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NOTE

From: Presidency

To: Permanent Representatives Committee/Council

Subject: *Preparation of the Council ("Competitiveness") of 1 October 2015*
Competitiveness check-up: Economic developments and mainstreaming of competitiveness across all policy areas

- Presentation by the Commission and Presidency
- Exchange of views

PREPARING THE FIRST EDITION OF THE “COMPETITIVENESS CHECK-UP”

PRESIDENCY BACKGROUND PAPER

At the 1 October Competitiveness Council, the Luxembourg Presidency will host the first edition of the “Competitiveness Check-up” (hereafter the “Check-up”) as the first point on the agenda.

The objective of the present note is to provide the Member States with general background information regarding the logic behind the “Check-up” as well as the proposed content and format.

The idea of introducing the “Check-up” and its various proposed components was presented and discussed at various occasions. It gathered strong support from the Member States both during the lunch debate of the March 2015 Competitiveness Council, under Latvian Presidency, and at the informal meeting of Ministers responsible for Competitiveness in Luxembourg on 20 July 2015.

Now it is time to put the idea into practice.

Context

Some months after its creation, the Competitiveness Council was given a broad mandate by the March 2003 European Council to be “*effectively consulted within the Council’s decision-making processes on proposals considered likely to have substantial effects on competitiveness, alongside the responsibility of all Council formations to assess the impact of their work field*”.¹ At the same time the European Council stated that the Competitiveness Council “*must actively assume its horizontal role of enhancing competitiveness and growth (...), reviewing on a regular basis both horizontal and sectoral issues.*”

Throughout the years, the functioning of the Competitiveness Council and the implementation of its mandate have been a recurring issue that was discussed under a number of Presidencies.

Overall there has been a large consensus regarding the need for developing new working methods in order to improve the effectiveness of the Competitiveness Council.

In September 2014, under Italian Presidency, it was therefore agreed that the Competitiveness Council should “*carry out in a more structured and more systematic manner its mandate to examine all relevant proposals that have substantial effects on competitiveness*”, and that it should “*hold regular debates about the implementation of industrial competitiveness mainstreaming [called for by the March 2014 European Council], based on information to be provided by the Commission.*”²

¹ Doc. 8410/03

² Doc. 13338/14

Under Italian Presidency, it was also decided to formalise the setting up of the “High Level Group on Competitiveness and Growth”, so as to facilitate the work mentioned above.

With the “Competitiveness Check-up”, the Presidency suggests to put in place a new working method in order to better put into practice the broad mandate at Council level – both as regards the analysis of horizontal and sectoral economic issues as well as the monitoring of competitiveness mainstreaming.

The “Check-up” is also meant to improve the dynamic of Competitiveness Council meetings by making them more spontaneous and interactive.

The content of the “Check-up” should be broad and flexible – with issues raised varying between one Council meeting to the next – so as to allow Ministers to respond to urgent issues and the most recent developments in all areas of relevance to the real economy.

“Competitiveness Check-up” – proposed structure

As announced at previous Council meetings, the Presidency suggests organising the “Check-up” in two parts:

- a. A short debate about the latest economic trends and figures. The debate will be based on a short presentation delivered by the Commission, which will focus on micro-economic issues – the core business of the Competitiveness Council.
- b. Followed by a short debate on competitiveness mainstreaming, which will be introduced by the Presidency.

The Commission presentation is meant to provide Ministers with some up-to-date facts and figures and to highlight specific areas of interest. The idea is to focus each time on a limited number of interesting figures and issues at each meeting of the Competitiveness Council, depending on the availability of new data and latest economic developments.

The debate on competitiveness mainstreaming will be facilitated by a short informal Presidency non-paper – the “Presidency mainstreaming list” – distributed to Member States in the week preceding the Council. This non-paper is meant to provide an indicative and non-exhaustive list of current and upcoming initiatives that are likely to have a significant impact on competitiveness, including initiatives falling within the remit of other Council formations. Its objective is to provide Ministers with an informal overview of key files for competitiveness mainstreaming, thereby helping the Competitiveness Council to better fulfil its mandate.

To facilitate the Competitiveness Council’s monitoring role regarding the integrity and the well-functioning of the Internal Market, initiatives with an Internal Market legal basis (Article 114 TFEU) will be highlighted specifically on the list.

What is expected of the Ministers?

Ministers are invited to react spontaneously to the presentations that will be given by the Commission and by the Presidency on the two items mentioned above.

In view of the discussion, it is important to keep in mind that the “Check-up” has to be seen as an innovative working method that should allow for interactive discussions.

Therefore the Presidency is not providing questions for discussion, and delegations are encouraged not to prepare speaking points (which would not fit with this interactive format). The Presidency does not intend to hold formal, complete “tours de table”, and it is not necessary for each Minister to intervene, nor is it required to share national positions on the various elements that will be presented.

The informal, open character of the “Check-up” should constitute the main added value compared to the usual format of debates held by the Council. It should allow Ministers to discuss current affairs regarding the real economy, comment on topical issues and share their priorities and concerns – including urgent issues identified at national level. The “Check-up” should also facilitate Ministers’ external communication on the content of Competitiveness Council meetings.

The spontaneous character of the “Check-up” therefore also implies, and indeed goes hand in hand with, a different way of preparing the discussions. The Presidency is therefore calling on Member States to be flexible and open to this new working method.

What should be the outcome of the “Check-up”?

In operational terms, the outcomes may consist of the following:

- Identify priorities for further work for the Competitiveness Council or at national level
- Identify issues where urgent action is required or that should be further looked into by the Competitiveness Council and/or its preparatory bodies (including the High Level Group on Competitiveness)
- Raise awareness with Ministers on issues where, at national level, policy coordination or reform efforts may be required
- Etc.

There should be flexibility regarding the outcome of the “Check-up”, which should depend on the content of discussions and the issues raised by the Commissioner and the Ministers. In any case, the outcome of the “Check-up” will depend on the active participation of the Ministers.

Based on the experience of the 1 October Competitiveness Council meeting, the Presidency will review - and, if necessary, improve - the functioning of the “Check-up” together with the Member States and the Commission, in view of the next Competitiveness Council meeting on 30 November 2015.

The Presidency considers that the “Check-up” could develop into a permanent monitoring tool, as the first point on each Competitiveness Council agenda, if it proves to be a success.

Please note that, as for other non-legislative items, this agenda point will not be public (cameras off).