The digital economy and innovation

Companies in the EU can’t compete with the rest of the world on price alone, and so they must innovate if they want to succeed.

We should ensure that research and innovation funding focuses on excellence and is accessible to SMEs. EU regulation must be flexible and based on the latest scientific evidence—overly prescriptive or confusing legislation stops entrepreneurs from launching ground-breaking products or business models.

For more information, please contact the UK Representation to the European Union: ukrep@fco.gov.uk.

Reforming the single market

The challenge facing the European Union is how to create a competitive environment which will deliver prosperity for its citizens. Following the financial crisis we are beginning to see a recovery, but it remains fragile, and unemployment is still too high. In an increasingly competitive global economy, Europe needs to take advantage of its position as the world’s largest trading bloc to meet the expectations of consumers and businesses alike.

New technologies are transforming how we live our lives, and the development of the online economy offers people more opportunities than ever before to buy, sell, and communicate across borders. To benefit from the 90% of growth generated outside Europe, we must use the pull of the single market to conclude deals with our major trading partners, which will also boost our own competitiveness. Events in our neighbourhood and the threat of climate change remind us of the need for affordable, secure and sustainable energy. We must make sure that our financial systems are stable and that another crisis like the last one never happens again.

Over the next 15 years Europe’s share of global output is forecast to halve. It’s clear that the EU needs a more dynamic, innovative and open single market.

References

1 Civic Consulting, 2011. ‘Consumer market study on the functioning of e-commerce’.
4 European Commission, 2014. ‘A policy framework for climate and energy in the period from 2020 up to 2030’
8 Centre for Economic Policy Research, 2013. ‘Reducing Transatlantic Barriers to Trade and Investment’
9 European Commission, 2013. ‘Commission initiatives to cut red tape and reduce regulatory burdens – Questions and Answers’
10 CBI/Millward Brown, 2014. ‘Securing a global future for Britain in a reformed EU: Re-shoring within the European Union’
According to the Centre for Economic Policy Research, a TTIP deal would have a greater impact than all of the other trade deals on the table put together and could give European households an extra €545 each year.

Deepening the single market and increasing trade

The single market in goods and services is the engine of Europe’s economy, but barriers remain that stop people from buying and selling easily across borders, particularly in services.

In the next 18 months, the Commission should propose targeted legislation to remove remaining barriers, starting in the construction and business services sectors.

Europe is leaving behind the worst financial crisis for a generation, but many countries still have high debt, high unemployment, and low growth. The EU should ensure financial services support the real economy—providing a stable financial system that avoids taxpayer bailouts and breaking down the barriers that prevent credit flowing across borders and to SMEs.

The ECB, the Commission and a number of Member States are calling for action to promote transparent and well-regulated securitisation. This could unlock an extra €230bn to EU GDP a year.

Europe should ensure financial services support the real economy—providing a stable financial system that avoids taxpayer bailouts and breaking down the barriers that prevent credit flowing across borders and to SMEs.

A Commission report suggests that reducing barriers to trade in services could add €230bn to EU GDP a year.

The equivalent of adding another economy the size of Denmark.

Better regulation

Regulation underpins the single market and protects consumers and the environment, but businesses need to be allowed to get on with creating jobs without being overly burdened. Uncompetitive companies mean higher prices for consumers and growth lost to international rivals.

The new Commission should commit to a target for the reduction of regulatory burdens so that it has to tackle both administrative and compliance costs for businesses.

Investors must have certainty if they are to build the infrastructure needed to meet our energy security and climate change objectives.

We must agree an ambitious 2030 climate and energy framework that has, at its heart, a single greenhouse gas reduction target of at least 40% and a fully functioning EU Emissions Trading System.