



**COUNCIL OF
THE EUROPEAN UNION**



17410/12

PRESSE 515
PR CO 71

PRESS RELEASE

3208th Council meeting

Competitiveness (Internal Market, Industry, Research and Space)

Brussels, 10-11 December 2012

President

Mr Neoklis SYLIKIOTIS

Cyprus Minister for Commerce, Industry and Tourism

Mrs Eleni MAVROU

Cyprus Minister for the Interior (responsible for the Research portfolio)

P R E S S

Main results of the Council

*Ministers endorsed a political agreement for the establishment of a **unitary patent system** valid across the EU. The European Parliament is expected to validate the institutional agreement in a vote at its plenary session on 11 December. The new unitary patent will put in place an affordable model for EU companies to protect their inventions under robust legal guarantees.*

*The unitary patent protection is one of the priority measures contained in the **Single Market Act I** package, which is aimed at the completion of the single market by increasing confidence and stimulating growth and job creation. Other measures of this package include:*

- reform of **public procurement** rules, on which the Council reached an agreement on a general approach;*
- the alternative **resolution system for consumer disputes**, on which the Council took note of the provisional agreement announced by the Presidency following informal negotiations with the European Parliament;*
- the review of the **professional qualifications** directive, on which the Council took note of a progress report, and*
- the simplification of **accounting rules for companies**, on which the Council took note of information on the progress of ongoing negotiations.*

*The Council also adopted conclusions on the second set of twelve priority proposals under the **Single Market Act II**.*

*Following an assessment of the situation of European **industry**, ministers approved conclusions on industry's contribution to growth and economic recovery. They addressed the specific situation of the **automotive industry**. They also held an exchange of views on modernisation of the **state aid rules and their impact on EU competitiveness**, in preparation for the reform of state aid policy to be carried out during 2013.*

*At the part of the meeting devoted to customs policy, the Council approved the launch of a customs action plan to combat **intellectual property right infringements** for the period 2013-2017. It also agreed on the basis for establishing an action programme for customs in the EU for the period 2014-2020 – the **"Customs 2020" programme**. Finally, ministers approved conclusions on the **evolution of the customs union** and examined the way forward for the adoption of an updated **Union Customs Code** with a view to facilitating trade.*

*On research, the Council adopted conclusions on key elements that will contribute to the completion of the **European Research Area**, which is at the heart of the EU's strategy for boosting economic growth and jobs. The Council also examined ways of enhancing EU **international cooperation in research and innovation**.*

*Ministers agreed on the main elements of two legislative proposals which will be part of "**Horizon 2020**", the future framework programme for funding research and innovation for the period 2014-2020. These two proposals relate to the **specific programme** for the implementation of Horizon 2020 and the content of the **strategic innovation agenda of the European Institute of Innovation and Technology (EIT)** for the next few years. The Council also took note of a report on the progress made regarding the **Euratom** proposal complementing Horizon 2020 in the field of nuclear research.*

On space policy, the Council held an exchange of ideas on how the relationship between the EU and the European Space Agency could be further developed.

CONTENTS¹

PARTICIPANTS.....	6
--------------------------	----------

ITEMS DEBATED

SINGLE MARKET ACT.....	9
-------------------------------	----------

– Unitary patent protection.....	9
– Reform of public procurement policy	11
– Review of the Professional Qualifications Directive.....	13
– Consumer protection: Alternative Dispute Resolution system.....	13
– Review of accounting requirements for companies.....	14

Single Market Act II – <i>Council conclusions</i>	15
---	----

INDUSTRIAL POLICY	15
--------------------------------	-----------

Industrial policy and its contribution to growth and economic recovery	15
--	----

– Automotive industry.....	16
----------------------------	----

Modernisation of state aid rules: impact on competitiveness	16
---	----

CUSTOMS POLICY	17
-----------------------------	-----------

New customs action plan to combat intellectual property right infringements - <i>Resolution</i>	17
---	----

Update of the Union Customs Code	18
--	----

"Customs 2020" programme.....	19
-------------------------------	----

Strategy for the evolution of the customs union – <i>Council conclusions</i>	19
--	----

RESEARCH and INNOVATION.....	20
-------------------------------------	-----------

"Horizon 2020": new framework programme for research and innovation (2014-2020).....	20
--	----

– Specific programme implementing actions under Horizon 2020	20
--	----

¹

- Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
- Documents for which references are given in the text are available on the Council's Internet site (<http://www.consilium.europa.eu>).
- Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's Internet site or may be obtained from the Press Office.

– European Institute of Innovation and Technology (EIT): strategic innovation agenda	21
– Euratom programme	21
European Research Area – <i>Council conclusions</i>	22
– EU international cooperation in research and innovation	23
SPACE POLICY	24
Relations between the EU and the European Space Agency (ESA)	24
OTHER BUSINESS	25
Annual Growth Survey 2013 - State of the Single Market Integration	25
Consumer programme for 2014-2020	25
Consumer markets scoreboard	26
Research-related conferences organised by the Cyprus presidency	26
Work programme of the upcoming Irish presidency	26

OTHER ITEMS APPROVED

none

PARTICIPANTS

Belgium:

Mr Johan VANDE LANOTTE

Mr Jean-Claude MARCOURT

Ms Ingrid LIETEN

Mr Paul MAGNETTE

Deputy Prime Minister and Minister for the Economy,
Consumers and the North Sea
Vice-President and Minister for Economic Affairs, SMEs,
Foreign Trade and New Technologies
Vice-Minister-President of the Flemish Government and
Flemish Minister for Innovation, Public Investment, the
Media and Poverty Reduction
Minister for Public Undertakings, Science Policy and
Development Cooperation, with responsibility for the
Large Cities

Bulgaria:

Mr Sergei IGNATOV

Ms Petia VASSILEVA

Minister for Education, Youth and Science
Deputy Permanent Representative

Czech Republic:

Mr Milan HOVORKA

Mr Tomáš HRUDA

Mr Jakub DÜRR

Deputy Minister for Industry and Trade
Vice Minister for Higher Education and Research
Deputy Permanent Representative

Denmark:

M. Morten ØSTERGAARD

M. Michael DITHMER

Mr Jonas BERING LIISBERG

Minister for Science, Innovation and Higher Education
Secretary of State for Business and
Growth
Deputy Permanent Representative

Germany:

Mr Georg SCHÜTTE

Mr Guido PERUZZO

State Secretary, Federal Ministry of Education and
Research
Deputy Permanent Representative

Estonia:

Mr Juhan PARTS

Mr Clyde KULL

Minister for Economic Affairs and Communications
Deputy Permanent Representative

Ireland:

Mr Seán SHERLOCK

Mr Richard BRUTON

Minister of State with responsibility for Research and
Innovation (Departments of Jobs, Enterprise and
Innovation and Education and Skills)
Minister for Jobs, Enterprise and Innovation

Greece:

Mr Vasilis MAGLARIS

Mr Spyridon EFSTATHOPOULOS

State Secretary, Ministry for Education, Religious Affairs,
Culture and Sport
State Secretary, Ministry for Development,
Competitiveness, Infrastructure, Transport and Networks

Spain:

Mr José Manuel SORIA

Ms Carmen VELA OLMO

Mr José Pascual MARCO MARTINEZ

Minister for Industry, Energy and Tourism
State Secretary for Research, Development and Innovation
Deputy Permanent Representative

France:

Mr Arnaud MONTEBOURG

Mrs Geneviève FIORASO

Minister for Economic Regeneration
Minister for Higher Education and Research

Italy:

Mr Enzo MOAVERO MILANESI

Mr Corrado PASSERA

Mr Francesco PROFUMO

Minister responsible for European Affairs
Minister for Economic Development, Infrastructure and
Transport
Minister for Education, Universities and Research

Cyprus:

Mr Neoklis SYLIKOTIS

Minister for Commerce, Industry and Tourism

Ms Eleni MAVROU

Latvia:

Mr Juris PŪCE

Ms Lauma SIKĀ

Lithuania:

M. Arūnas VINČIŪNAS

Luxembourg:

Mr Etienne SCHNEIDER

Mr François BILTGEN

Hungary:

Mr Zoltán CSÉFALVAY

Mr Olivér VÁRHELYI

Malta:

Mr Patrick MIFSUD

Netherlands:

Mr Sander DEKKER

Mr Derk OLDENBURG

Austria:

Mr Reinhold MITTERLEHNER

Mr Karlheinz TÖCHTERLE

Mr Harald GÜNTHER

Poland:

Mr Jacek GULIŃSKI

Mr Andrzej DYCHA

Portugal:

Ms Leonor PARREIRA

Mr Álvaro SANTOS PEREIRA

Romania:

Mr Tudor PRISECARU

Mr Christian BADESCU

Slovenia:

Mr Žiga TURK

Mr Uroš ROŽIČ

Slovakia:

Mr Štefan CHUDOBA

Mr Alexander MICOVČIN

Finland:

Mr Lauri IHALAINEN

Mr Janne METSÄMÄKI

Mr Jouni HAKALA

Sweden:

Ms Ewa BJÖRLING

Mr Stefan ATTEFALL

Mr Håkan EKENGREN

Mr Peter HONETH

United Kingdom:

Lord GREEN

Mr David WILLETTS

Minister for the Interior

State Secretary, Ministry of the Economy

Acting State Secretary, Ministry of Education and Science

Deputy Permanent Representative

Minister for Economic Affairs and Foreign Trade

Minister for Justice, Minister for the Civil Service and Administrative Reform, Minister for Higher Education and Research, Minister for Communications and the Media, Minister for Religious Affairs

State Secretary, Ministry of the National Economy

Deputy Permanent Representative

Deputy Permanent Representative

State Secretary for Education, Culture and Science

Deputy Permanent Representative

Federal Minister for Economic Affairs, the Family and Youth

Federal Minister for Science and Research

Deputy Permanent Representative

Deputy State Secretary, Ministry of Science and Higher Education

Deputy State Secretary, Ministry of the Economy

State Secretary for Science

Minister for Economic Affairs and Employment

Secretary of State, National Authority for Scientific Research

Deputy Permanent Representative

Minister for Education, Science and Sport

State Secretary

State Secretary, Ministry of Education, Science, Research and Sport

Deputy Permanent Representative

Minister for Labour

State Secretary

State Secretary, Ministry of Employment and the Economy

Minister for Trade

Minister for Public Administration and Housing

State Secretary

State Secretary responsible for higher education and research, Ministry of Education

Minister of State for Trade and Investment

Minister of State for Business, Innovation and Skills (Minister for Universities and Science)

Commission:

Mr Joaquín ALMUNIA	Vice-President
Mr Antonio TAJANI	Vice-President
Mr Tonio BORG	Member
Mr Algirdas ŠEMETA	Member
Mr Michel BARNIER	Member
Ms Máire GEORGHEGAN-QUINN	Member
Ms Androulla VASSILIOU	Member

The Government of the Acceding State was represented as follows:

CROATIA

M. Željko JOVANOVIĆ	Minister for Science, Education and Sport
Ms Irena ANDRASSY	Deputy Permanent Representative

ITEMS DEBATED

SINGLE MARKET ACT

The Council held a debate and took note of information on pending legislation included in the *Single Market Act I* package, which is made up of twelve priority measures aimed at the completion of the single market by increasing confidence and stimulating growth and jobs creation.

Each one of these measures, to be adopted jointly by the European Parliament and the Council, is currently at a different stage of the legislative process.

These twelve instruments of growth, competitiveness and social progress will contribute to reducing barriers and to improving efficiency in the single market for businesses, citizens, consumers and workers.

– *Unitary patent protection*

In public deliberation, ministers endorsed the agreement reached in Coreper¹ on 19 November² on the patents package.

The European Parliament is expected to validate the institutional agreement in a vote at its plenary session on 11 December. After the vote, the two regulations on the Unitary Patent and the translation arrangements are expected to be formally adopted by the Council before the end of 2012.

This package is a product of enhanced cooperation between 25 member states. It consists of two regulations – one creating the unitary patent and the other providing for its language translation regime. Italy and Spain opted out of the enhanced cooperation because of the translation arrangements.

¹ Coreper, the Permanent Representatives Committee, is composed of the ambassadors of the 27 EU member states. Its role is to prepare decisions of the Council.

² See Presidency press release: <http://www.cy2012.eu/index.php/en/news-categories/areas/competitiveness/press-release-unitary-patent-closer-to-the-finishing-line>

With the unitary patent, only one application will be necessary to protect a patent in all EU countries, in contrast to the current situation where it has to be validated and accepted in each EU country in which the applicant would like to gain protection. The process of validation will therefore be faster because translations will no longer be required, and the patent will be validated in the language in which it was granted (only French, English or German). These changes represent a great advantage to patent owners because they will significantly reduce the costs of broad patent coverage in European Patent Organisation member states.

The third element of the package is the Unified Patent Court Agreement (UPC), in which Spain is the only country not taking part. The UPC will ensure the uniform applicability of patent law throughout the member states participating in the enhanced cooperation, thereby avoiding the occurrence of multiple court cases with regard to the same patent in different member countries. This will also prevent contradictory court rulings on the same issues. The UPC will be an international agreement among the member states, concluded outside the EU institutional framework.

A diplomatic conference will be held for the signing of the UPC agreement by the participating member states. Once the agreement has been signed, the ratification process by national parliaments will get under way (at least 13 member states will have to ratify the agreement in order for it to enter into force).

All the necessary decisions (designation of committees, budget, appointment of judges and president, recruitment of staff, facilities, etc.) should be adopted in time to ensure that the first European patent title with unitary effect can be registered in spring 2014.

The establishment of a unitary patent system valid across the EU, which has been under discussion for more than 30 years, will contribute to an increase in patent activity, especially for small- and medium-sized enterprises (SMEs). It will also contribute significantly to lowering the costs associated with obtaining a patent in the EU.

The new unitary patent model will encourage EU businesses to increase their innovation activities, thus enhancing their competitiveness in the internal market. It will also give EU companies a greater incentive to protect their inventions and new technical solutions throughout Europe.

– *Reform of public procurement policy*

The Council held a public debate on the modernisation of public procurement policy and reached an agreement on a general approach on the three proposals in the package.

The three proposals for modernising public procurement are:

- a draft directive on public procurement (replacing directive 2004/18/EC) ([18966/11](#));
- a draft directive on procurement by entities operating in the utilities sectors: water, energy, transport and postal services (replacing directive 2004/17/EC) ([18964/11](#)); and
- a proposal for a directive on the award of concession contracts ([18960/11](#)).

The agreements are based on the compromise texts put forward by the Presidency for each part of the above-mentioned legislation, which are contained in documents [16725/1/12](#), [18011/12](#) and [18007/12](#).

The Commission presented the package on 20 December 2011. It is a major overhaul of public procurement rules across the EU. On the basis of the text of the draft directive on public procurement, the Council provided guidance on four important issues at its meetings on 20 February and 30 May 2012: the degree of flexibility that should apply in the use of competitive procedures with negotiation, the application of a lighter regime for certain categories of services (social, cultural, health, etc.), the wide use of e-procurement and the supervision and monitoring of procurement procedures.

The revision of public procurement policy will affect a wide range of areas applying to the procurement of goods, works and services, including:

1) Making procurement procedures simpler and more flexible

The package provides for the procedural arrangements laid down by the current rules, which date back to 2004, to be made simpler and more flexible. To this end, it contains measures to make procurement easier and less burdensome administratively, and to create flexibility for public authorities making it possible to achieve better procurement outcomes. Promotion of electronic procurement as a more user-friendly feature of procurement procedures is a cornerstone of the simplification process throughout the package.

2) Strategic use of public procurement in response to new challenges

Better opportunities for procurement authorities to pursue common societal goals such as environmental protection, social responsibility, innovation, combating climate change, employment, public health and other social and environmental considerations.

3) Better access to the market for SMEs

The package provides for concrete measures to remove barriers to market access for SMEs, such as simplification of documentation requirements in procurement procedures, the creation of a standardised document for selection purposes, an incentive for contracting authorities to consider dividing contracts into smaller lots that are more accessible for SMEs, and a reduction in the number of requirements for participation.

4) Sound procedures

The new regime requires member states to ensure that contracting authorities take appropriate measures to prevent, identify and remedy conflicts of interest arising in the conduct of procurement procedures so as to avoid any distortion of competition and ensure equal treatment of all economic operators.

5) Governance

The proposal contains requirements for member states to monitor and report on public procurement activities in order to improve the effectiveness and uniform application of EU law in this field.

– ***Review of the Professional Qualifications Directive***

The Council took note of a report drawn up by the Presidency ([16293/12](#)) on the progress made regarding a draft directive aimed at making the system of recognition of professional qualifications more efficient in order to achieve greater mobility of skilled workers across the EU.

The recognition of qualifications among member states has become a fundamental building block of the single market, and professional mobility is a key element in Europe's competitiveness.

On 30 May, the Council held debates on two main aspects of the reform: the creation of the European professional card and the transparency exercise that would lead to mutual evaluations and, possibly, a simplification of the national legal frameworks for the regulated professions.

The European professional card would be an electronic certificate issued by the professional's country of departure that would facilitate automatic recognition in the host country (the country where the professional seeks to establish himself).

Currently, some 800 categories of regulated professions exist across the 27 EU member states. A regulated profession means that access to the profession is subject to a person holding a specific qualification, such as a university diploma, and that activities are reserved to holders of such qualifications.

The proposal for amending the current Professional Qualifications Directive was presented on 19 December 2011 ([18899/11](#)).

– ***Consumer protection: Alternative Dispute Resolution system***

The Council took note of the progress made on a draft directive on Alternative Dispute Resolution (ADR) and a draft regulation on Online Dispute Resolution (ODR), following the agreement reached on a general approach on 30 May ([10622/12](#)).

The Presidency announced the provisional agreement reached between representatives of the European Parliament and the Council following informal negotiations that took place at the “trialogue” (a meeting between the Parliament, the Council and the Commission) of 5 December. The first-reading agreement on both proposals will have to be confirmed by the co-legislators in accordance with their respective internal procedures.

The proposals aim to provide for simple, fast and affordable out-of-court settlement procedures for resolving disputes between consumers and traders arising from the sales of goods and services, through the intervention of an alternative dispute resolution entity.

The initiative will ensure that ADR schemes are established where they are currently lacking and that consumers will always have the possibility of taking their disputes to an ADR. The ADR system will be supplemented by an ODR mechanism involving the setting up of a European online dispute resolution platform (this will be an interactive website accessible electronically and free of charge in all languages of the Union).

ADR schemes help consumers engaged in disputes which they have been unable to resolve directly with the trader. These mechanisms have been developed differently across the EU, both publicly and privately, and the status of the decisions adopted by these bodies differs greatly.

– ***Review of accounting requirements for companies***

The Council took note of the progress made on the review and simplification of the accounting rules applicable to EU companies.

The key objectives of the review are:

- to reduce the administrative burden for, and apply simplified accounting rules to, SMEs;
- to increase the clarity and comparability of financial statements; and
- to enhance transparency in respect of payments made to governments by the extractive industry and loggers of primary forests.

In order to promote governments' accountability, transparency and good governance, the proposal ([16250/11](#)) introduces new reporting requirements for large undertakings and all public interest entities active in the extractive industry or in the logging of primary forests. It is proposed that these companies shall disclose the payments they make to governments in countries in which they operate.

Single Market Act II – Council conclusions

The Council adopted conclusions on the second set of new priority proposals presented by the Commission on 3 October 2012 under the "Single Market Act II"¹.

These proposals will supplement the first set of measures of the Single Market Act I package for deepening and strengthening the single market in order to create economic growth and jobs.

Inter alia, the conclusions highlight the need for the single market to rest upon a strong economic and social basis and the importance for the SMA II actions to address the concerns of citizens and businesses.

The conclusions are set out in document [16617/12](#).

INDUSTRIAL POLICY

Industrial policy and its contribution to growth and economic recovery

The Council assessed the situation of European industry and adopted conclusions on an update to industrial policy and its contribution to growth and economic recovery.

The conclusions are set out in document [17566/12](#).

The conclusions laid emphasis on four pillars requiring urgent attention as a result of the economic crisis:

- stimulating investment in innovative and new technologies;
- allowing EU companies to derive maximum benefit from the internal market and international markets;
- improving access to finance; and
- increasing investment in people and skills.

¹ http://ec.europa.eu/internal_market/smact/docs/single-market-act2_en.pdf

The conclusions are based on the Commission communication ([15168/12](#)) updating the flagship initiative on industrial policy and the ensuing discussions at the Council meeting of 11 October, in which ministers underlined the importance of speeding up actions in strategic sectors with strong potential for underpinning competitiveness and job creation.

A number of promising new markets that can contribute to a competitive and innovative manufacturing industry were also highlighted.

A concrete example of the application of an updated vision for industrial policy in a sectoral setting has been put forward by the Commission in its action plan for the automotive industry.

– *Automotive industry*

Ministers exchanged views on the situation of and prospects for the automotive industry in the different countries, in the light of the action plan drawn up by the Commission recently in order to promote and help adapt the sector ([15962/12](#)).

Ministers agreed with the recommendations contained in the action plan aimed at integrating, into the short-, medium- and long-term strategies for boosting the competitiveness of the European automotive industry, a number of considerations such as: the adaptation of production capacities; the development of new production methods and business models; sources of supply and the efficient use of raw materials; and investments in people and new skills.

Modernisation of state aid rules: impact on competitiveness

Following a presentation by the Commission on its communication on EU state aid modernisation ([10266/12](#)), ministers held an exchange of views on the future of state aid policy from the point of view of industry.

The communication, which envisages completion of the reform by the end of 2013, puts the single market at the centre of the reform.

The discussion was structured by means of a questionnaire and a policy paper put forward by the Presidency ([16647/12](#)).

Delegations agreed on the need to modernise state aid policy by setting objectives that support growth, employment and EU competitiveness, while contributing to member states' efforts towards more efficient use of public finances.

They stressed that state aid should be designed to sustain and improve the competitiveness of European industry, taking into account the current economic crisis and the worldwide context.

A preliminary discussion took place at the Ecofin Council meeting of 13 November. The Presidency's conclusions summing up the results of that discussion are set out in document [15595/1/12](#).

CUSTOMS POLICY

New customs action plan to combat intellectual property right infringements - *Resolution*

The Council adopted a resolution approving the launch of an EU customs action plan to combat intellectual property right (IPR) infringements for the period 2013-2017.

The resolution can be found [here](#).

The EU customs action plan to combat IPR infringements for the next five years stresses four strategic objectives:

- to effectively implement and monitor the new EU legislation on customs enforcement of IPRs;
- to tackle major trends in the trade of IPR-infringing goods;
- to tackle the trade of IPR-infringing goods throughout the international supply chain; and
- to strengthen cooperation with the European Observatory and with law enforcement authorities on infringements of IPRs.

Ministers also assessed a report by the Commission on the previous EU customs action plan to combat IPR infringements for the period 2009-2012. The report puts forward a number of recommendations and addresses new developments that have been taken into account in the new plan, including the increase in sales over the internet and the rise of new key players on the international stage.

The customs services are responsible for controlling goods at the EU's external borders and detaining those goods suspected of infringing IPRs that are protected by EU and national laws.

To enable customs to adopt a common approach to IPR enforcement and focus their attention on the situations which present the greatest risks, the Commission and the member states jointly set up a multiannual action plan. The action plan provides the framework for ensuring that the limited customs resources available for IPR enforcement can be used in the most effective way.

The EU has a strong system to protect against IPR infringements at its external borders and the action plan has proved to be a valuable tool in tackling the four main challenges identified. However, trafficking in IPR-infringing goods is constantly evolving, and enforcement authorities must be equipped with the necessary tools to tackle this phenomenon when it comes to legislation, information-sharing and international cooperation.

Update of the Union Customs Code

The Council held a public debate on a proposal for recasting the Union Customs Code with a view to facilitating a first-reading agreement with the European Parliament and ensuring a timely adoption of the Code.

The proposed recast ([6784/12](#)) adjusts some provisions of regulation 450/2008, which establishes the Customs Code, to take account of developments in customs and other relevant legislation, aligns the regulation to requirements resulting from the Treaty of Lisbon and postpones its application.

The regulation entered into force in 2008, but it is not applicable yet. It will be applicable once its implementing provisions are in force – by 24 June 2013 at the latest – in order to give national administrations and economic operators sufficient time to undertake the necessary investments and ensure smooth implementation of electronic processes.

The Customs Code is published in the Official Journal of the EU L 145 of 4.6.2008:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:145:0001:0064:EN:PDF>

"Customs 2020" programme

In public deliberation, the Council agreed on a partial general approach¹ for establishing an action programme for customs in the EU for the period 2014-2020 ("Customs 2020" programme), as the successor to the "Customs 2013" programme which ends on 31 December 2013 ([17005/12](#)).

The programme is aimed at providing supporting measures in order to ensure that EU customs legislation is applied in a consistent and harmonised way, including measures to support EU legal obligations stemming from the Customs Code.

Given that many activities in the customs area are of a cross-border nature, involving and affecting all 27 member states, the joint EU action will make it possible to underpin the collective dimension of customs work, avoid internal market distortions and help protect the EU's external borders.

Funding of the "Customs 2020" programme will depend on the outcome of the ongoing negotiations on the EU's overall budget for the period 2014-2020. The proposal presented by the Commission² provides for a budget line of EUR 548 million for the seven-year period.

Strategy for the evolution of the customs union – *Council conclusions*

The Council adopted conclusions on the progress of the strategy for the evolution of the customs union.

The conclusions can be found [here](#).

¹ A partial general approach is an agreement on the essential elements of a legal act, pending the opinion of the European Parliament and the relevant discussions on the EU's multiannual budget.

² http://ec.europa.eu/taxation_customs/resources/documents/com_2012_464_en.pdf

RESEARCH and INNOVATION

"Horizon 2020": new framework programme for research and innovation (2014-2020)

– *Specific Programme implementing actions under Horizon 2020*

In public deliberation, the Council reached an agreement on a partial general approach¹ on a draft decision establishing the specific programme implementing Horizon 2020 ([17633/12](#)).

The agreement is based on a compromise text put forward by the Presidency ([17029/12](#)).

The debate focused on two key aspects of the proposal: the processes and practices to close the research and innovation gap between European regions in order to better address the objectives of the European Research Area, and finding the most suitable governance structure while maintaining the objectives of simplification.

The Specific Programme defines and develops the specific objectives and broad lines of the activities which are specific to each of the priorities of the Framework Programme, putting emphasis on the implementation of the particular objectives and actions.

It will consist of the following parts:

- 'excellent science': which includes frontier research activities of the European Research Council; emerging technologies; the "Marie Skłodowska-Curie actions"; and research infrastructures;
- 'industrial leadership': to boost Europe's industrial capacity in promising technologies such as nanotechnologies, advanced materials, biotechnology and space;
- 'societal challenges', dealing with projects to improve lifelong health and wellbeing, secure supplies of products, achieve resource-efficient energy patterns, combat climate change, develop sustainable transport systems and networks, etc.; and
- 'non-nuclear actions of the Joint Research Centre'.

¹ A partial general approach is an agreement on the essential elements of a legal act, pending the opinion of the European Parliament and the relevant discussions on the EU's multiannual budget.

– ***European Institute of Innovation and Technology (EIT): strategic innovation agenda***

In public deliberation, the Council reached an agreement on a partial general approach ([17621/12](#)) on a proposal ([18091/11](#)) to define the priority fields of the EIT's strategic innovation agenda for the period 2014-2020.

The EIT strategic innovation agenda includes an overview of the activities planned for the next seven years, in particular, the priority fields for the new Knowledge and Innovation Communities (KICs) and their selection and designation. It is proposed to set up new KICs in two waves: in 2014 and after 2017, subject to a positive review.

The EIT, which was set up in March 2008, has completed its initial phase by launching its operations through the first KICs. The EIT has also been successful in achieving its main objective – the full integration of the entire innovation chain, bringing together higher education institutions, research organisations and businesses – via the first three KICs established in 2010 in areas identified as essential to Europe's future development: sustainable energy ('KIC InnoEnergy'), climate change adaptation and mitigation ('ClimateKIC') and the future information and communication society ('EIT ICT Labs').

– ***Euratom programme***

The Council took note of a report on the progress made on the proposal for establishing the European Atomic Energy Community research programme ("Euratom programme") complementing Horizon 2020 in the field of nuclear research activities ([16577/12](#)).

The Euratom programme will ensure that EU-funded research and training activities in the nuclear energy field (fusion and fission) are continued over the period 2014-2018, providing added value to the activities carried out in the member states.

Horizon 2020 - state of play

On 31 May 2012, the Council reached an agreement on a partial general approach on the "Horizon 2020 framework programme" ([10663/12](#)). On that occasion, the Council also took note of a report ([10219/12](#)) on the progress made concerning the other three parts of the package: the specific programme implementing Horizon 2020, the rules of participation in research projects and the Euratom programme.

On 10 October 2012, the Council reached an agreement on a partial general approach on the rules for participation, and on an amended regulation of the EIT.

The successive positions within the Council on the various strands of Horizon 2020 will facilitate the start of negotiations with the European Parliament with a view to achieving a first-reading agreement on the whole package in the course of 2013.

Horizon 2020 will replace the EU's 7th research framework programme (FP7), which runs until the end of 2013. The new framework for research is expected to do away with fragmentation in this field and ensure greater coherence. Horizon 2020 builds upon the current FP7 concept, the Competitiveness and Innovation Programme and the EIT.

Compared with FP7, Horizon 2020 has a number of new features that make it fit for purpose for promoting growth and tackling societal challenges.

The Commission presented the various strands of Horizon 2020 on 30 November 2011:

http://ec.europa.eu/research/horizon2020/index_en.cfm

It is proposed to allocate € 80 billion for the 2014-2020 period, thereby making Horizon 2020 the largest research programme in the world.

European Research Area – Council conclusions

The Council adopted conclusions on the European Research Area (ERA) and the key elements that should lead to the successful achievement and implementation of the ERA.

The conclusions are set out in document [17649/12](#).

The conclusions are based on the outcome of the policy debate held by the Council on 10 October and the Commission recommendations contained in the communication "A reinforced European Research Area partnership for excellence and growth" ([12848/12](#)).

The Commission proposed the following priorities for the ERA: effective national research systems; optimal transnational cooperation and competition; an open labour market for researchers; gender equality in research, and free circulation of knowledge.

Over the years, progress has been made towards a European Research Area through instruments such as the successive multiannual research framework programmes, joint programming initiatives and research infrastructure consortia. Nevertheless, progress has been uneven in the different dimensions of the ERA as well as across member states.

In February 2011, the European Council called for the completion of the ERA by 2014, thereby creating a genuine single market for knowledge and improving the mobility of researchers and the attractiveness of Europe for foreign researchers.

The ERA will pay particular attention to the external dimension in the field of research and innovation. In this connection, the conclusions also refer to the importance of strengthening international cooperation.

– ***EU international cooperation in research and innovation***

Ministers held an exchange of views on how to enhance the EU's international cooperation in research and innovation.

The debate was conducted by means of a questionnaire put forward by the Presidency ([16560/12](#)), drawn up on the basis of a Commission communication ([14000/12](#)).

The EU's framework programmes for research have already played an important role in supporting research and innovation cooperation between the EU and its member states and countries outside the Union. However, as the mid-term review of the 7th research framework programme pointed out¹, Europe's efforts in the field of international cooperation need to be intensified and more strategically focused.

For this reason, many delegations underlined the need to apply a more strategic vision for the future development of international partnerships under the next framework programme Horizon 2020.

They broadly endorsed the long-term approach proposed by the Commission involving the development of multiannual roadmaps for cooperation with third countries and regions.

¹ http://ec.europa.eu/research/evaluations/index_en.cfm?pg=fp7

SPACE POLICY

Relations between the EU and the European Space Agency (ESA)

Ministers held an exchange of views on how the relationship between the EU and the European Space Agency (ESA) could be further developed, on the basis of a questionnaire put forward by the Presidency ([16574/12](#)).

They also took note of a recent Commission communication on “Establishing appropriate relations between the EU and the ESA” ([16374/12](#)).

Ministers agreed to further evaluate the possibilities of strengthening cooperation for the long-term issues and decided to re-examine this matter in early 2013.

European space policy governance involves three main players: the EU, the ESA and their respective member states. The EU's competence in space, established by the entry into force of the Lisbon Treaty on 1 December 2009, strengthens the political dimension of space in Europe. The EU's enhanced role in European space policy goes hand in hand with increased interaction among these three players based on the complementary nature of their roles and responsibilities.

In its conclusions of 31 May 2011 “Towards a space strategy for the EU that benefits its citizens”, the Council stated that an industrial policy for space should be drawn up, in close cooperation with the ESA and the member states, to promote a competitive space industry in Europe. It also emphasised that space activities and applications constitute a significant and concrete contribution to the Europe 2020 strategy to boost growth and promote new job opportunities.

ESA website: <http://www.esa.int>

OTHER BUSINESS

Annual Growth Survey 2013 - State of the Single Market Integration

The Council took note of a presentation by the Commission of the Annual Growth Survey 2013, which was published at the end of November ([16669/12](#)).

The Annual Growth Survey is the starting point for the *European Semester*, which involves simultaneous monitoring of the member states' fiscal, economic and employment policies during a six-month period every year. The *European Semester* was organised for the first time in 2011, introduced as part of a reform of economic governance.

The Commission's survey outlines priority actions to be taken by member states in order to ensure better coordinated and more effective policies for fostering sustainable economic growth.

Together with the Annual Growth Survey, the Commission presented the first report on the "State of the Single Market Integration 2013" ([17281/12](#)), aimed at monitoring the functioning of the single market within the European Semester process. It presents an analysis of the state of single market integration in key areas with the greatest growth potential.

Consumer programme for 2014-2020

The Council took note of information by the Presidency on a draft regulation for establishing a consumer programme for the period 2014-2020 ([16795/11](#)).

This proposal was presented in November 2011 and its general objective is to contribute to growth by empowering citizens to play a full role in the single market, through a high level of consumer protection. It contains specific objectives and eleven actions aimed at achieving these objectives with a view to facilitating the implementation of the Consumer Agenda endorsed by the Council last October
(http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/intm/132794.pdf).

Following a partial general approach reached by the Council in June 2012, informal negotiations with the European Parliament have progressed to the point of achieving a broad provisional agreement between the institutions on almost all provisions of the future programme. The funding to be allocated to the programme has been left aside as it will depend on the outcome of the ongoing negotiations on the multiannual financial framework.

Consumer markets scoreboard

The Council took note of information by the Commission regarding the 8th consumer markets scoreboard ([17227/12](#)).

The consumer scoreboard, which is published in spring and autumn every year, identifies those markets across the economy that are malfunctioning, thus not meeting consumer expectations.

Research-related conferences organised by the Cyprus presidency

The Council took note of the outcome of several research-related conferences and meetings organized by the Cyprus presidency ([17211/12](#)).

Work programme of the upcoming Irish presidency

The Irish delegation informed ministers about the Irish presidency's work programme on competitiveness for the first half of 2013.

The work programme for competitiveness is in line with the 18-month programme jointly prepared by the three upcoming EU presidencies ([17426/12](#)).

In the field of internal market and industry, the top priorities of the Irish presidency will include the finalisation of pending legislative initiatives contained in the Single Market Act I and the preparation of the new initiatives of the Single Market II package.

In the field of research, the Irish presidency will continue negotiations on the "Horizon 2020" framework programme for research and innovation with a view to ensuring that it is approved in good time.

OTHER ITEMS APPROVED

None
