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NOTE

From: Presidency
To: Permanent Representatives Committee/Council

Subject: *Preparation of the Council ("Competitiveness") of 4-5 December 2014*
Industrial Competitiveness - an agenda for growth and jobs
- Policy debate

The European Council of 26 and 27 June 2014 confirmed the priority given by the Heads of State or Government to employment, growth and competitiveness. The Strategic Agenda for the Union in times of change, adopted on that occasion, stresses more particularly the need to increase investment throughout the Union and to prepare our economies for the future. Important decisions have been taken in recent years to enhance the EU's capacity to invest in the real economy. In order to increase this effort and embark on a new stage, after the adoption of the Compact for Growth and Jobs in June 2012 and of the Investment Plan for Europe in June 2013 and in the light of the Jobs, Growth and Investment package of the President of the European Commission Jean-Claude Juncker, it is important to launch concrete actions that will bring rapid and effective results in support of sustainable growth.

Such concrete actions require additional efforts to boost Europe's capacity to grow and create more jobs. To do so, Europe needs to maintain and reinforce a strong and high performing industrial base. Strengthened governance and an effective mainstreaming of all policies impacting on industrial competitiveness will ensure that Europe keeps its global leadership in strategic sectors with high-value jobs such as the automotive, aeronautics, steel, engineering, space, chemicals and pharmaceutical industries among others. The combination of strengthened governance and effective mainstreaming should allow European industry to respond both to social and environmental changes with one clear and common strategy.

In order to reach the objective of fostering growth by reversing the decline in industrial value creation in Europe, an effective mainstreaming of industrial competitiveness in all relevant policies requires stronger policy coordination, maximizing also the potential synergies created in the new Commission by bringing together, under one portfolio, policies for internal market, industry, entrepreneurship and SMEs.

In this sense the Council, in its Competitiveness formation, should ensure this coordination taking into account interest of European industry, particularly SMEs, in order to avoid fragmentation in the way European targets are pursued across policies and sectors. "Policy coherence for competitiveness" (PCC) should be promoted across all areas, including legislative proposals, e.g. on climate change, energy taxation and data protection, in order not to create additional costs and threaten European industrial competitiveness.

From a methodological point of view, the CARS 2020 definition and implementation process, also through the establishment of CARS 2020 High Level Group, represents an example of a sectorial approach that could be applied to other sectors to implement the mainstreaming of industrial competitiveness.

In this context the High Level Working Group on Competitiveness and Growth has been established with the clear mandate to:

- monitor the state of Single Market integration and discuss the policy priorities set out in the relevant documents, including within the European Semester, providing guidance in that regard for EU action and promoting exchange of information and best practices among Member States;
- support the Council in its reinforced role of monitoring and mainstreaming competitiveness, in particular industrial competitiveness, across all relevant policy initiatives, particularly those based on Articles 114 and 173 TFEU.

1. Do you think that the Council in its Competitiveness formation should make specific recommendations related to initiatives undertaken by other Council formations which have an impact on industrial competitiveness? If so, which could then be the best way of ensuring coordination between other Council formations?

Europe needs to improve its business environment, facilitate access to markets and to finance, particularly for SMEs, and ensure that workers have adequate skills.

In this context, the Small Business Act (SBA) has set a milestone in the European process. As the first comprehensive SMEs policy framework for the EU and its Member States, aiming at creating favourable conditions for the growth and sustainable competitiveness of European SMEs, the SBA provides a framework of policy priorities, a move to improve the regulatory and administrative environment, an opportunity to share and exchange best practices.

To this end, the establishment of the SME Envoys' Network has been fundamental to encourage and assist Member States to better integrate the "Think Small First" principle, as part of national law and relevant policy measures. The important role of the Network in improving the monitoring of SME policy has been recognized by the Council in its meeting on 26 September 2013. At that meeting, Ministers agreed on the relevance of periodic reports of the Network to the Council in order to promote synergies and fruitful dialogue between the Network and the Council. The first SME Envoys' Report was discussed by the SME Envoys during the SME Assembly held in Naples last 3 October.

2. *How do you think that the Council could make full use of the SME Envoys' Report for a better informed evaluation of actions to be taken in order to improve SMEs competitiveness at European and national level?*
