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NOTE

From: The Chair of the High Level Working Group on Competitiveness and Growth

To: Permanent Representatives Committee/Council

Subject: Stock-taking of December 2013 Competitiveness Council Conclusions – report from the High Level Working Group on Competitiveness and Growth
- *Information from the Presidency and the HLG Chair*

Delegations will find in Annex a Letter from the Chair of the High Level Working Group on Competitiveness and Growth on stock-taking of December 2013 Competitiveness Council Conclusions to be submitted to the Permanent Representatives Committee and the Competitiveness Council on 28 May 2015.

**HIGH LEVEL WORKING GROUP
ON COMPETITIVENESS AND GROWTH**

Chair

Dear Ambassadors,

Based on the mandate given in the HLG Work Programme, as approved by COREPER on 20 February 2015, at its meeting on 6 May 2015 the HLG undertook a stock-taking of previously adopted Council Conclusions in order to ascertain the progress made on the Council's previous requests. The exercise helped to establish an overview of how Member States and the Commission have responded to the 'requests' addressed to them, either separately or jointly, in areas including the internal market and industry, and to assess the extent to which progress had been made.

To provide a framework for the initial discussion on the stock-taking exercise, the HLG focused its evaluation on Competitiveness Council Conclusions that have acquired sufficient maturity (no later than 12-18 months after adoption), namely the Council Conclusions on Single Market Policy and on European Industrial Policy adopted in December 2013 under Lithuanian Presidency.¹ A table setting out commitments based on policy areas and the corresponding state of play is provided in Annex 1 to this Note. Tasks in the table are numerated sequentially, based on adopted Council Conclusions.

Assessment

In December 2013, the Competitiveness Council adopted Conclusions on Single Market Policy and on European Industrial Policy. Both sets of Conclusions set out 29 policy areas/tasks and, in 13 of these cases, tasks included a clear timetable for delivery in order to ensure progress towards their implementation.

¹ Docs. 16443/13 and 17202/13.

At its meeting on 6 May 2015, the HLG Members welcomed the first stock-taking exercise and indicated that it could contribute to improving the quality of future Council Conclusions by making them more focused and encouraging the setting of clear targets and timetables for delivery. They recognised the modest progress achieved in implementing previous commitments but also stressed that further effort is required in order to attain our objectives in the areas of Internal Market and Industry.

The HLG highlighted that regular follow-up should be carried out in order to raise understanding of the state of play at both national and European levels, and to allow the Competitiveness Council to identify achievements and good practices, as well as areas where more work is required.

The first discussion dealt with areas where there had been insufficient action, and highlighted priority areas to be tackled in future. These areas are, but are not limited to, the application of the mutual recognition principle, removing remaining obstacles to a fully functioning Single Market for services, assessing the results of *the peer review* under the Services Directive, providing guidance on proportionality, operationalization of the Points of Single Contact, and the setting of indicators to measure the economic effects of the application of Single Market rules.

A number of Member States underlined the importance of improving framework conditions for European industry, and asked the Commission to provide a roadmap for fostering industrial competitiveness and to present an analysis of the composition and drivers of energy prices and costs in Member States.

Among other issues raised during the stock-take were the Digital Single Market, public procurement, aspects of Single Market governance and Better Regulation, and the need for effective implementation, enforcement and monitoring of EU legislation. A number of Member States deplored the absence of a Internal Market Integration Report for 2015.

Delegations also expressed the hope that most of the issues identified in the stock-take would be picked up by the Commission in its upcoming Internal Market Strategy for goods and services, which the Competitiveness Council has previously called on the Commission to deliver as soon as possible in the second half of 2015.

Next steps

Delegations emphasised the role of the HLG in providing regular monitoring, reporting and discussion of previous Competitiveness Council Conclusions, which could contribute to an enhanced and more consistent implementation of Conclusions.

In order to create an appropriate mechanism which would provide feed-back to the Council on HLG deliberations, it was considered appropriate to inform the Competitiveness Council on the outcome of the above discussion and stock-taking exercise. It was also agreed that regular updates on such deliberations could also help the Competitiveness Council to be even more effective in its future actions to make the Single Market a successful tool for growth and jobs, and the further improving Europe's industrial base.

There was also emphasized the need for more focused discussions on different sectors and policy areas included in the Competitiveness Council Conclusions.

The HLG agreed to further improve the methodology of stock-taking exercises, and concluded that Trio-presidencies have a special role in monitoring the progress. The group agreed that the next stock-taking could take place before the end of 2015.

Therefore, the Permanent Representatives Committee is invited to take note of the information set out in this Letter, with a view to submitting it to the Competitiveness Council on 28 May 2015.

Yours sincerely,

Zaiga Liepina

Industry and Internal Market related Council Conclusions

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| NO. | SOURCE | POLICY AREA/TASK | ANALYSIS | |
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| | | | ASSESSMENT | COMMENTS AND NEXT STEPS |

(1) Governance

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| 1. | Council Conclusions on Single Market Policy (16443/13) | <i>Streamlining existing structures (HLG) (Para. 1, 3)</i> | Substantial progress | In February 2015 a self-standing HLG COMPCRO with stable membership, permanent/trio chair was established. The HLG work programme for 2015 was adopted. |
| 2. | Council Conclusions on Single Market Policy (16443/13) | <i>Monitoring of implementation of the Single Market rules, inter alia through the Country Specific Recommendations under the European Semester; improving the analytical framework of the annual single market integration report, in particular by taking a business perspective on Internal Market barriers (Para. 2, 4, 6)</i> | Ongoing | The 2014 European Semester was kick-started by the Commission's publication on 13 November 2014 by Annual Growth Survey and Alert Mechanism Report. The Commission has published the country-specific recommendations for each Member State, along with an overarching communication. |

(2) Internal Market

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| 3. | Council Conclusions on Single Market Policy (16443/13) | <i>Set of qualitative and quantitative indicators by the end of 2014 measuring inter alia the economic effects of application of Single Market rules, based on currently existing sources and data available to the Commission (Single Market Scoreboard) (Para. 5)</i> | Limited progress | The July 2014 edition of the Scoreboard for the first time featured Member States performance in two policy areas, based on a set of indicators: public procurement and postal services. No further Scoreboard-suitable areas has been identified. |
| 4. | Council Conclusions on Single Market Policy (16443/13) | <i>Identify sectors and markets where the application of the principle of mutual recognition is economically most advantageous but is insufficient of problematic (..) and report its findings to the Council by mid-2015 (Para. 8)</i> | Ongoing | The evaluation of the principle of mutual recognition is on-going. |
| 6. | Council Conclusions on Single Market Policy (16443/13) | <i>Enhance coordination of Single Market governance tools (Para. 11)</i> | Substantial progress | In order to make it easier for citizens and businesses to access the right service, SOLVIT and Your Europe Advice the Commission have developed a common intake form for queries. The Commission has started work on the concept and possible implementation of a "Single Digital Gateway" as one online access point for citizens and businesses to all Single-Market related information, assistance, advice and problem-solving mechanisms, contact points and procedures. This would cover and much better link and improve all governance tools. |

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| 7. | Council Conclusions on Single Market Policy (16443/13) | <i>Provide better functioning of IMI (Para. 12)</i> | Completed / Ongoing | <p>Improvements of system functionality based on end-user feedback are carried out on regular basis.</p> <p>In September 2014 version 7.0 was released. Main results:</p> <ol style="list-style-type: none"> 1) Increased number of IMI requests: 46% increase in the number of requests sent on a working day since 2013; 2) Decrease in need for technical support in terms of authority management; 3) Ongoing all user survey: 65% of respondents state that the new version is more user friendly. |
| 8. | Council Conclusions on Single Market Policy (16443/13) | <i>Present roadmap for reinforcement of SOLVIT (Para. 13)</i> | Completed | The roadmap has been presented to Member States at the SOLVIT Workshop in October 2014. |
| 11. | Council Conclusions on Single Market Policy (16443/13) | <i>Improve the Points of Single Contact by the end of 2014 (Para. 18)</i> | Limited progress / Ongoing | <p>Following the endorsement of the PSC Charter, the Commission has started an evaluation to determine to what extent the Member States have improved the functioning of the PSC.</p> <p>The outcome of the study will help to provide possibilities to improve the functioning of the PSCs, which will be part of the Single digital gateway exercise.</p> |
| 12. | Council Conclusions on Single Market Policy (16443/13) | <i>To present by mid-2015 an analysis of remaining obstacles to a fully functioning Single Market for services, and the effectiveness and consistency of the existing legal framework, and to assess how those rules work on the ground (Para. 19)</i> | Ongoing | The Commission has started work on a report outlining the remaining barriers to services in the Internal Market. It will likely be presented during the fourth quarter of 2015 together with the Internal Market Strategy. |

(3) Business Environment and Better Regulation

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| 5. | Council Conclusions on Single Market Policy (16443/13) | <i>Provide the information about relevant national rules and procedures to the Your Europe portal and explore and exploit synergies between the information at EU and at national level in order to avoid duplication (Para. 10)</i> | Ongoing | All measures foreseen in Action Plan to boost the Your Europe portal were implemented by the end of 2014. However further improvements of content at EU and national level is needed. |
| 21. | Council Conclusions on European Industrial Policy (17202/13) | <i>The need for further streamlining of legislation and removing unnecessary regulatory burden (Para. 7)</i> | Substantial progress | The Commission has made progress achieving the commitments made in the REFIT Communication of June 2014. In the Commission Work Programme 2015, 80 proposals pending before the legislator were withdrawn as they were found not "fit for purpose". In May 2015 the Commission is going to present a comprehensive Better Regulation Package including: 1) a state of play of on-going REFIT measures; 2) new REFIT measures; 3) a draft inter-institutional Agreement on Better Law Making; 4) new integrated guidelines for impact assessment, evaluation and public consultation. |

(4) Services

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| 9. | Council Conclusions on Single Market Policy (16443/13) | <i>The Council should review the results of the peer review under the Services Directive and achieved progress by the end of 2014 and on annual basis. Provide guidance on the concept of proportionality and</i> | Limited progress | The Commission is closely following the national reforms at the Member States level, so it is well placed to evaluate the progress thereof. |
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| | | <i>share best practice (Para. 14-15)</i> | | The "proportionality guidance" has not been elaborated and the Council has once again called for it in its latest Conclusions on Single Market adopted by the COMPET Council on 2 March 2015. |
| 10. | Council Conclusions on Single Market Policy (16443/13) | <i>Swiftly and timely implement the revised Directive of Mutual Recognition of Professional Qualifications (Para. 16-17)</i> | Ongoing | The implementation task is in process. The transposition period of the Directive is by 18 January 2016. |
| 13. | Council Conclusions on Single Market Policy (16443/13) | <i>Discuss the objectives and methodology for the performance check in the retail sector and present its results/actions in spring 2015. Establish HLG on Retail Competitiveness and report its work progress to Council in spring 2015 (Para. 20-21)</i> | Substantial progress | Discussions with the Member States took place in 2014 based on the information gathered through a questionnaire and based on that the first draft of potential best practices on retail establishment has been prepared. The Commission is awaiting Member States' comments. |
| 14. | Council Conclusions on Single Market Policy (16443/13) | <i>Assess the effect and application of the Principles of Good practice established in the Supply Chain Initiative and report to the Council in 2015 (Para. 22)</i> | Substantial progress | The study "Monitoring of the implementation of principles of good practice in vertical relationship in the food supply chain" has been launched by the Commission in 2014. The Commission adopted a Communication on unfair trading practices in the food supply chain in July 2014 (COM (2014) 472 final) and has launched an independent study. Findings are likely to be reported in the first quarter of 2016. |

(5) Procurement

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| 15. | Council Conclusions on Single Market Policy (16443/13) | <i>Promote the transition to end-to-end e-procurement and use of e-invoicing and discuss in the new Multi-Stakeholder Forum the actions and best practices promoting transition to end-to-end e-procurement and report to the Council by end of 2015 (Para. 24-27)</i> | Ongoing | Two meetings of the Multi-stakeholder forum on e-procurement (EXEP) have been held in 2014 and next one is planned for June 2015. |
| 25. | Council Conclusions on European Industrial Policy (17202/13) | <i>Issue practical guidance on how the new public procurement Directives can facilitate the procurement of innovative solutions (Para. 10)</i> | Substantial progress | The Commission is assisting the Member States in the transition process of new Public procurement Directives 2014 by organizing regular meetings of Advisory Committee on Public Contracts. In 2014 the Commission has published guides "Public Procurement as a Driver of Innovation in SMEs and Public Services" and "Guidance for public authorities on Public Procurement of Innovation". |

(6) Industrial Policy and Competitiveness

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| 16. | Council Conclusions on European Industrial Policy (17202/13) | <i>The need for ambitious actions of Member States and the EU to allow industry to improve its competitiveness (Para. 2)</i> | Limited progress/ Ongoing | After the December 2013 COMPET Council, the Commission has issued in January 2014 the communication proposing concrete actions for the mainstreaming of industrial competitiveness. The Member States have developed industrial strategies in the recent past, with uneven levels of ambition though. |
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| 17. | Council Conclusions on European Industrial Policy (17202/13) | <i>Stable and predictable competitive framework for European industry that enhances productivity growth in manufacturing and services (Para. 3)</i> | Limited progress | <p>The Commission has made efforts to increase consistency in the development of the Commission's proposals.</p> <p>Work on European industry framework is on-going:</p> <ol style="list-style-type: none"> 1) Energy supply – Energy Union package presented in February 2015; 2) Raw materials – a part of sectorial initiatives, e.g., steel, cars, defence; 3) Single Market strategy to be delivered in 2nd half of 2015; 4) Digital Single Market package delivered on 6 May 2015. |
| 18. | Council Conclusions on European Industrial Policy (17202/13) | <i>Extend the scope of annual reports to assess on how industrial competitiveness dimension is integrated into all relevant EU policy areas; presentation of Commission's industrial policy package to promote, and create the policy framework for investment in the competitiveness and modernisation of European industry and related services (Para. 4)</i> | Limited progress | <p>In addition to the policy package presented in January 2014, alongside with the Energy and Climate package, the Commission has undertaken important initiatives on investment and for the modernisation of industry.</p> <p>The Commission has issued Industrial Policy Package and Industrial Renaissance communication. However the Industrial Policy Roadmap has not been delivered.</p> |
| 20. | Council Conclusions on European Industrial Policy (17202/13) | <i>Implementation of sectorial initiatives by the Commission (Para. 6)</i> | Substantial progress | <p>The Commission is delivering this on an ad hoc basis. Several sectors were worked on, for example, steel, defence, automotive (Cars 2020), construction (Construction 2020).</p> <p>Impact Assessments of several sectors have been conducted in form of the Competitiveness proofing to analyse the impacts of new policy proposals on enterprise competitiveness.</p> |

(7) Digital Single Market

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| 19. | Council Conclusions on European Industrial Policy (17202/13) | <i>The need to complete the Digital Single Market by 2015 (Para. 5)</i> | Ongoing | The Commission presented the Digital Single Market package on 6 May 2015. |
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(8) Energy Policy

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| 22. | Council Conclusions on European Industrial Policy (17202/13) | <i>The need to complete the internal energy market by 2014 and develop interconnections so as to put an end to any isolation of Member States by 2015 (Para. 8)</i> | Substantial progress | <p>In January 2014 the Commission has adopted the 2030 Climate and Energy policy framework package.</p> <p>In October 2014 the European Council adopted the 2030 framework and mentioned energy prices challenges in its conclusions.</p> <p>In February 2015 the Energy Union package was adopted, where one of the five dimensions is devoted to the internal energy market. A target of 10% was also decided for electricity interconnections.</p> <p>Energy Union Communication highlights the possible way forward.</p> <p>The Riga process has been launched in order to facilitate the elaboration and adoption of the Energy Union Strategy.</p> |
| 23. | Council Conclusions on European Industrial Policy (17202/13) | <i>Present an analysis of the composition and drivers of energy prices and costs in Member States by the end of 2013 (Para. 8)</i> | Limited progress | Review of the report on energy prices and costs is foreseen in 2016 as one of the actions of the Energy Union package adopted in February 2015. |

(9) Access to Finance

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| 24. | Council Conclusions on European Industrial Policy (17202/13) | <i>The need to boost public and private investments (Para. 9)</i> | Substantial progress | In first half of 2015 the EFSI Regulation is expected to be adopted. European Investment Advisory Hub and Investment Project Pipeline will be established to support the goals of the European fund for strategic investments. The Commission has introduced SME Instrument facility, however it has a rather passive uptake by Member States. |
| 27. | Council Conclusions on European Industrial Policy (17202/13) | <i>Identify the bottlenecks created by the fragmentation of the financial markets; create favourable framework conditions for venture capital, business angel networks, crowd-funding and other financial instruments (Para. 12)</i> | Limited progress / Ongoing | In July 2014, within the frame of State Aid Modernisation (SAM) initiative, the Commission adopted revised guidelines for supporting firms in difficulty. On 18 February 2015, the Commission has launched Green Paper consultation on the Capital Markets Union (CMU). The aim of the CMU is to reduce fragmentation in financial markets, diversify financing sources, strengthen cross-border capital flows, and improve access to finance for businesses, particularly SMEs. In 2014, to boost funding opportunities for SMEs new financial instruments in the form of loan guarantees and equity under the COSME has been launched. |

(10) Entrepreneurship and SMEs

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| 26. | Council Conclusions on European Industrial Policy (17202/13) | <i>The Commission and the Member States fully implement the Entrepreneurship 2020 action plan (Para. 11)</i> | Limited progress / Ongoing | Commission has made progress on their side. However, at the Member States level there is a need to strengthen the cooperation of administrations to support the implementation of the plan. |
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| 29. | Council Conclusions on European Industrial Policy (17202/13) | <i>Network of SME Envoys – report on a regular basis on the implementation of the Small Business Act to the Council (Para. 15)</i> | Substantial progress / Ongoing | The first report was presented to the Competitiveness Council on 4 December 2014. Next report is expected by the end of 2015. |
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(11) Internationalisation

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| 28. | Council Conclusions on European Industrial Policy (17202/13) | <i>Explore the possibility of carrying out research into subsidies granted outside the EU; ensure the Trade Defence Instruments effectively addresses the practices of unfair competition; fight all forms of protectionism, including NTBs (Para. 14)</i> | Substantial progress | <p>The Commission carries out, on a regular basis, studies to explore market distortions caused by subsidies granted outside the EU. An example of this is the "Study on the international market distortion in the area of KETs: A case analysis".</p> <p>In 2013, the Commission adopted a proposal to modernise the anti-dumping and anti-subsidy instruments in an effort to improve them in the face of changes in international trade practices. This proposal is now subject to the normal legislative process with the European Parliament and the Council.</p> <p>The EU works to improve market access conditions for EU exporters where they have been blocked or distorted and closely monitors potentially protectionist tendencies at global level through the Trade and Investment Barriers Report issued every year and by contribution to similar the WTO and G20 reports.</p> |
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