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NOTE

From:	European Policy Centre
To:	High Level Working Group on Competitiveness and Growth
Subject:	HLG Working Lunch: Economic challenges and new strategic priorities for Europe

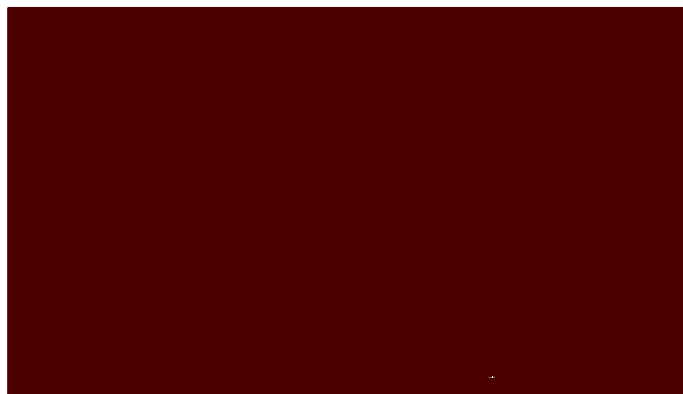


HLG Working Lunch: Economic challenges and new strategic priorities for Europe

Brussels

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Fabian Zuleeg
Chief Executive and Chief Economist
European Policy Centre



Megatrends

- Global downturn
- Rise in protectionism
- The multilateral trading system in crisis
- EU falling further behind in new technologies
- Brexit
- Functioning of the Single Market
- Investment gap (public and private)
- Social and economic disparities between/within countries
- Unfinished business: EMU

- Digital disruption: Industry 4.0, automation, 'technological sovereignty'
- The knowledge economy: 'skills-shortage crisis' and 'war for talents'
- Climate change and sustainability: the Paris Agreement, SDGs, changing consumer preferences
- Global value chains: innovation and high added value but 'winner takes all' and global competition
- Competition over natural resources: dependence on critical raw materials
- Ageing: labour market and fiscal pressures
- Concentration of economic activity, regions/groups being left behind

➤ **EMU, Single Market, Industrial/Tech Policy, MFF, Trade policy, Foreign policy, Green New Deal**



Strengthening resilience

- EMU governance fit for the next crisis
 - European Deposit Insurance Scheme
 - EU supervision of financial institutions, avoiding national fragmentation
 - European safe asset, complete the Capital Markets Union
- Fiscal policy
 - Common rules but recognising need to address crisis
 - A different approach to public/social investment (e.g. excluding sustainability, employment, skills from deficit calculations)
 - Use fiscal space to invest, take advantage of very low rates
- Social and economic cohesion
 - Broaden economic activity from 'superstar' regions
 - Fair taxation, fair transition
 - Skills and workforce training policy



Making the Single Market work

- Launch a 2022 masterplan
 - Focus on better compliance & enforcement of Single Market rules, invest in market surveillance
- Move ahead on the Single Market for services
 - Full implementation of the Services Directive would add 2% to EU GDP and benefit all member states
- Look into the creation of national enforcement agencies in the member states:
 - Would monitor the application of Single Market rules and have a right to send cases to national courts
- Remove obstacles to the free flow of data, clarify GDPR
- Review competition policy & establish an independent Competition Authority
- Recognising external dimension of the Single Markey



Fostering competitive and sustainable industry

- Take 'technological sovereignty' seriously: invest in Digital Europe Programme, InvestEU, Connecting Europe
 - A reformed, forward-looking MFF?
 - Earmark Horizon Europe funds for industrial innovation
 - A more efficient governance structure for IPCEIs: role for HLG
 - FDI screening by all member states, with cooperation at EU level
 - Leverage EU market power: International Public Procurement tool
 - Use free trade agreements to monitor and enforce sustainability, ensure a level playing field
- Governance of the Industry Action Plan: key role for the Competitiveness Council and the HLG

Contact

Fabian Zuleeg

Chief Executive and Chief Economist,
European Policy Centre

F.Zuleeg@epc.eu

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