



To the Ministry of Economic Affairs and Employment (MEAE) – Finland

Comments on “Perspectives on the EU’s strategic priorities in 2019” – new design for sustainable growth

Amcham Finland is grateful for the opportunity to provide comments on the Ministry of Economic Affairs and Employment’s draft.

Amcham Finland is a non-profit and independent business community that promotes information-sharing, best practices, thought leadership, and private sector initiatives, which are key to securing a strong transatlantic economy. Foreign affiliates in Finland directly invest €28 billion on an annual basis and contribute 22 percent of total turnover, and directly employ over 250 000 people in Finland.

Productivity growth and technology

We are glad that MEAE recognizes the need for sustainable growth in the EU and changes that rapid advancement of technology will bring. Digital taxation has been a debated topic in the union during this past year. Hastily drafted legislation could have vast, unintended consequences on potential growth in the region. Amcham Finland recognizes the **need to find solutions for digital taxation, but we urge the European Union to work with the OECD to reach multilateral consensus**. Efforts should be geared towards improving compliance, reducing the cost of the tax administration, and correcting tax avoidance. The EU should be a strong leader in reaching international consensus as **unilaterally imposed legislation can stifle the growth of the whole region**.

In 2022, 60 percent of the global GDP will be digital, and the European Union should not set itself up to lose out on the benefits of the digitalizing economy. If the market is overregulated, investors will turn to other markets. Europe is already significantly behind the U.S. and Asia in areas such as developing platform economies. Recognizing that the whole economy is digitalizing is important and all **legislation should empower entrepreneurship and innovation in Europe**.

Role of global competition

Cooperation is a key driver of European prosperity. Sector-specific cooperation initiatives with a strong focus on research and development drive growth and innovation. **Finland has benefitted enormously from the Health Sector Growth Strategy, and we support the adaption of a similar strategy at an EU level**.

We need more public-private sector partnerships to maintain peace and prosperity in these disruptive times. The life science sector invests €35 billion into the EU, of which €200 million flows into Finland alone on an annual basis. Smart policies could double this sum, at the very least.



Single Market - key considerations for the next five years

The Single Market is one of the EU's greatest achievements. With fraught politics and economics shaping the conversation of the EU, member states and citizens alike need to understand the importance of the Single Market for the prosperity of the union. The world is not static, but it is rapidly changing. The interconnectivity of people and ideas transcend any man-made borders. Likewise, the Single Market needs to be adaptable to evolving business models and technological developments.

The Single Market, encompassing the Digital Single Market, ties the union together and brings its citizens closer through high-quality European production, consumption, investment and employment. It makes the EU an attractive place for investors as a vast internal market with free movement. **The EU and EU member states' governments need to collaborate to shape an environment for ambitious infrastructure investment.**

And as the MEAE draft outlines, **businesses should be provided enough information regarding cross-border compliance.** Outdated legislation (e.g. regarding the internet) should not dictate the terms of today. Any drastic moves in the data and IP debate should be avoided and IP rights should not be weakened – they protect inventions and innovations. Without strong IP rights, the European market becomes less attractive for investment. Healthcare is an example of a very innovation-heavy sector that invests in R&D.

Summary

Amcham Finland supports smart regulation, as well as better legislative harmonisation and implementation to make the European market competitive and attractive for innovation. Further efforts should be made to close the gap in the Single Market, boost digitalization of the economy and avoid unilateral overregulation that leads to issues, for example, double taxation in member states.

Amcham Finland will work together with the Ministry of Economic Affairs and Employment to improve the business environment in Europe and Finland.

For more information:

Policy Officer, Julia Mäklin
julia.maklin@amcham.fi

Policy Researcher, Robert Eklund
robert.eklund@amcham.fi