



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 29 April 2013

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**PE 207
ENER 153
IND 129
MI 347
RECH 136
ENV 347
COMPET 258
CADREFIN 97**

NOTE

from:	General Secretariat of the Council
to:	Delegations
Subject:	Summary record of the meeting of the Committee on Industry, Research and Energy (ITRE) , held in Brussels on 24 - 25 April 2013

The meeting was chaired by Ms Sartori (chair) (EPP, IT), Ms Toia (vice-chair) (S&D, IT) and Mr Tošenovský (vice-chair) (ECR, CZ).

- 1. Making the internal energy market work**
ITRE/7/11365, 2013/2005(INI), COM(2012)0663
Rapporteur: Jerzy Buzek (EPP, PL)
Opinion: AFET, INTA, ECON, ENVI, IMCO, REGI

The main challenge identified by the rapporteur was to achieve an internal energy market, which remains fragmented, not fully transparent and flexible, and with regulated prices. He reiterated the need to fully transpose existing legislation, in particular the 3rd energy package, and to build interconnection and transmission infrastructure (coordinated at EU level), as well as to develop common network codes and unified incentive schemes. He also raised the issue of the establishment of gas prices in contracts with third countries (an issue not mentioned in the report), as he considered that the correlation between oil and gas prices was obsolete. He called for them to be reviewed and renegotiated. He also mentioned the issues of national generation capacities, user-friendly markets using ICT technologies, and the enforcement of anti-trust rules.

Members broadly welcomed the report, in particular the call for Member States to transpose all existing legislation, the enforcement of anti-trust and state-aid rules to ensure a level playing field, and the harmonisation of network codes. They would also include the clarification of unbundling rules and a transparent set of guidelines for these provisions (Mr Johanssen, on behalf of Mr Rohde (ALDE, DK)), the chapter on the competitive energy market and stipulating ways to achieve it (Mr Szymański (ECR, PL)), as well as the price mechanisms with abolition of the adjustment of gas to oil prices and phasing out contracts based on this method (Mr Szymański, Mr Tošenovský). Mr Kariņš (EPP, LV) considered that more emphasis needed to be placed on physical interconnections in the report, as these were fundamental in achieving the internal energy market. Referring to the lack of indigenous gas production in the EU, Ms Tzavela (EFD, EL) added that the full potential of all energy sources should be used. Mr Vidal-Quadras (EPP, ES) highlighted the vitality of capacity mechanisms, pointing out that were providing necessary back-up support for intermittent renewables. Other issues raised were the role of nuclear power in the energy mix, energy poverty, the high-power generation capacity essential for business competitiveness, under-financing of ACER, state energy monopoly in Hungary, etc.

The Commission representative broadly endorsed the report. He reiterated that the internal energy market, together with energy efficiency, was a key tool in providing secure, clear and affordable energy. It remained fragmented, and calls for Member States to implement existing legislation were therefore legitimate. He informed Members that the Commission was making progress in the development of network codes in several areas and was finalising a staff working document on legal clarification of unbundling. Nevertheless, he advocated caution in relation to capacity mechanisms since, if poorly designed, they would be counterproductive and could lead to even greater fragmentation of markets. In this context, he suggested that an EU framework be developed if necessary. With regard to regulated prices, he agreed that they were undermining competition and investment, and that a tailor-made solution was required. As regards the external dimension, he considered that the level playing field needed to be addressed in free trade agreements. He also agreed on the active participation of customers and the effective use of funds.

Timetable: deadline for amendments: 6 May 2013, 17:00

2. The implementation and impact of the energy efficiency measures under Cohesion Policy

ITRE/7/12125, 2013/2038(INI)

Rapporteur for the opinion: Miloslav Ransdorf (GUE/NGL, CZ)

Responsible: REGI

Mr Henin (GUE/NGL, FR), on behalf of the rapporteur, considered that cohesion policy had a key role in achieving the target of saving 20% of energy consumption by 2020. Nevertheless, he emphasised that its main objective remained to reduce economic and social disparities between regions. He highlighted the potential social benefits of investing in energy efficiency and the energy saving potential of public buildings and housing, and called on Member States to make full use of funds to trigger investment in energy efficiency improvement measures. He was also concerned about the findings of the Court of Auditors on the lack of cost-effectiveness of investments, and he called for them to be subject to needs assessment and monitoring.

During the discussion, Ms Hall (ALDE, UK) welcomed the emphasis on improving the energy efficiency of buildings as a strategic tool for combating fuel poverty and rising energy costs.

Mr Kelly (EPP, IE) was disappointed at the slow progress made in this area. Mr Grzyb (EPP, PL) reiterated the importance of the structural and cohesion funds for financing energy efficiency and stressed the flexibility of cohesion policies in the context of different national needs. Mr Mészáros (EPP, SK) agreed that national investment priorities may differ and he saw a need to establish a complex support scheme. Mr Balčytis (S&D, LT) considered that the Commission should play a more important role in setting goals and establishing limits for using funds, and render the Member States accountable.

Timetable: deadline for amendments: 3 May 2013

3. Electronic identification and trust services for electronic transactions in the internal market

ITRE/7/09803, 2012/0146(COD), COM(2012)0238

Rapporteur: Marita Ulvskog (S&D, SE)

Opinion: ECON, IMCO, JURI, LIBE

The rapporteur recalled that the Commission proposal consisted of two parts: mutual recognition and acceptance at EU level of e-identification schemes and the establishment of a common framework for trust services (e.g. e-signatures). She called for further clarification of the objective and content of the proposal, e.g. the definition of trust services. In the context of mutual recognition, she highlighted the need for interoperable e-identification schemes, and proposed mutual standards to guarantee technical interoperability.

The latter should remain technically neutral and this should be reflected in Commission delegated acts. As for the implementing acts, she agreed with their use, but considered that they should be limited to technical implementation.

During the discussion, Members raised the issues of definition of qualified and non-qualified trust services providers, mutual recognition of e-identification systems, access to data and data-protection, including security breaches and their notification. In this area, she considered sufficient legal security and certainty should be guaranteed, together with consistency vis-à-vis the forthcoming data-protection legislation in order to avoid duplication and divergences.

The Commission representative agreed that the Regulation should take account of existing and forthcoming legislation on data-protection. He advocated the use of delegated and implementing acts, as the area was evolving fast and there was a need to make use of standards for interoperability.

The rapporteur concluded that the aim was to review the delegated acts on a case-by-case basis, not to remove them completely.

Timetable: deadline for amendments: 15 May 2013

4. Amendment to the fuel quality directive and the renewable energy directive (Indirect Land Use Change)

ITRE/7/11009, 2012/0288(COD), COM(2012)0595

Rapporteur for the opinion: Alejo Vidal-Quadras (EPP, ES)

Responsible: ENVI

The rapporteur did not support the inclusion of ILUC factors in the legislation, as proposed by the Commission. He was also against the rigid cap on conventional biofuels and the introduction of multiple counting. Instead, he proposed that a sub-target be established for advanced biofuels.

During the discussion, Members supported the rapporteur's proposal for the sub-target (Ms Tzavela (EFD, EL), Mr Chichester (ECR, UK), Mr Belet (EPP, BE), Ms Lepage (ALDE, FR), rapporteur in ENVI and Ms Thomsen (S&D, DK)). However, Ms Thomsen did not agree with his suggestion to exclude the ILUC factors and supported the 5% cap. Ms Lepage also considered that the ILUC factors should be taken into account and was in favour of capping, but she advocated a model that would differentiate biofuels based on their ILUC effect. Other issues mentioned were a definition of advanced and conventional biofuels, focusing on the least harmful biofuels for the environment, the lack of attention given to co-products and existing investments in the 1st generation of biofuels.

The Commission representative acknowledged the difficulty of quantification of emissions resulting from ILUC, as the modelling assumptions were vulnerable, but he assured Members that the co-products were fully included in the modelling. Concerning the capping, he explained that the Commission wanted to adopt a precautionary approach to biofuels from crops and would not incentivise this first generation. The second generation of biofuels would receive incentives.

The rapporteur considered that the ILUC effects had to be mitigated and that all investments already made had to be maintained and protected. He concluded that the markets needed long-term planning and that the rules could not be changed in the middle of the period.

Timetable: deadline for amendments: 6 May 2013

5. Reindustrialising Europe to promote competitiveness and sustainability

ITRE/7/11138, 2013/2006(INI), COM(2012)0582

Rapporteur: Reinhard Bütikofer (Greens/EFA, DE)

Opinion: INTA, ECON, EMPL, ENVI, IMCO, TRAN, REGI, JURI, FEMM

The rapporteur informed Members that he was not sure whether his report would see the light of day due to a recent decision of the Conference of Committee Chairs to change the rules relating to the submission of reports. Accordingly, if no vote took place by 1 June 2013, the report would fall. Referring to the Commission's goal that 20% of GDP should come from manufacturing by 2020, he considered that this would only be possible with a strategy based on innovation. In terms of substance, he would focus on the creation of a framework for industrial policy and would work in line with the Europe 2020 Strategy goals (including energy). Given that the EP had no powers at EU level in terms of industrial policy, its role could be to create PR for industry to regain attention and to help to create a political framework. He also considered that it was not possible to have the same instruments for both industrialised and de-industrialised Member States.

Members reiterated that industry was the backbone of the EU and called for its re-industrialisation to maintain its competitiveness, to re-launch growth and to create jobs. They also saw a need to invest in innovation, research and development, to increase the competitiveness of EU companies and to support their exports, and to work on standardisation, competitive energy and raw materials. Finally, they raised the issues of access to finance, reduction of red tape, the role of SMEs, the essential role of education, a focus on sustainability and the efficient use of resources, and the link to Horizon 2020 and its objective of creating industrial leadership.

6. Multiannual financial framework for the years 2014-2020

ITRE/7/06453, 2011/0177(APP), COM(2011)0398
Rapporteur for the opinion: Edit Herczog (S&D, HU)
Responsible: BUDG

The rapporteur asked whether the MFF file should be discussed before the 2013 Draft Amending Budget was adopted, as the Council was not ready to discuss and to go beyond EUR 11.2 billion (instead of EUR 16 billion), and that would have consequences for ITRE budget lines. She gave an overview of the cuts made to the MFF figures under sub-heading 1a (Connecting Europe Facility (CEF), Galileo, COSME, etc.) and highlighted the financing of Horizon 2020. The rapporteur thought that the latter should receive EUR 74 billion instead of EUR 70 billion (as the Competitiveness and Innovation programme was not part of the 7th Framework Programme and should be added separately), to at least maintain the funding level from 2013. She also briefly mentioned the cost overruns of large-scale projects (ITER, Galileo and GMES) and considered that two alternatives exist: either to accept the EUR 70 billion or to fight for the additional EUR 4 billion. Regarding the flexibility instrument, in her view, it was so far only an empty promise.

The Commission representative indicated that the document was only technical support on how to deal with the significantly reduced budget and he outlined its main points. In relation to sub-heading 1a in particular, all programmes that were not identified in the Council conclusions had been reduced proportionally. With regard to the incorrect calculation of amounts for Horizon 2020, he explained that elements covered by the programme in 2013 represented EUR 68.8 billion in 2011 prices; therefore EUR 70.2 billion could be viewed as growth, even if only very limited growth.

7. Feedback from ongoing trilogues (Rule 70.4)

Mr Kalfin (S&D, BG) and Mr Tošenovský (ECR, CZ) briefed Members on the ongoing trilogues for their respective reports on the Re-use of public sector information and the Guidelines for trans-European telecommunications networks.

8. Approximation of the laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco and related products

ITRE/7/11571, 2012/0366(COD), COM(2012)0788

Rapporteur for the opinion: Robert Goebbels (S&D, LU)

Responsible: ENVI

The rapporteur recalled that despite a ban on smoking on public places, tobacco consumption had not decreased. He gave statistics for each population group. Nevertheless, a ban on tobacco consumption was not considered a solution, as it would open the doors for organised crime and illegal markets. Moreover, tobacco represented a significant sector of economy. In his view, the focus should be on protecting non-smokers, combating passive smoking and pursuing policies that enabled people to give up smoking effectively. Against this background, he did not understand how the Commission proposal on packaging would lower consumption. He thought that those measures would be beneficial only for the major tobacco groups present on the market. He also considered it excessive that the Directive contained 16 articles giving the Commission the power to adopt delegated acts. He would also table amendments on electronic cigarettes.

During the discussion, all Members agreed that the aim should be to prevent people from starting to smoke, encourage them to quit smoking and to decrease tobacco consumption. Apart from Ms Rivasi (Greens/EFA, FR) and Ms Ulvskog (S&D, SE) to some extent, all shared the rapporteur's view that the Commission proposal to ban flavours, additives and standardisation of packaging was not the right approach to deliver these objectives (Mr Bendtsen (EPP, DK), Mr Creutzmann (ALDE, DE), Mr Vidal-Quadras (EPP, ES), Mr Sedó i Alabart (EPP, ES), Mr Mészáros (EPP, SK), Mr Rübig (EPP, AT), Mr Audy (EPP, FR), Ms Hibner (EPP, PL) and Ms Gardini (EPP, IT)). Instead, the focus should be on public education and awareness campaigns about the dangers of smoking and protecting consumers by giving them reliable information about the product. Members were also against delegated acts.

The Commission representative believed that the proposal addressed the challenge of discouraging people from taking up smoking. Concerning the ingredients, he explained that strong flavours should not be allowed because they were stimulating and encouraged people to start smoking and could distort their perception of the harm caused by smoking. The harmonisation of packaging was necessary to assure the full visibility of health warnings and to reduce its attractiveness for young people (e.g. lipstick-shaped packages). He advocated delegated acts as he considered it necessary to have some flexibility to update the Directive in line with scientific and international developments.

*** *Electronic vote* ***

9. Amendment of Directive 2003/98/EC on re-use of public sector information

ITRE/7/08211, 2011/0430(COD), COM(2011)0877

Rapporteur: Ivailo Kalfin (S&D, BG)

Opinions: IMCO, CULT, JURI, LIBE

The draft report was adopted as amended. The legislative resolution was adopted (37 for, 3 against, 0 abstentions).

10. Periodic roadworthiness tests for motor vehicles and their trailers

ITRE/7/10147, 2012/0184(COD), COM(2012)0380

Rapporteur for the opinion: Krišjānis Kariņš (EPP, LV)

Responsible: TRAN

The draft opinion was adopted as amended (42 for, 4 against, 3 abstentions).

11. Technical roadside inspection of the roadworthiness of commercial vehicles circulating in the Union

ITRE/7/10161, 2012/0186(COD), COM(2012)0382

Rapporteur for the opinion: Krišjānis Kariņš (EPP, LV)

Responsible: TRAN

The draft opinion was adopted as amended (44 for, 3 against, 1 abstention).

12. Innovating for Sustainable Growth: A Bioeconomy for Europe

ITRE/7/10881, 2012/2295(INI), COM(2012)0060

Rapporteur for the opinion: Giles Chichester (ECR, UK)

Responsible: ENVI

The draft opinion was adopted as amended (45 for, 5 against, 1 abstention).

13. Micro-generation

ITRE/7/11543, 2012/2930(RSP)

Rapporteur: Judith A. Merkies (S&D, NL)

The question for oral answer was adopted (50 for, 1 against, 0 abstentions)

*** *End of electronic vote* ***

14. Supplementary Research Programme for the ITER project (2014-2018)

ITRE/7/08406, 2011/0460(NLE), COM(2011)0931

Rapporteur: Vladimír Remek (GUE/NGL, CZ)

Opinion: BUDG

The rapporteur reiterated that ITER should be financed within the MFF, but the Council proposal to include it in sub-heading 1a raised many concerns. Consequently, a large part of the 58 tabled amendments focused on financing and on the need to avoid endangering other projects financed under that heading in the event of ITER cost overruns.

All Members broadly agreed with the rapporteur's position, expressed their concerns over funding allocations for other projects, and called the right balance to be struck between financing certainty for ITER and not jeopardising other projects under sub-heading 1a (e.g. Horizon 2020, COSME, etc.). In this context, they endorsed a previously adopted BUDG opinion (Ms Gardini (EPP, IT), Mr Tošenovský (ECR, CZ), Mr Vidal-Quadras (EPP, ES), Ms Herczog (S&D, HU), Ms Trautmann (S&D, FR), Ms Carvalho (EPP, PT)).

The Commission representative welcomed the broad support for the ITER project and acknowledged Members' concerns in relation to ring-fencing and the need for appropriate safeguards within the MFF for funding of other programmes. He also mentioned the monitoring of ITER, involvement of the EU industry in its procurements and contracts of an innovative nature beneficial for EU's leadership in fusion.

15. Debriefing of the ITRE delegation to Taragona and Sevilla, Spain (12 - 14 February 2013)

Ms Sartori (EPP, IT) debriefed Members on ITRE's February visit to Spain, which was divided into two parts. In Taragona, participating Members visited a sea port, which the local authorities had decided to make a strategic access point for chemicals logistics in Southern Europe. They also participated in a round-table discussion at the local university on intelligence specialisation in the transfer of knowledge and technology, as well as on access to EU funds under the 7th Framework Programme. In Seville, they visited the Joint Research Centre and also discussed intelligence specialisation, together with the Horizon 2020 programme and the role of the Institute itself.

16. Unleashing the Potential of Cloud Computing in Europe

ITRE/7/10792, 2013/2063(INI), COM(2012)0529

Rapporteur: Pilar del Castillo Vera (EPP, ES)

Opinions: ECON, IMCO, JURI, LIBE

Exchange of views with Commission representatives

Based on the Commission communication on cloud computing of 27 September 2012, the Commission representative associated the need for sustainable growth through innovation and competitiveness with cloud computing, its associated technology and businesses. He highlighted its potential for massive benefits, such as cost reductions for public administrations, scalable services for SMEs, etc. The EU had to face technology challenges by acting fast and decisively to facilitate the use of cloud services, to unleash its competitive advantages in respect of privacy and security, to build the trust of public and private sectors in services provided by cloud, and also to exploit the power of public spending to build the supply capacities. The latter was the aim of the European Cloud Partnership (ECP), the steering group of which had already met in July 2012. The cloud should emphasise the recognition and use of global standards to make cloud safer and more open to competition. In this context, he informed Members that the work on standards, coordinated by the European Telecommunications Standards Institute (ETSI), was progressing and the interim report would be available soon. The work on contract terms and conditions was also ongoing. He reiterated that the EU could not afford to fall behind as regards cloud development and it needed to accelerate in order to establish a leadership position. Against this background, he called for support and constructive feedback from the EP.

Members agreed with an enormous potential of cloud as a driver of growth and jobs creation. They endorsed the need for mutual standards, interoperability and data portability (Ms Trautmann (S&D, FR), Ms Țicău (S&D, RO)) for cloud to become truly competitive, as each cloud provider currently had its own interface (Ms del Castillo Vera (EPP, ES)). In this context, Ms Trautmann asked how the Commission strategy was going to guarantee a competitive edge for EU businesses. Regarding the security of contract terms and conditions, Ms del Castillo Vera advocated flexibility. Ms Țicău considered that they should not include any form of "abusive" clause preventing users from changing their provider. The security of networks (data-protection and cyber security) was also highly important and needed to be ensured (Ms Țicău, Ms Trautmann). Members also raised the issue of infrastructure and broadband given the cuts in CEF, confidence in cloud, and the need for a deadline for the digital switch-over for the public administrations and the ECP.

In relation to standards, the Commission representative stated that the Commission had so far only identified existing standards, with no intention of creating new standards. However, he considered it important to have internationally recognised standards. With regard to the ECP, he saw a need to work with the public authorities to identify innovative procurement procedures. As for the relationship between cloud and infrastructure, he was also concerned by the reduced budget, as it was important to have a powerful pan-European broadband and high-performing access and mobile networks to support cloud. In this context, he mentioned the use of public funds for further cloud development and informed Members that the Commission would provide a more detailed picture of what needed to be done by the end of the year.

<u>Timetable:</u>	mini-hearing:	30 May 2013
	further discussion:	8/9 July 2013
	deadline for amendments:	1 September 2013

Next meeting

- 13 May 2013, 15.00 – 18.30 (Brussels)
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