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From: Permanent Representatives Committee (Part 1)
To: Council

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Subject: Industrial Competitiveness - an agenda for growth and jobs
- Draft Council conclusions on the Industrial Competitiveness Agenda
= *Adoption*

1. On 16 October 2014, the Presidency presented draft Council conclusions on the Industrial Competitiveness Agenda to the Working Party on Competitiveness and Growth (COMPCRO).
2. The Working Party examined the draft conclusions on 22 October, 29 October, 13 November and 20 November and reached a broad agreement on the text.
3. The Permanent Representatives Committee examined the remaining open issues at its meeting on 26 November 2014 arriving at an agreement in principle on the text.

4 The Council (Competitiveness), is therefore called upon to adopt the conclusions with the changes indicated as resulting from the Permanent Representatives Committee meeting.

Changes in relation to the previous document (15312/14) are in **bold underlined** for additions and in ~~strikeout~~ for deletions.

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 the Communication on Industrial Renaissance and with a view to the presentation, by the Commission, of a roadmap implementing it²;

A. GENERAL INDUSTRIAL COMPETITIVENESS CONCERNS

1. WELCOMES the 2014 Commission Competitiveness Reports and ACKNOWLEDGES the policy challenges posed by slow economic and productivity growth. INVITES the Commission to further improve and use the available data and tools for monitoring competitiveness and to present more systematically the policy implications that can be drawn from existing competitiveness, innovation and better regulation studies and scoreboards, enhancing the sector perspective in these, including both a cumulative cost and benefit and international comparative evaluations;
2. SUPPORTS the policy objective of fostering growth by reversing the decline in industrial value creation in Europe and WELCOMES in this regard the Commission's approach to exploit synergies created by bringing together, under one portfolio, policies for internal market, industry, entrepreneurship and SMEs, as this will contribute to mainstream industrial competitiveness in all the other relevant policies; in this context, WELCOMES the presentation of 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. 5489/14.

3. RECALLS the need of improving conditions for investment both from the private and the public sector, to ensure the ability of European enterprises to compete with other regions of the world; SUPPORTS the conclusion of the 2014 Competitiveness Report that adequate access to finance is a critical factor for private investment and growth, along with stable regulatory frameworks and well-functioning labour, product and service markets, and RECALLS the need to **remove obstacles to and** promote new ~~types of~~ debt and equity financing, such as venture capital, crowdfunding, subordinated loans or mezzanine financing and ensuring arrangements for their effective delivery to enterprises;
4. WELCOMES the announcement by Commission President 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 the need for a strong involvement of the Competitiveness Council in drawing-up and following-up this plan, alongside other relevant Council's configurations;
5. EMPHASISES the key role played by innovative enterprises integrated in value chains for the competitiveness of the European Union; ACKNOWLEDGES that these enterprises 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 explore to what extent policy frameworks and instruments can be improved to support such enterprises while respecting the rules of the Single Market; INVITES Members States to support in their policies the transformation of Research, Development and Innovation results into products in order to maintain a strong, competitive, industrial base in Europe;

- 5bis. RECOMMENDS smart specialisation **as an approach to prioritising investments and** as a reference for the establishment of cross-sectorial and cross-border links for the promotion of innovation; REITERATES the importance of clusters for the promotion of competitiveness and the establishment of network partnerships;
6. CALLS for an ambitious, fair and open agenda for trade and internationalization, as well as for the promotion of European standards at international level, 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, always taking into account proper protection of consumers, health, the environment and employees;
7. UNDERLINES the need for a stable, transparent and predictable regulatory framework for businesses that takes into account the specific needs of SMEs, especially micro-enterprises in particular through using the most efficient regulatory and non-regulatory tools, such as mutual recognition, harmonisation and standardisation; INVITES Member States to simplify and streamline administrative procedures, especially for starting a company, licensing, taxation, exporting and legal disputes;
8. INVITES the Commission to engage with stakeholders, particularly SMEs representatives, to explore ways of encouraging businesses to deliver more services digitally and thereby making better use of the opportunities for cross-border activity offered by the Single Market, and to remove all unjustified or disproportionate barriers to innovative market entrants; URGES the Commission, in particular through impact assessments, to review new proposals to make sure they are innovation-friendly, fit for the digital age and technology-neutral;

9. REITERATES its call on the Commission for systematic monitoring of implementation and better enforcement of Single Market legislation through a strong governance framework and promotion of closer cooperation between Market Surveillance Authorities, to ensure a level-playing field throughout the internal market, while respecting the principles of subsidiarity and proportionality;

B. MAINSTREAMING SECTORAL POLICIES

10. INVITES the Commission to take a modern, sustainable and innovative sectoral approach to removing unjustified and disproportionate barriers to the development of enterprises by mobilising all relevant policies;
11. LOOKS FORWARD to the Commission's mid-2015 reports on the state of the Internal Market for services and on the principle of mutual recognition, which should deliver a legal and economic state of play as regards the remaining regulatory and non-regulatory barriers and suggest concrete solutions for the way forward; HIGHLIGHTS the need to remove unjustified or disproportionate barriers to the Single Market for services, including in the business services sector, given the value they can add to manufacturing, and to the Single Market for goods;

12. INVITES the Commission in the upcoming Roadmap to come forward with concrete proposals on how to deal with critical challenges and opportunities for European industry, including smart industry, digitalisation, bio-based economy, Key Enabling Technologies, resource efficiency, a stable and sustainable supply of raw materials, energy costs and a fully integrated and interconnected internal energy market **and, as agreed in European Council conclusions in October 2014, the need that existing measures will continue to prevent the risk of carbon leakage due to climate policy with the objective of providing appropriate levels of support for sectors at risk of losing international competitiveness.** In this context, WELCOMES the Commission's Green Action Plan for SMEs³ and the Commission's Communication on a circular economy⁴;
13. CALLS for sectoral initiatives to be pursued by the Commission, whenever the challenges to competitiveness and the need to maintain a strong industrial base recommend it, which should include both sectors facing economic change and high growth potential sectors;
14. REITERATES the central role of the Competitiveness Council in encouraging all these objectives, including through a greater input to the European Semester, notably through a strengthened institutional capacity and more effective governance mechanisms;
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³ Doc. 11616/14.

⁴ Doc. 11592/1/14 REV 1.