



Council of the
European Union

Brussels, 28 October 2014
(OR. en)

14691/14

IND 299
COMPET 587
MI 803
RECH 405
ECOFIN 969
ENV 853
ENER 436
DATAPROTECT 145

NOTE

From: Presidency
To: Delegations

No. prev. doc.: 14395/14 IND 294 COMPET 574 MI 782 RECH 398 ECOFIN 926 ENV 835
ENER 432 DATAPROTECT 140

Subject: Draft Council Conclusions on the Industrial Competitiveness Agenda

Delegations will find attached a revised version of the draft Council conclusions on the Industrial Competitiveness Agenda.

All changes to the previous version have been put in **bold and underlined**. Text that has been removed has been ~~struck through~~.

This text will be examined at the COMPCRO meeting on 29 October 2014.

DRAFT COUNCIL CONCLUSIONS
ON THE INDUSTRIAL COMPETITIVENESS AGENDA

THE COUNCIL OF THE EUROPEAN UNION

Having regard to the Commission's 2014 European Competitiveness Reports¹;

Having regard to its Conclusions of 25 September 2014²;

A. GENERAL INDUSTRIAL COMPETITIVENESS CONCERNS

1. WELCOMES the Commission Competitiveness reports and ACKNOWLEDGES their policy challenges posed by slow economic and productivity growth.
2. SUPPORTS the policy objective of halting the decline in value creation in European industry and INVITES the Commission to maximize the potential **synergies** for mainstreaming industrial competitiveness created by bringing together, **under one portfolio**, policies for internal market, industry, entrepreneurship and SMEs **and by setting up dedicated project teams in order to strengthen policy coordination and consistency, for mainstreaming industrial competitiveness in all the relevant policies**; in this context, WELCOMES the first report of the SME Envoys network as a contribution to the future development of the SME policy.

¹ Docs. 13141/14 and 13142/14.

² Doc. 13617/14.

3. RECALLS the need for investment, particularly **both** from the private **and the public** sector, to ensure the ability of European industry to compete with other regions of the world; CONSIDERS adequate access to finance, **stable regulatory frameworks, predictable and adjusted costs and a well-functioning internal market (energy, services, products)** to be ~~the single most important factors~~ for private investment.

4. WELCOMES the announcement by President-elect Juncker to present an investment programme within the first three months of his mandate; RECOGNISES the need for a high level of ambition and a broad scope of action along several strands of work and need for strong implication of the Competitiveness Council in the drawing-up and following-up of this plan, alongside other relevant Council's configurations; WELCOMES the Commission and the EIB work, in close cooperation with Member States, on concrete actions to facilitate investment and identify related bottlenecks ; CALLS upon the identification of projects of European relevance which include both "fast start" projects in order to support economic activity and longer term projects in the innovation field to boost the competitiveness and growth potential of the European economy and manufacturing industry in particular.

~~RECOGNISES the importance of public support and private financial resources, in particular risk capital, in encouraging growth, and of healthy internal and external demand conditions; ENCOURAGES Member States to use all available means to facilitate access to finance, particularly for SMEs, and to align themselves with the best practice in this area; CALLS on the Commission, the EIB and the Member States to make use of the full range of supply side support measures to enable SMEs to find a balanced combination of loans and equity financing.~~

4a. EMPHASISES the key role played by dynamic industrial frontrunner enterprises for the competitiveness of the European Union; ACKNOWLEDGES that frontrunners generate significant multiplier effects for growth and employment through inter-linkages with companies of all sizes including SMEs of other manufacturing and service sectors, high participation in global value chains and above-average levels of research and innovation efforts; CALLS on the European Commission to conduct a mapping exercise of industrial networks in Europe by mid-2015 in order to assess to what extent policy frameworks and instruments can be improved as to support industrial frontrunner enterprises.

5. REITERATES that the Council in its Competitiveness formation should carry out in a more structured and systematic manner its mandate to examine all relevant proposals that have substantial effects on competitiveness:

- by holding regular debates about the implementation of industrial competitiveness mainstreaming, ~~taking into account all policies likely to have a substantial effect on international, EU and Member States competitiveness,~~ based on information and data provided by the Commission;
- by better exploiting the European and Member States' Competitiveness reports in order to take stock of industrial mainstreaming implementation in priority areas, ~~such as access to finance, skills for innovation and targeted support measures, and to evaluate the need for action;~~
- by focusing on initiatives that are likely to ~~hamper~~ **have an impact on** competitiveness in the Strategic Work Programme of the Commission from 2015 ~~onwards and regularly scrutinize the impact of these regulations on industrial competitiveness.~~

B. MAINSTREAMING SECTORAL POLICIES

5a. INVITES the Commission to take a sectoral approach to removing further barriers to the development of enterprises by mobilising relevant policies such as trade policy, competition policy, RDI, the energy and climate framework, the Single Market, skills development, and the value they can add to manufacturing.

6. **LOOKS FORWARD to the Commission's 2015 reports on the state of the Internal Market for services and on the principle of mutual recognition, and in this context INVITES the Commission to take a sectoral approach to removing further unjustified and disproportionate barriers in the Single Market for services, starting with business services, and taking into account the value they can add to manufacturing.**

7. ~~CALLS on the Commission and the Member States to implement Smart Specialisation Strategies~~, setting priorities in order to build competitive advantage by developing and matching research and innovation strengths to business needs in order to coherently address emerging opportunities and market developments.

8. INVITES the Member States to increase the added value from their research and innovation systems in an environment of scarce resources, **in order to accelerate and support the transformation of research results into industry driven innovation targeting market needs while maintaining production in Europe** ~~including through adapting their measures in support of innovation to the specificities of types of innovation and businesses concerned as appropriate~~; EMPHASISES the importance of ~~ensuring that~~ research and innovation focuses **focussing on commercialisation and excellence, and ensuring** ~~taking into account the accessibility for SMEs, particularly for micro enterprises.~~ **CALLS for significant support to Key Enabling Technologies which are of utmost importance for industry.**

8a. CALLS for sectoral initiatives to be pursued by the European Commission, which should include both sectors facing economic change and high growth potential sectors.

9. ENCOURAGES the European Commission to work closely with Member States towards a more competitive and transparent defence market in Europe and a stronger European defence industry, and to stimulate cooperation and synergies in ~~dual-use~~ research and technology **while respecting internal rules and regulation**, in particular to support research institutes and SMEs, including in achieving cross-border market access.

9a. INVITES the European Commission to launch a dedicated security and cybersecurity industrial initiative in a strategic sector where the EU has an very innovative and competitive industry, a significant potential for growth and employment and needs to preserve her autonomy for some key technologies.

10. EMPHASISES that the EU is a global leader in various fields of bioscience and biotechnologies; RECOGNISES that the transition towards a bio-economy can enable Europe to take some major steps forward in terms of the low-carbon economy, innovation and competitiveness and can enhance its role on the international scene.

11. EMPHASISES that a successful transition to a resource-efficient economy and the implementation of a sustainable industrial policy should improve competitiveness and turn environmental challenges into business opportunities and high-quality jobs; In this context, WELCOMES the Commission's Green Action Plan for SMEs³, **and INVITES the Commission to report about the impact of new legislative proposals on industrial competitiveness, e.g. the proposal for a Directive on the reduction of national emissions of certain atmospheric pollutants and the proposal for a Directive on the limitation of emissions of certain pollutants into the air from medium combustion plants.**

³ Doc. 11616/14.

12. INVITES the Commission to **propose measures to ensure equal treatment of European productions and imports from third countries depending on their carbon content.**
consider the possibility to extend the Emission Trading Scheme also to importers from third countries.
13. CALLS on the Commission to assess the impact of the energy taxation Directive on **the industrial competitiveness of individual sectors.**, in particular with regard to the CARS 2020 Action plan and the European automotive strategy.
- ~~14. INVITES the Council to balance the draft Regulation and Directive on Data Protection with the interests of SMEs.~~
- ~~145.~~ CALLS ON the Commission and the Member States to step up their efforts to achieve a fully integrated internal energy market; EMPHASISES the importance of accessing new **environmentally sound** sources of energy, particularly in relation to the adoption of a coherent European climate and energy policy, promoting investment in new technologies to increase energy efficiency , investing in new, cross-border infrastructure and developing the necessary energy interconnections; CALLS on the Commission to take ~~special~~ account when designing its energy and climate policy of the ~~exposure~~ **situation** of energy-intensive industries **and more broadly assess through a competitiveness test the impact of this policy on industry** to energy price differentials vis-à-vis other countries; EMPHASISES the need for new initiatives on national raw material strategies to improve governance, exploration, extraction, and processing **and recycling**.
- 15. INVITES the Council to take into account the interest of SMEs, particularly of micro enterprises while drafting the Regulation and Directive on Data Protection, in particular as regards possible impact for access to finance.**

C. BUSINESS ENVIRONMENT

16. CALLS for an ambitious and open agenda for trade and internationalization, as well as for the promotion of European and international standards, recognising that it is necessary to continue efforts to improve access to markets worldwide, facilitating the integration **and strengthening the position** of European firms, ~~in global value chains~~ including support services ~~to enable the full participation of SMEs~~ **to consolidate Europe's position in global value chains**.
17. UNDERLINES the need for a stable, transparent and predictable regulatory framework that respects the specific needs of SMEs, **especially of micro enterprises, in particular through using the most efficient regulatory and non-regulatory tools, such as mutual recognition and harmonisation** and INVITES the Member States to simplify and streamline administrative procedures, especially when starting a company, applying for licenses, paying taxes, participating in public procurement, **providing cross-border services** exporting and settling legal disputes.
18. ENCOURAGES the Commission to continue the ambitious agenda regarding smarter regulation, minimising regulatory burdens without **lowering the existing protection standards for consumers, health, the environment and employees** ~~compromising basic levels of protection~~, for example in a ~~vertical~~ **sectoral** approach to product legislation bringing together regulations from across the Commission; **WELCOMES in this regard the Commission's efforts in pursuing the smart regulation agenda and in particular its REFIT programme**; ~~RECOMMENDS the Commission to work closely with Member States and stakeholders to identify further potential areas for simplification~~; RECOMMENDS the Commission to work closely with Member States and stakeholders to identify further potential areas for simplification; a specific platform for discussion in this context could be considered with a view to developing possible options for this approach.

19. INVITES the Commission to engage with stakeholders, particularly SMEs representatives, to deliver more services digitally and to remove all **unjustified or disproportionate** ~~non-essential~~ barriers to innovative market entrants; URGES the Commission to review all proposals to ensure they are innovation-friendly, taking into account the possibilities offered by digitalisation, that they avoid overly prescriptive approaches ~~and are based on scientific evidence, where appropriate.~~
20. **REITERATES its call** ~~CALLS~~ on the Commission **for systematic monitoring of implementation and better enforcement** ~~to adopt a zero tolerance approach to non-implementation~~ of Single Market legislation and to promote closer coordination between Market Surveillance Authorities, to ensure a level-playing field in enforcement and implementation; INVITES the Commission to present initiatives on further use of digital market surveillance and on how the ~~increasing interface between~~ **potential of digital** goods and services **in combination with traditional manufacturing processes** can be further supported through the Single Market.
-