



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from: General Secretariat of the Council
to: Delegations
Subject: Summary record of the meeting of the **Committee on Industry, Research and Energy (ITRE)** of the European Parliament, held in Brussels on 27-28 November 2013

The meeting was chaired by Ms Sartori (EPP, IT)(Chair) and Ms Toia (S&D, IT) (Vice-Chair).

1. Hearing on 'Using NER 300 and the Energy Recovery Plan to renew the energy sector'
ITRE/7/14522

Not covered.

Joint debate on Horizon 2020 - Joint Undertakings under Article 187 TFEU

2. Innovative Medicines Initiative 2 Joint Undertaking

ITRE/7/13392, 2013/0240(NLE), COM(2013)0495
Rapporteur: Teresa Riera Madurell (S&D, ES)
Opinions: BUDG, ENVI, JURI

3. Bio-Based Industries Joint Undertaking

ITRE/7/13375, 2013/0241(NLE), COM(2013)0496
Rapporteur: Lambert van Nistelrooij (EPP, NL)
Opinions: BUDG, ENVI, JURI

4. Clean Sky 2 Joint Undertaking

ITRE/7/13341, 2013/0244(NLE), COM(2013)0505
Rapporteur: Christian Ehler (EPP, DE)
Opinions: BUDG, ENVI

5. ECSEL Joint Undertaking

ITRE/7/13407, 2013/0234(NLE), COM(2013)0501
Rapporteur: Lena Kolarska-Bobińska (EPP, PL)
Opinions: BUDG, CONT

6. Fuel Cells and Hydrogen 2 Joint Undertaking

ITRE/7/13344, 2013/0245(NLE), COM(2013)0506
Rapporteur: Vladko Todorov Panayotov (ALDE, BG)
Opinions: BUDG, JURI

Ms Riera Madurell (S&D, ES), rapporteur on IMI2, focused on the issues where she saw some room for improvement, such as better alignment of the joint undertaking (JU) with Horizon 2020, greater transparency and accountability of the governance structure and stronger scientific steering. Concerning the budget, she announced that it was agreed with other rapporteurs to apply a 12.5% budget cut to all JUs, reflecting the overall reduction of the Horizon 2020 budget within the MFF. She also proposed to restrict the transfer of unused appropriations from the previous JU to the administrative costs related to its ongoing projects. The rest of the unspent budget should be transferred to the 7th Framework Programme (FP7) regular calls. She also mentioned the introduction of a new R&D intensity indicator, IPR policy, full compliance with the rules for participation and the consolidation of the Scientific Committee.

Mr van Nistelrooij (EPP, NL), rapporteur on bio-based industries, called for proportionality in budget cuts so that JUs could still meet their challenges.

Mr Ehler (EPP, DE), rapporteur on Clear Sky 2, suggested that all JUs be dealt with as a single package. He focused on the budget, greater harmonisation and coordination with Horizon 2020, additional leverage and discharge. Concerning the budget, he said that 12.5% could be an overall compromise, but it had to be in proportion to the challenges. He wanted funding for transport challenges under Horizon 2020 to be increased. In this context, he also proposed to shorten the duration of Clear Sky 2 from 2024 to 2020. With regard to the discharge, he called for individual discharge procedures, and was supported in this by the EPP and S&D groups. He also welcomed the fact that the Commission had learnt lessons from the mid-term review.

Mr Rübzig (EPP, AT), on behalf of Ms Kolarska-Bobińska, rapporteur on ECSEL, said it was essential to have independent production of embedded components to achieve competitive advantage. He highlighted education and continued professional education, and said it was vital that educational institutions should be teaching on the basis of the most recent knowledge. Regarding the discharge, he also thought that Parliament needed full control. He said that the budget for administrative spending should be higher and inquired about the reason for the variations in administrative costs for different JUs.

Mr Panayotov (ALDE, BG), rapporteur on FCH 2, emphasised that the development and deployment of these technologies would depend largely upon the availability of some critical raw materials. Consequently, he considered that the JU objectives should also target R&D&I towards finding substitutes and alternative materials. Concerning the discharge, he thought that the procedure should be the same as for the previous generation.

Several topics were raised during the following discussion. Regarding general/horizontal issues, Mr Tošenovsky (ECR, CZ) welcomed the fact that experience was drawn from the FP7, which was crucial for the success of JUs and reducing the administrative burden. He recalled that many potential participants stayed away because of red tape. However, there had to be monitoring, therefore he supported the proposed interim reviews. Ms Carvalho (EPP, PT) called for the rules on participation to be simplified as much as possible to align with Horizon 2020, and also called for greater transparency and exploration of synergies with the structural funds. Concerning the discharge, Mr Audy (EPP, FR) regretted the lack of codecision and said that the Commission wanted to deprive Parliament of discharge powers. He inquired whether the Commission had the right to do so. Ms Andrés Barea (S&D, ES) agreed that Parliament had to be involved and said that the S&D group would table amendments in this regard. Mr Johansson (ALDE, SE) shared their views. With regard to the budget, Ms Ford (ECR, UK) felt that applying a 12.5% reduction did not make sense. She was not convinced about the "haircut", as some areas had greater European added value than others.

Concerning IMI 2 in particular, Mr Audy thought that the amendment on increasing the success rate of clinical trials should be withdrawn. Regarding the broader participation, he wanted to see greater emphasis on the criterion of excellence. The performance indicator needed to be realistic and audits and checks strengthened. Ms Ford added that red tape should be avoided, whether it concerned affordability or the work of the scientific panel.

Regarding bio-based industries, Ms Andrés Barea (S&D, ES) referred to the need for consistency with Horizon 2020 and fostering greater regional involvement. She underlined that Parliament should be in a position to evaluate and review the programme. Mr Johansson stressed that the leverage effect had to be genuine, to create greater activity. He emphasised the need for coordinated planning and coordination with the structural funds, and the need to look at national cofinancing and private financing. He also highlighted transparency, special treatment for SMEs and sustainability options.

Concerning Clean Sky 2, Ms Ford focused on evaluations, methodology and audits in the context of confidentiality. Concerning governance, Mr Cancian thought that the current method had good results and he called on the Commission to take it into account. As to leverage, he pointed out that a system of loans was needed to allow for it. In addition, he felt that the suggested reduction in the budget could compromise the effect of this JU. Mr Prodi (S&D, IT) thought it was not necessary to line the JU up with Horizon 2020, as the industry structure needed to be retained and the supply chain needed to be ensured. He also called for greater involvement of SMEs.

On FCH, Mr Březina (EPP, CZ) saw the need to continue this promising technology. He pointed out that there was a gap in the business map with no strong players, which could create problems with financing from the private sector. Mr Correia De Campos (S&D, PT) supported openness and transparency. However, procedures had to be clear and a mid-term review had to be carried out by the Parliament.

The Commission representative welcomed the focus on open access, transparency and accessibility for newcomers, as well as general support for simplification. Regarding the discharge and Article 209, he said that the Commission had learnt from the first generation that the procedure was very bureaucratic and not very suited to public-private partnerships (PPPs). So this new provision had been introduced in the context of the new financial regulation. The price to be paid was that the discharge would be performed under the Commission's umbrella. He understood Parliament's hesitation, but said that there was written confirmation from JTI directors and industry that they were fully backing the use of this article. He specified that the Commission could not propose

derogations from Article 209. He also reiterated the need to avoid any additional red tape (referring, for example, to amendments on further advisory structures) and duplication of existing reporting obligations. Concerning the budget, he considered that COREPER discussions were encouraging, as they were close to the Commission proposal, reducing the budgets for IMI2 and FCH2 by only 5%. In this context, he said that the Commission did not prefer a haircut. The aim was that the budget should have a leverage effect, and the private sector should invest more in R&D. That was why the Commission was eager to introduce additional activities beyond the work programme of the JTIs, i.e. the commitment by industry to getting results to the market. The link to the structural funds was also important and the provisions now existed to enable these instruments to work together. As regards IMI 2 in particular, he was concerned about the budget reduction, as there was a need to attract new types of industry (such as medical imaging) and move towards more a personalised medicines agenda. He welcomed the scientific panel, but did not want to create a proliferation of advisory structures. Concerning Clean Sky 2, its duration was well in line with Horizon 2020, with last calls to be issued in 2020. As to ESCSEL, he assured MEPs that derogations would be kept to a strict minimum and would facilitate the participation of SMEs. He would also prefer a higher budget for administrative purposes.

Timetable: deadline for amendments: 2 December 2013, 12:00

7. Presentation of the Annual Market Monitoring Report by Alberto Pototschnig (Director ACER)

ITRE/7/14547

Mr Pototschnig, Director of ACER, and Lord Mogg, Chair of the ACER Board of Regulators, presented the annual report on monitoring the electricity and natural gas markets. Regarding the electricity market, there was still significant scope for further improving the use of existing infrastructure and the efficiency of trading. The transparency and monitoring of unscheduled flows was a high priority, and the implementation of adequate remedial actions to address loop flows was urgently needed. Concerning gas markets, the focus was on the promotion of conversion of long-term contracts into hub-based transactions for energy and bundled products for capacity and services and on the development of rules for trading at hubs, especially hub-to-hub (trading

regions). The aim was also to achieve harmonisation of the structure of cross-border transmission tariffs, as well as encouraging the coordination of gas and electricity markets in terms of flexibility and balancing. As regards the retail market, barriers to entry persisted - consumer switching behaviour, retail price regulation, the regulatory framework and the lack of full unbundling. The key findings were as follows: there was an increase in energy prices in spite of the economic downturn, market integration was improving, competition in the retail market was increasing and households were not switching suppliers. They recommended full transposition and implementation of the third energy package, development and adoption of the first set of network codes and their rapid implementation, remedial action and a solution for loop flows, promotion of liquidity in gas hubs, greater transparency in transport charges, work on removing consumer switching obstacles and full enforcement of consumer rights.

In the ensuing discussion, MEPs mainly addressed the following issues: gas price indexed to oil price, loop flows, consumer switching, the rise of energy prices and their link to investment capacity, country-specific recommendations given by ACER, funding for ACER, setting-up of energy mix, infrastructure, Gazprom and implementation in the context of Parliament's elections.

Regarding gas prices, Mr Pototschnig referred to the move from oil-indexed gas prices to hub-indexed gas prices that was happening on the market, the benefits of which were already becoming apparent to EU operators. Nevertheless, the lack of liquidity in most gas hubs was preventing those prices from becoming an obvious reference. He considered that development of rules for gas trading in hubs would promote their liquidity and make them a more attractive reference for trading.

Lord Mogg pointed out that only half of the price had to do with the energy price. Addressing the loop flows, Mr Pototschnig repeated that they needed a short-term remedy and a long-term solution. He felt that the only final solution was a stronger grid. As regards the switching, this had a lot to do with consumers' behaviour and price regulation. He thought it could be solved with a high level of consumer information and good competition on the market. Together with Lord Mogg, he reiterated that the energy mix was a national competence. Answering the question on the implementation linked to the Parliament's elections, Lord Mogg assured Members that the Commission was working on improving the pace of adoption. As to the vulnerable consumer, he pointed to different national measures, as a result of their various identifications. He said that it was a major governmental concern.

Horizon 2020 - Joint Undertakings under Article 187 TFEU (continuation)

8. Joint Undertaking to develop the new generation European air traffic management system (SESAR) as regards the extension of the Joint Undertaking until 2024

ITRE/7/13338, 2013/0237(NLE), COM(2013)0503

Rapporteur: Britta Thomsen (S&D, DK)

Opinions: BUDG, TRAN

The rapporteur highlighted the issues of conflict of interest and gender equality. She also stressed that SESAR had to be in line with Horizon 2020 research and innovation priorities as established in the "Smart, green and integrated transport" challenge.

MEPs agreed that the continuity of the JU was of crucial importance and were generally in favour of extending its timeframe without any changes to its current form. Nevertheless, some of them suggested that an analysis be carried out to see what kind of new projects could be developed. They also tackled the issues of transparency, simplification and the multi-fund approach.

Regarding a more explicit alignment with the research and innovation objectives established in Horizon 2020, the Commission representative recalled that, until 2016, SESAR would be supported by funds other than Horizon 2020. Concerning gender balance, he understood the reasons for promoting it, but pointed out that in some cases participation in boards was linked with functions in the Commission. As to conflict of interest, he believed that the proposed mechanism was already sufficiently well established to ensure protection. As regards the proposed analysis, he informed the meeting that the Commission had recently launched a second evaluation of the JU, which would be available next year. It was also currently preparing a working programme for the next phase, which would be finalised in next six months.

Timetable: deadline for amendments: 4 December 2013, 12:00

Joint debate - Horizon 2020 - Joint Programmes under Article 185 TFEU

9. Participation of the Union in the Active and Assisted Living Research and Development Programme jointly undertaken by several Member States

ITRE/7/13397, 2013/0233(COD), COM(2013)0500

Rapporteur: Claude Turmes (Greens/EFA, LU)

Opinions: BUDG, EMPL, FEMM

10. Participation of the Union in a second European and Developing Countries Clinical Trials Partnership Programme jointly undertaken by several Member States

ITRE/7/13414, 2013/0243(COD), COM(2013)0498

Rapporteur: Vicky Ford (ECR, UK)

Opinions: DEVE, BUDG, ENVI

11. Participation of the Union in a Research and Development Programme jointly undertaken by several Member States aimed at supporting research performing small and medium-sized enterprises

ITRE/7/13411, 2013/0232(COD), COM(2013)0493

Rapporteur: Miloslav Ransdorf (GUE/NGL, CZ)

Opinions: BUDG

12. Participation of the Union in a European Metrology Programme for Innovation and Research jointly undertaken by several Member States

ITRE/7/13403, 2013/0242(COD), COM(2013)0497

Rapporteur: Niki Tzavela (EFD, EL)

Opinions: BUDG, ENVI, REGI

Ms Ford (ECR, UK), rapporteur for EDCTP, fully supported the main objectives of the JU. She proposed to change the numerical formulation of certain targets set out in the annex (e.g. on the number of trials and supported countries) and wanted the list and description of diseases to be sufficiently broad in scope. She also advocated increased participation, coordination with entities with similar objectives, advertisement, exchange of best practices and additional transparency.

Mr Ransdorf (GUE/NGL, CZ), rapporteur for Eurostars-2, gave an extensive overview of the programme, its participants and financing. He highlighted his amendments on the Union's financial contribution (Article 5.2) and definition of research and development-performing SMEs. He clarified that the increase in the financial contribution for administrative costs was targeted at operational costs, such as participation fees.

Ms Tzavela (EFD, EL), rapporteur for EMIR, gave a brief outline of the main aims of the programme. She stressed that it required excellence that could not be guaranteed at national level only. In general, she supported the proposal and had made only a few technical amendments.

Mr Turmes (Greens/EFA, LU), rapporteur for AAL2, felt that the technology development should consider how to involve elderly people socially. In the context of the programme, he highlighted the issues of data protection and the importance of energy efficiency for technologies. He also spoke about the institutional settings that could affect participation. He agreed with Mr Ehler that the proposals should be dealt as a package.

During the discussion, MEPs made many comments. Concerning EDCTP, Ms Carvalho (EPP, PT) stressed the need to make it simpler (including governance) and cut unnecessary red tape. Cooperation with the European Development Fund should be strengthened. Moreover, she thought that the programme had a lot of capacity-building components and suggested that it should be targeted better. Ms Riera Madurell (S&D, ES) supported the previous speakers in the context of this programme. She added that the research would be meaningful only if accompanied by access to medicines.

Regarding Eurostars-2, Mr Johansson (ALDE, SE), together with Ms Mazej Kukovič (EPP, SI), advocated the bottom-up approach to enhancing research possibilities for SMEs. He also addressed the rules on participation. Ms Mazej Kukovič and Ms Toia (S&D, IT) stressed the need to ensure as few overlaps as possible and avoid double audits. Together with Mr Rübzig (EPP, AT), they also inquired about the proposed increase for administration costs. Ms Toia also intended to table amendments designed to ensure that the funding would achieve a leverage effect.

On AAL2, Mr Březina (EPP, CZ) disagreed with the rapporteur's suggestion that it be aligned with Horizon 2020 rules on participation. He thought that SMEs were attracted to the programme because of the national rules and warned that an ideal compliance might not lead to an ideal effect. Mr Ehler (EPP, DE) highlighted the issue of data protection, in particular in the context of medical data of elderly people. He repeated that all programmes should be treated as a package to be completed by March/April 2014.

The Commission representative agreed with the need for simplification. The Commission had learnt from the first generation and had tried to avoid overlaps with existing legal texts. Concerning EDCTP, he said that the targets had been introduced because they were lacking in the mid-term review. With regard to participation in Eurostars-2, he suggested tightening up the terminology to

avoid confusion by using "associated", which had a very precise meaning. Regarding AAL2, he supported stronger involvement of users. Concerning the opt-out from Horizon 2020 rules of participation, he explained that the Commission had sought the derogation in order to attract SMEs. As to its openness to other countries, he said that it was open, but it was not possible to provide EU funding for non-EU countries.

Timetable: deadline for amendments: 4 December 2013, 12:00

13. Briefing by the European Commission on TTIP negotiations (Transatlantic Trade and Investment Partnership)

ITRE/7/14500

In camera.

*** *Electronic vote* ***

14. Notification to the Commission of investment projects in energy infrastructure within the European Union and replacement of Council Regulation (EU, Euratom) No 617/2010

ITRE/7/12274, 2013/0082(COD), COM(2013)0153

Rapporteur: Adina-Ioana Vălean (ALDE, RO)

Opinions: ENVI, LIBE

The compromise text as agreed with the Council was adopted.

15. Trans-European telecommunications networks, and repeal of Decision No 1336/97/EC

ITRE/7/07678, 2011/0299(COD), COM(2013)0329

Rapporteur: Evžen Tošenovský (ECR, CZ)

Opinions: ECON, ENVI, IMCO, REGI, CULT, LIBE

The compromise text as agreed with the Council was adopted.

16. Measures to reduce the cost of deploying high-speed electronic communications networks

ITRE/7/12388, 2013/0080(COD), COM(2013)0147

Rapporteur: Edit Herczog (S&D, HU)

The draft legislative resolution was adopted (43 for, 6 against, 1 abstention). The opening of informal negotiations with the Council was approved (39 for, 8 against, 1 abstention).

17. Reindustrialising Europe to promote competitiveness and sustainability

ITRE/7/11138, 2013/2006(INI), COM(2012)0582
Rapporteur: Reinhard Bütikofer (Greens/EFA, DE)
Opinions: INTA, EMPL, ENVI, IMCO, REGI, FEMM

The draft report was adopted as amended (45 for, 5 against, 5 abstentions).

18. Deployment of the interoperable EU-wide eCall

ITRE/7/13030, 2013/0166(COD), COM(2013)0315
Rapporteur for the opinion: Adina-Ioana Vălean (ALDE, RO)
Responsible: TRAN

The draft opinion was adopted as amended (50 for, 1 against, 3 abstentions).

19. Copernicus Programme

ITRE/7/13114, 2013/0164(COD), COM(2013)0312
Rapporteur: Rapporteur: Vittorio Prodi (S&D, IT)
Opinions: BUDG, ENVI

The draft legislative resolution was adopted (50 for, 1 against, 2 abstentions). The opening of informal negotiations with the Council was approved (49 for, 2 against, 1 abstention).

20. Local and regional consequences of the development of smart grids

ITRE/7/13172, 2013/2128(INI)
Rapporteur for the opinion: Marita Ulvskog (S&D, SE)
Responsible: REGI

The draft opinion was adopted as amended (51 for, 1 against, 0 abstentions).

21. Disclosure of non-financial and diversity information by certain large companies and groups

ITRE/7/12731, 2013/0110(COD), COM(2013)0207
Rapporteur for the opinion: Bendt Bendtsen (EPP, DK)
Responsible: JURI

The draft opinion was adopted as amended (34 for, 15 against, 2 abstentions).

22. How can the European Union contribute to creating a hospitable environment for enterprises, businesses and start-ups to create jobs?

ITRE/7/13718, 2013/2176(INI)
Rapporteur for the opinion: Josefa Andrés Barea (S&D, ES)
Responsible: EMPL

The draft opinion was adopted as amended (38 for, 7 against, 1 abstention).

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

23. Monitoring, reporting and verification of carbon dioxide emissions from maritime transport and amendment of Regulation (EU) No 525/2013

ITRE/7/13207, 2013/0224(COD), COM(2013)0480

Rapporteur for the opinion: Marita Ulvskog (S&D, SE)

Responsible: ENVI

The rapporteur welcomed the proposal, but considered its timetable too long. She proposed removing the exemption for fishing vessels above 5000 Gross Tons, and said that companies which fell within the scope of the regulation should be able to choose between direct emission measurements and flow meters for applicable combustion processes. However, if no international agreement had been signed by 31 December 2015, she called on the Commission to propose a legislative text on emissions reductions.

MEPs reiterated that priority should be given to the international agreement and were in favour of an efficient and simple system without additional red tape. Regarding the proposal, they spoke about practicalities to ensure its implementation and acceptance by third partners.

The Commission representative said that emission reduction potential was very high for the maritime sector simply by improving the energy efficiency of ships. In addition, most of it was cost-effective, which put the sector in a unique position to achieve a lot with very little costs. Regarding the overall strategy of the Commission, the mid-term ambition was to go for market-based measures already implemented for other sectors or based on efficiency standards currently discussed at international level. The stage-approach to tackling emissions had three steps: monitoring, reporting and verification; definition of indicators; and setting efficiency targets. Based on international developments, the Commission advocated a prudent proposal that would reflect this situation and would give the IMO more time to discuss these new ideas and to agree on measures. In this context, the 2015 deadline might be too ambitious. He also said that the proposal aimed to put the lowest possible administrative burden on the sector by using documents already in use, so the costs for reporting would be marginal. With regard the scope of the proposal, he said that its limitation was proportionate and in line with international conventions. Moreover, fishing vessels were not subjected to the port State control directive.

Timetable: deadline for amendments: 4 December 2013, 12:00

24. Deployment of the eCall in-vehicle system

ITRE/7/13027, 2013/0165(COD) COM(2013)0316

Rapporteur for the opinion: Adina-Ioana Vălean (ALDE, RO)

Responsible: IMCO

The rapporteur welcomed and supported the Commission proposal. She focused on the clarifications of definitions, such as the call itself, the equipment, the network carrying the information and its receiver. She also tackled the third party supported eCall systems, that should be allowed to coexist with the 112 based eCall. Nevertheless, the 112 eCall service always needed to be available, at least as a back-up option. With regard to the in-vehicle telematics platform, she believed that other services should be dealt with in a specifically designed regulation. The eCall regulation should only focus on the emergency services provided through 112. Compatibility with Galileo and EGNOS should not be mandatory until they had become operable. She also proposed June 2016 as the date for the entry into force of this legislation.

MEPs raised several issues during the discussion, including third party solutions, open access platforms and how to combine accessibility with rapid roll-out of the eCall. They also voiced support for a postponed timetable. They inquired how the transitional period to Galileo operability could be tackled, whether it was possible to have an embedded or mobile phone system and whether existing types of cars had to comply with the legislation. They also discussed the information about the seriousness of the accident to be provided by the Galileo service and periodic testing of the system.

The Commission representative welcome the rapporteur's focus on emergency services. Regarding definitions, he welcomed the attempts to provide greater clarity, but advised that there should be no departure from existing standards. He also voiced concerns over the amendment on the Public Safety Answering Point. Concerning Galileo, he recalled that early services would be available in 2014, which would make testing possible. Regarding systems in existing cars, he assured MEPs that the requirements would only apply to new types of cars. He also informed MEPs that the proposal did not rule out mobile devices.

Timetable: deadline for amendments: 5 December 2013, 12:00

25. Feedback from ongoing trilogues (Rule 70(4))

ITRE/7/11854

Mr Tošenovský (ECR, CZ) and Ms Ulvskog (S&D, SE) briefed MEPs about the ongoing trilogues for their respective reports on guidelines for trans-European telecommunications networks and on electronic identification and trust services for electronic transactions in the internal market.

26. Hearing on 'The Commission's proposal on measures concerning the European single market for electronic communications'

ITRE/7/14521

Not covered.

Next meeting

- 2 December 2013, 15.00 – 18.30 (Brussels)
- 9 December 2013, 19.00 – 21.00 (Strasbourg)
- 16-17 December 2013 (Brussels)