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NOTE

From:	Incoming HLG Chair
To:	The High Level Working Group on Competitiveness and Growth
Subject:	Preliminary orientations of the HLG work programme during the Trio Presidency: 1/2019 - 6/2020

Delegations will find in Annex a note by the incoming HLG Chair on preliminary orientations of the HLG work programme during Trio Presidency in period of January 2019 to June 2020, in view of the meeting of the High Level Working Group on Competitiveness and Growth on 8 November 2018.

1. Background information and preparation of HLG work programme

The purpose of this note is to provide an underpinning for an exchange of views regarding the work of the High-Level Working Group on Competitiveness and Growth (HLG) during the RO-FI-HR trio presidency as well as to gather initial feedback on the envisaged priority themes. This first exchange of views will take place at the HLG meeting on 8 November 2018 under the Austrian Presidency. The draft work programme will be discussed in more detail at the first HLG meeting under the Romanian Presidency on 24 January 2019. It will be adopted by COREPER in early February 2019.

Furthermore, with the purpose of ensuring a broad-based and timely consultation regarding the envisaged priority themes, the incoming HLG Chair intends, in close co-operation with the Vice Chairs, to discuss the planning of the HLG work (incl. thematic priorities), bilaterally with HLG delegates through individual meetings or otherwise, before the end of the year.

2. Organisation of HLG activities

The up-coming trio presidency has agreed that FI will chair¹ the High Level Group during the period of the next trio presidency, i.e. as of January 2019 until June 2020, with Romania and Croatia acting as Vice Chairs². The trio presidency intends to organise two High Level Group meetings per season. In addition, informal meetings will take place during the Romanian and Finnish presidencies, in Iasi in April 2019 and in Helsinki in September 2019.

¹ Mr Janne Känkänen from Finland will serve as the Chair of HLG.

² Mr Calin Bodea from Romania and Mr Mario Antonic from Croatia will serve as Vice Chairs of HLG.

It is envisaged to promote the role of the HLG as a key forum for strategic policy discussions on EU's competitiveness and sustainable growth, in accordance with its mandate³. The trio presidency aspires to create conducive conditions for fruitful and productive discussions by careful planning of the meetings and transparent communication as well as by doing its best to create an atmosphere that inspires open and constructive dialogue.

As the EU's new strategic priorities and a new Commission work programme for the next five-year period will be established during the upcoming trio presidency, it would be sensible to focus the work of the HLG on the future direction of key policies affecting sustainable growth and the EU's competitiveness. Moreover, topics of particular importance for sustainable growth and the EU's competitiveness, and relevant at a time of discussion, could be taken up to help facilitate discussions at the COMPET Council.

In order to ensure that the work of the HLG would be outcome oriented and could lead to a follow-up at the COMPET Council, it is furthermore foreseen that:

- informal sub-groups (of a small group of Member States based on voluntary participation) could be used to reflect on certain topics and prepare discussions (on an informal basis) for the debate at the HLG meetings;
- "Presidency papers" or "Reports by Chair" could be used on a systematic basis to report to the COMPET Council on the outcome of the HLG deliberations. In selected cases, agreed texts by the HLG could also be envisaged. The trio presidency will also continue the tradition where the HLG Chair has a seat at COMPET Ministers table for interventions.

3. Preliminary priority themes

Following the European election in spring 2019 there is a special opportunity to reflect on the future orientation of the EU's policy agenda. This gives the HLG a chance for comprehensive policy debate on sustainable growth and a possibility to provide constructive input to the COMPET Council.

³ COMPET 598, 15006/14.

In this context, the HLG can serve as a platform through which the Member State representatives are invited to discuss and debate comprehensively topics that are relevant to sustainable growth and EU's overall competitiveness. This would facilitate the formation of a new structural policy economic agenda that focuses on key issues identified as crucial for sustainable growth.

Given the current instability in world politics as well as the (political) uncertainty in Europe, policy-level answers are needed to tackle joint challenges around sustainable growth. The core question is: How the EU economies succeed in a global operating environment, characterised by a rapid technological change (digitalisation, data, the development of artificial intelligence etc.), whilst ensuring that economic activities are environmentally and socially sustainable? The climate change, in particular, poses a fundamental challenge to economic growth and, more broadly, our welfare model as a whole.

In view of the above, the trio presidency envisages including the following thematic areas in the forthcoming HLG work programme:

a) Single Market action and Digitalisation

Despite its undisputable achievements, there is a need to develop the Single Market project in such a way that it enables a more holistic approach to the European markets. Especially, revised thinking around the Single Market should bring together and highlight the interlinkages and implications between Single Market policy, digitalisation and industrial policy. The objective should be for Europe to become a leading digital economy player (in terms of competence, new knowledge and its application), a major developer of artificial intelligence (AI) and a leader in AI ethics. While the US and China are aiming at world dominance when it comes, in particular, to application of AI, Europe needs a systematic approach and well-targeted actions to achieve a leading position. Data mobility, AI, platform economy as well as digital skills are key areas of digital economy and they will secure the fast pace of technological development and EU's success in the global market. At the same time, businesses and citizens must be able to trust that their rights are **approached** in an appropriate way.

Under this heading, it is intended that the HLG will discuss i.a. the forthcoming Co-ordinated Action Plan on AI, future orientation on the Single Market policy, data policy issues as well as the implications of data & platform economy for competition policy.

b) Industrial policy/Transition towards low-carbon economy

It is imperative to find ways to ensuring global competitiveness of the European industry whilst at the same time attain EU's climate and energy targets. Striving for low-carbon economy should be seen as a positive change and an important driver for growth and industrial development. Efforts to mitigate climate change create an enormous global market which, inter alia can enable reshoring industry in EU. Harnessing advanced clean technologies can help create sustainable growth and give European companies a global competitive advantage. Policies that enable action across sectoral boundaries are needed in order to bring about the systemic change required by the low-carbon economy. Investments in low-carbon energy technologies and circular economy solutions play a crucial role.

Under this heading, it is intended that the HLG will discuss i.a. future direction of EU's research & innovation policy, the process of transforming EU industry towards carbon neutrality as well as the future of automotive industry in Europe (including the challenges and opportunities arising from electrification of vehicles and autonomous driving), the future of climate action and its impact on industrial competitiveness. Furthermore, issues around upskilling and reskilling are important drivers of industrial competitiveness and should be discussed in this context.

c) External dimension of competitiveness

Open markets and a level-playing field globally mean success for European industry. This means promoting openness as well as level-playing field in world trade – and a focus on digital trade and services. It is important that the EU remains an open and smart investment environment, however, taking care of its strategic interests.

An open and fair trading system would make it possible for businesses to participate in global value chains, which is vital for EU economies. Maintaining economic growth and employment will require opening up new markets and forging stronger links with global growth centres. Despite the current challenges facing the world trade, the EU should make every effort to pro-actively develop world trade based on openness and a rule-based trading system. Furthermore, an ambitious approach to EU's trade relations with China and USA is essential.

Under this heading, it is intended that the HLG will discuss i.a. how the current challenges around EU – US trade relations should shape the EU's key policies supporting competitiveness, e.g. innovation policy. Furthermore, the future of the EU' trade policy orientation and competitiveness as well as the absence of level-playing field with China, from the perspective of its implications for EU industry and competitiveness, would be discussed.
