being of European citizens. It is therefore important to continue systematic and ambitious efforts towards better regulation and for a better functioning regulatory environment as a whole. Keeping this in mind, it is important to pursue clearer and simpler EU rules that do not put unnecessary administrative burdens on European businesses and citizens. Attention must be paid to both existing and new legislation.

Effective enforcement and implementation require a strong commitment at political level. Businesses should be provided with sufficient information about the rules they have to comply with when conducting business across borders. A long-term action plan for better implementation and enforcement should be included

in the future Commission's work programme to make current rules work in practice and on the ground where it matters.

There is a comprehensive set of instruments to enforce the single market rules. However, that set of tools does not constitute a sound enforcement/implementation system. This is due to the fact that individual enforcement tools have been introduced separately over time and for different purposes but interlinkages with other existing means have not always been properly examined. Against this background, instead of introducing new enforcement tools at this stage, building more systematic and more transparent enforcement procedures by using means that already exist could be the way forward.

We need to make sure that serious infringements of single market rules are properly examined and sanctioned. Infringement procedures should also be used more actively. This will only be possible if the Commission and the Member States are committed to working together in order to improve conditions for cross-border activities for businesses as well as for citizens.

In addition, enhanced co-operation among national authorities is needed in order to ensure uniform application and enforcement of current EU rules. The Commission can play an important support role by providing modern tools for information exchange between national authorities and setting up networks.

Strengthening the EU's role in setting global standards would have a positive effect on the EU's competitiveness. For example, the EU Data Protection Regulation (GDPR) should be seen as new benchmark which defines the limits but also the opportunities for the use of personal data in Europe, and could possibly become a global standard at some point. This would also enable new data-driven markets and business activities in Europe to emerge, for example, in the field of the platform economy.

Ensuring vigorous competition in the single market

A dynamic marketplace and vibrant competition are essential elements of a strong European response to the overall growth challenge. The logic is clear: if our home

market performed better, European firms could scale up, thus enabling them to reach out to global markets in a more efficient way.

The EU Merger Regulation has been set up to prevent mergers that significantly reduce competition on the European markets. This continues to be one of the most central tools to ensure fair competition and a level playing field in the single market. Relaxing the rules would not only harm European consumers (including businesses in downstream industries), but also risk eroding European firms' ability to withstand global competition.

Strict control of state aid is instrumental for the smooth functioning of the single market, but also important with a view to retaining Europe's competitiveness. As regards Important Projects of Common European Interest (IPCEIs), the special state aid provisions can be important to help advance strategic key industrial projects in selected cases. However, it should be noted that the existing IPCEI-rules already involve a significantly more lenient control than would normally be the case. Thus, the application of the IPCEI framework may give rise to substantial distortions of competition in the single market. Therefore, no further relaxation of the State aid rules under IPCEI should be considered.

Digital Economy – key considerations for the next five years

Digitalisation and artificial intelligence, data and the platform economy are key drivers to accelerate European productivity, growth, prosperity and employment in the global context. An industrial transformation which embraces digitalisation is crucial for economic growth and employment in the long term.

To be fit for the digital era and to respond to businesses' needs, Europe should:

1. 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).
2. Make sure that all sectors are steered towards digital-by-default and future-proof regulation based on general data regulation principles as well as overarching principles.

Driving the European innovation economy

The EU's proposed R&I funding programmes, most notably, the new framework programme for research and innovation (Horizon Europe) should support the European innovation economy for all kinds of companies, including SMEs and start-ups. EU funding mechanisms should also focus on funding that promotes renewal and the scaling-up of promising innovations and start-ups. It is essential to strengthen the EU's innovation capability. This means supporting market-creating innovations, growth companies and stronger innovation ecosystems. Moreover, a mission-oriented approach to innovation is likely to bring new dynamics and can be a way of enhancing impact.

The European Innovation Council (EIC) in Horizon Europe will be one of the key financing instruments contributing to both disruptive and breakthrough innovations. Moreover, EIC financing is expected to play a crucial role in supporting Europe's most innovative start-ups, SMEs and a rapid scale-up of most promising enterprises.

Moreover, the new Digital Europe Programme is targeting key issues for the future of Europe and should boost the digital competitiveness of companies and support the deployment of data-driven business. The core areas, in particular artificial intelligence (AI), cybersecurity, and advanced digital skills, will be important elements for European competitiveness, as will the business environment and conditions for applying new and emerging technologies and for encouraging related investments.

Fostering European data economy

The data-driven economy is a cornerstone for the EU's future success in the global market. Europe needs a whole set of policy actions related to the data economy, i.e. data access, data sharing, use of data, re-use of data, interoperability, trust as well as integrity. Data policy principles and guidelines are required right now because societies have become networked, knowledge-intensive and digitalised. The EU should also foster the principle of free flow of data in relations with our trade partners.

The future data policy should build on the European Union framework for data protection and leverage it as a driver for novel and powerful types of services that comply with European values. In this context, a balance needs to be struck between the importance of protecting privacy and the objective for EU businesses to succeed in global competition. This can be done by leveraging the opportunities provided by digital business and European data pools in particular. At the same time, the EU should also ensure sufficient incentives for investors to invest in European data businesses.

In practice, the human-centric data economy should be strengthened by ensuring efficient implementation of the General Data Protection Regulation (GDPR) and data portability. Making non-personal and personal data more widely available would promote the EU's competitiveness by improving the scope for the efficient and innovative use of resources towards sustainability goals, industrial transformation and digital services and technologies.

Europe needs data-intensive and strategically managed platforms and ecosystems in various sectors. Strengthening ecosystems for European industrial data means combining European initiatives to pool data across Europe. The success of European data business will ultimately depend on the competitiveness of the services. European companies should take on key roles in ecosystems associated with the new platforms, and be interesting partners for all global companies regardless of their size. Ecosystems play a key role in innovations and value creation in a platform economy. It will also be necessary to create incentives for companies and entrepreneurs to share data.

One of the key elements in the future will be people's trust in digital platforms and their data security. The main objectives will be to create a method for data exchange and to set up guidelines at European level for the fair and legal use of data. It will be important to devise a solution which focuses on offering the best services, privacy and security. By way of an example, a specific project is under development, called the IHAN platform³, which ensures that users can have the tools to control their data and allows them to access and transfer their data securely to different service providers.

3 By the Finnish Innovation Fund (SITRA).

Artificial intelligence driving the European innovation economy

Artificial intelligence has the potential to solve the challenges citizens face, and to improve lives. The goal is to promote AI capabilities and solutions that respond to societal needs and boost competitiveness. Furthermore, it is crucial to have an integrated European approach to AI to increase the EU's research and development efforts in AI.

Given the growing importance of artificial intelligence, the creation of a common European Data Space is planned for the benefit of European innovators and companies. In addition, the Commission presented its coordinated plan on artificial intelligence in December 2018 to boost the European economy. These also merit a careful follow-up by the Member States.

Promoting competition in platform economy

The big online platforms represent a potential challenge to fair competition. The success of GAFAM companies and their Chinese counterparts provides an interesting learning opportunity. The big platform companies and their business models may merit a particularly vigorous approach for enforcement under the competition rules. This has also been noted by the Commission, which has recently published a study of implementing competition rules in relation to the digital economy.

Upholding ethics and trust as a competitive edge

Europe will have to compete in the global race for AI and its ethics. Artificial intelligence requires high-quality data to ensure that its decisions can be trusted. The capacity of artificial intelligence to compile data will raise completely new kinds of ethical questions.

Ethical guidelines should be seen as enablers of innovation for AI in Europe. It will be crucial to create a business environment in which the use of artificial intelligence is trustworthy and accountable. When ethical principles and AI standards are an integral part of enterprise strategy and businesses, it gives them the incentive to create digital services in a trustworthy way. In order to boost European industry and digital services, Europe must broaden its ethical guidelines and standards in the

global context. At the same time, it would be useful to benchmark this issue against the success of big online companies, for which the quality and desirability of the services play a major role.

3.2 External dimension of the EU's competitiveness

The EU should continue to promote openness in world trade as well as a level-playing field globally with a view to contributing to success for European consumers and to help businesses and industry to make full use of global value chains. The strengthening of liberal trade policies is especially important under the current circumstances in which the international trading system and the benefits of open world trade are increasingly under siege.

European businesses' access to global value chains remains instrumental for ensuring the overall success of European industry, and businesses in general. The EU has a strategic interest in maintaining its position as an open and smart investment environment.

External dimension – key considerations for the next five years

Despite the current trade tensions, it would be in the strategic interest of the EU to seek to advance an ambitious approach in multilateral fora (especially the WTO) and in its trade relations with China and USA. It will also be important to conclude the ongoing trade negotiations the EU is conducting with several partners and to ensure an efficient implementation of the EU trade agreements already in force.

State subsidies and other trade-restricting measures can distort markets, create undue advantages for non-EU firms, and harm European businesses. Such measures should be addressed using available trade policy tools in international negotiations, dispute settlement proceedings and, where appropriate, with instruments such as countervailing measures. The reform of the WTO should also be pursued in order to increase transparency, address trade barriers and update the multilateral legal basis to correspond to the current challenges in international trade. Consequently, this would mean a review of the existing framework of WTO agreements (e.g.

Agreement on Subsidies and Countervailing measures) and adding new legal regimes in questions like digital trade.

Europe should remain open to commercially driven foreign direct investment (FDI), as foreign investments continue to be an important source of job creation in Europe and help boost the economy. The recently agreed European foreign investment screening framework will be a useful instrument for intra-EU cooperation to alleviate strategic risks in foreign investments and to protect Europe's strategic interests.

3.3 New skills for digital Europe

The EU should be active in supporting Member States' national efforts in enhancing future-oriented continuous learning.

To address the challenges the EU is facing in terms of changes in working life, digitalisation, migration and climate change, a more strategic and coordinated European approach to continuous learning is needed. Continuous learning will enhance growth and competitiveness by, for instance, supporting the EU's ability to create innovations. It also enables citizens to be involved in digital and technological developments and thus increases inclusion, equality, resilience and well-being for all. This is also linked to the concept of an "economy of well-being" which is based on a recognition of citizens' well-being as a driver of economic growth and vice versa.

Future needs for new types of skills and competences call for the systematic promotion of adult learning and skills development at both European and Member State level. New approaches to address cooperation between education systems and the private sector are also needed, for example by promoting the use of lifelong guidance and counselling.

Both the basic skills of citizens and the need for specialised expertise to respond to global competition should be taken into account. It is important to ensure that learning and access to learning are possible for all citizens at all stages of life regardless of their previous educational background.

Skills – key considerations for the next five years

Continuous learning as a concept should be at the heart of working life in the future. It is necessary to ensure the success of individuals, companies and society as a whole. We need more flexible, work-related solutions to reskill and upskill the European workforce to meet the requirements of the digital era. This concerns all the sectors and all levels. Part of the efforts should include regular skills checks.

Investing in people should be considered a strategic choice for ensuring the EU's competitiveness. Efficient incentives are needed. European best practices should be pursued in that regard. In order to ensure the necessary impact, we should also consider how to target EU funding to help in implementation.

Thanks to digital solutions, people work across borders. This increases labour mobility and calls for fair mobility practices and good practices in helping foreign workers and their families to integrate in the different Member States.

3.4 Transition to a low-carbon economy

A clear strategy that responds to targets and timelines set by the Paris Agreement is needed. In this context the EU needs a vision that can lead to net-zero greenhouse gas emissions by 2050. The Union should strive for a cost-effective transformation to a low-carbon economy to achieve the EU's climate commitments and energy targets.

By being a frontrunner and by harnessing advanced solutions, Europe can gain a global competitive advantage. The transition towards a carbon-neutral Europe will mean an increase in market size and thus a huge business opportunity for European businesses providing low-carbon solutions. Clean-energy solution suppliers are among those which have great business potential. On the other hand, global climate action is very important, so by acting alone Europe might risk its competitiveness, especially in certain industrial sectors which produce globally tradeable goods and services.

Low-carbon economy – key considerations for the next five years

The EU should aim to achieve net-zero greenhouse gas emissions by 2050. The transition towards a climate-neutral economy should be carried out based on well-functioning emission and energy markets. Putting more emphasis on the emissions trading system when the level of ambition has been raised will make it possible to achieve the necessary greenhouse gas emission reductions in a cost-effective way.

Investments in research and innovation are important. Additional investments in research, development and innovation are needed on both national and EU-level. Solutions in the field of smart-energy systems and resource efficiency are crucial to reach both growth and climate targets.

Research and innovation can reduce the costs of new technologies and provide possibilities for growth through exports of low-carbon solutions. Demonstrations can speed up the deployment of new energy technologies required for the transition towards climate neutrality. Ambitious deployment of the bio and circular economy is important to reach growth and climate policy targets.

The EU should not pick the winners, but facilitate the development of all low-carbon technologies.

It is important for the transition to a carbon-neutral society to be fair, and for social and regional inequalities to be taken into account.

National Energy and Climate Plans (NECPs) are important components of the EU's 2030 energy and climate policy framework. They cover the big picture as well as the necessary details, and thus help to find pathways for fair transitions. Later on, national long-term strategy documents could also be important tools in the energy and climate policy framework.

Perspectives for the EU's strategic priorities in 2019 – a new design for sustainable growth

It is imperative that the EU makes the right choices in 2019 by setting an ambitious policy agenda for growth. The new growth agenda should be geared towards enhancing the EU's competitiveness in the global context, creating an economically, environmentally and socially strong Europe and taking a modern, forward-looking policy approach to the digital era.

Finland's upcoming EU Presidency in July 2019 is an opportunity to become actively engaged in the debate on the future of the EU. This paper discusses the EU's future strategic priorities from a growth and competitiveness perspective and sets out the building blocks that the Ministry of Economic Affairs and Employment considers crucial for a new design for sustainable growth in the EU for the next five years.

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