



Brussels, 13 September 2023
(OR. en)

12894/23

COMPET 864

'I' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee (Part 1)
Subject:	Work Programme of the Working Party on Competitiveness and Growth (High Level) - Approval

1. On 31 October 2014, the Permanent Representatives Committee approved the establishment of a High Level Working Group on Competitiveness and Growth (HLG) with the 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" and "support the Council in its reinforced role of monitoring and mainstreaming competitiveness, in particular industrial competitiveness"*¹.

The Committee agreed on arrangements concerning the membership of the HLG, the appointment of its chair and its work programme. In particular relating to the work programme, the Committee agreed that *"in order to align the COMPCRO HLG's agenda with the Trio Presidency Programme of the Council, the High Level Working Group will have a work programme, with a duration corresponding to the 18-month Trio Programme, taking into account the Commission's work programme, and which will be submitted for consideration and approval to the COREPER"*.

¹ Doc 15006/14.

2. According to the above agreement, the current Trio Presidency Spain, Belgium and Hungary appointed the chair and vice-chairs of the group and prepared a draft work programme for the period from July 2023 to December 2024, which was sent to the Member States for comments.
 3. At the meeting of the HLG on 7 September 2023, the Member States expressed broad support for the above draft work programme, exchanged views and commented on the priorities reflected in it. Following the exchange of views, the draft work programme was deemed endorsed and is now submitted to COREPER for consideration and approval.
 4. The Permanent Representatives Committee (Part 1) is invited to consider the draft work programme of the COMPCRO HLG for the period from July 2023 to December 2024, as set out in the Annex, and approve it.
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Draft Programme ES – BE – HU Presidency of the Working Party on
Competitiveness and Growth (High Level) (HLG)

**Prosperity and inclusive economic growth to the benefit of all European member states,
enterprises and citizens**

Challenged by various crises the European Union has shown solidarity and resilience without losing sight of its strategic objectives of greening, digitalization, open strategic autonomy and strengthening the competitiveness of its companies.

Important initiatives have been taken within both the European industrial and single market strategy, including in the field of raw materials, semiconductors, financing and state aid and crisis instruments. The EU is also prepared to assume global responsibility and develop ethical, social and environmental requirements for products and services that enter the European market.

While in favor of an open economy, the EU responds strongly to market-distorting behavior by third countries and to initiatives, including incoming investments, that might jeopardize the EU's strategic interests.

The success of all these measures at all policy levels will largely depend on their mutual complementarity and the efficiency with which they are put into practice. Single market policy and industrial policy must reinforce each other in order to achieve the strategic European objectives as technology-driven industries and connected services are key to sustainable economic growth. The HLG will stimulate the reinforcement of European enterprises in global value chains.

The role of the Working Party on Competitiveness and Growth (High Level) (HLG) will be centered around fostering the debate on:

- the functioning of the single market;
- the EU's Green Deal Industrial Plan for the Net-Zero Age aimed at the transformation of the industry in order to enhance the competitiveness and attractiveness of the EU as an investment location for the net-zero industry;
- the long-term competitiveness strategy of the EU.

We wish to build on our own European strengths: openness, innovation, inclusiveness and sustainability.

This trio presidency will not only focus on individual policy initiatives, but equally on their interdependence and the efficiency with which they should be put into practice.

Crisis management and reactive measures do not in themselves build a robust and future proof economy that secures European prosperity and global leverage in the long term. Nor is the mere pursuit of market efficiency a guarantee of social and territorial cohesion. We will engage open-mindedly in developing a more ambitious and sustainable, yet free and fair trade and industrial policy, creating growth, prosperity and social cohesion while ensuring Europe's competitiveness and role in the technologies of tomorrow.

This trio presidency will contribute to the transition from crisis management to a long-term prosperity and inclusive sustainable growth policy that can be enjoyed by all European Member States, businesses and citizens.

Our Trio Presidency occurs at the end and the start of an EU legislature. This offers an opportunity to take stock of the set of policy instruments and policy priorities in order to set a vision and formulate recommendations to the new European Commission. This should enable the EU to develop a proactive vision for the EU's industrial leadership in the context of the Green Deal Industrial Plan for the Net-Zero Age, an open strategic autonomy and a renewed commitment to an inclusive single market.

In March 2023, the European Commission published its communications "The Single Market at 30" and "Long-term competitiveness of the EU: looking beyond 2030" containing a concrete proposal for a "policy cycle" that has since been welcomed by the Competitiveness Council. The Trio Presidency sees an important role for the HLG in support of this process.

Industry: accelerating the green transition and digital transformation

The time is now to take the necessary steps to achieve the net-zero age. Though the stakes are high and the challenges complex, major opportunities for global competitiveness can be seized by the developers and manufacturers of innovative, clean tech and digital technologies. **The HLG wishes to integrate the different EU policies for the twin transition, while ensuring that the regulatory framework provides sufficient support for the European industry to apply the ambitious European targets.**

This fundamental industrial transformation takes place in a context of growing international competition and a profound geopolitical evolution. Europe has always been a frontrunner in the indispensable environmental transition, but now the US, the UK, Canada, China and many others have also put forward their investment plans in clean tech. While these plans are applaudable in nature, some raise concerns in terms of the global level playing field and urge the European Union to accelerate the twin transition.

The HLG will monitor the implementation of the Green Deal Industrial Plan for the Net Zero Age and provide the Competitiveness Council with relevant analysis, actionable policy options and a more structured industrial policy approach to better serve the objectives of the EU towards a sustainable net-zero economy.

Innovation remains central to the EU's future competitiveness and must position Europe at the forefront of the new wave of deep tech innovation, start-ups and scale-ups. It will help Europe to develop new technologies to address the most pressing societal challenges, and to bring them onto the market.

Priorities:

- Promote the transition towards a fully-fledged **circular economy**, with a large focus on the underexplored possibilities within bioeconomy, circular manufacturing, circular materials, hydrogen and Carbon Capture Usage and Storage (CCUS);
- Ensure support for industrial manufacturing including **technologies aimed at climate neutrality**;
- Promote **the digital transformation** of industries, with sufficient support for companies (including SMEs) to incorporate new digital technologies and to bring innovative, digital ideas to the market. Experiences with the European Digital Innovation Hubs will feed into this discussion;
- Take stock of supportive instruments such as **IPCEI, cluster collaboration, InvestEU and EIC**, and evaluate their effectiveness for fostering innovation and reaching innovative SMEs;
- Identify the missing **links in the current EU industrial toolbox** for enhancing cross border collaboration between member states and stakeholders, ensuring a framework for test facilities, supporting the transfer of knowledge from ‘lab to factory’ and fostering the commercialisation of new innovations;
- Strengthen industrial value chains to implement the green transition and the digital transformation.

Single Market: an inclusive single market to the benefit of all member states, businesses and citizens

The development of the Single Market is an undeniable success. In the field of European integration however, the low-hanging fruits were picked years ago. Although all member states are convinced of the importance of the single market, it has proved difficult to make further progress over the past 10 years.

The 30th anniversary of the Single Market should be the occasion to renew our commitment to the deepening of the fundamental freedoms of the Treaty – beyond the preservation of the status quo. In the face of multiple crises and in view of reaching the Union's ambitious long-term goals, a fully functioning Single Market can act as an effective shield to weather internal and external shocks. Our commitment to unity and solidarity also means ensuring equal opportunities for all and that no one is left behind, investing in skills, and creating more and better jobs. A well-functioning single market is fundamental and conducive to Europe's social cohesion, green transition, digital transformation and inclusive prosperity.

This trio presidency wishes to find solutions to concrete problems experienced by businesses, consumers and workers within the single market. Not only will attention be paid to regulations, but also to the provision of information and the functioning of public services to the general public and businesses in their activities in the single market.

The requirements for companies contained in various European initiatives (e.g. the Single Market Emergency Instrument, the Chips Act, the Net Zero Industry Act, the Critical Raw Materials act, the forced labour regulation, the ecodesign regulation, the due diligence directive, etc.) are considerable and will require adequate support from governments to enable harmonized implementation.

Priorities:

- Share experiences in the field of administrative cooperation and communication with enterprises aimed at an efficient implementation of legislative initiatives;
- Discuss the combined impact of different legislative initiatives in order to guarantee efficient implementation and avoid unnecessary barriers and administrative burdens;
- Encourage and give political orientations to the work of the Single Market Emergency Taskforce (SMET);
- Focus on the role of public procurement in achieving the green and digital fair transitions;
- Hold a discussion on the fundamentals and the future of the Single Market policy in relation with the High Level Report that will be submitted to the European Council of March 2024;
- Strengthen the connection between the industry sector and industry-related services such as logistics, construction services and shared services;
- Address the need for skilled labour and quality jobs in the European industry;
- Highlight the important role of standards for a well-functioning Single Market and contribute to the work carried out by the High Level Forum on Standardisation.

Strengthening the EU's open strategic autonomy

The COVID-19 pandemic and the Russian war against Ukraine have both exposed the issue of strategic dependency. Supply chain disruptions, critical product shortages, a sharp rise in energy prices and an unprecedented inflation put our industry to the test. Next to this, a successful transition to the net-zero age is only possible if access to relevant critical raw materials is ensured and if we manage to maintain a sufficiently innovative industrial base.

Strengthening the EU's open strategic autonomy is essential to build a resilient and integrated single market and to guarantee the EU's global leadership in the green and digital transition.

Since the objective of the net-zero age can be best achieved if net-zero technologies incentives are underpinned by principles of innovation, fair competition and open sustainable trade, the HLG will continue to identify opportunities to promote open trade and international cooperation through strategic partnerships while respecting the existing high social and environmental standards.

Priorities:

- Promote the development of **an ambitious EU raw materials strategy** that will enable us to secure the building blocks for the coming energy and digital transition;
- Support the uptake of clean energy technologies, to help decarbonising the European industry and preserving it in Europe;
- Take forward the Versailles declaration (of March 2022) and foster the refining of a European industrial policy based on **a strategic value chain approach**, as an instrument for further strengthening the Union's open strategic autonomy;
- Strengthen the open strategic autonomy reinforcing the industry and its services.