



Council of the  
European Union

Brussels, 2 September 2020  
(OR. en)

9833/20

MI 247  
IND 106  
COMPET 373

#### **NOTE**

---

From:	Trio Presidency
To:	High Level Working Group on Competitiveness and Growth
Subject:	Towards guidance by the Competitiveness Council on priorities and coordination needs for the recovery of the European economy

---

### **TOWARDS GUIDANCE BY THE COMPETITIVENESS COUNCIL ON PRIORITIES AND COORDINATION NEEDS FOR THE RECOVERY OF THE EUROPEAN ECONOMY**

#### **Introduction**

The EU economy is going through the most severe recession of its history. The recent Summer Economic Forecast points to a fall in GDP of -8.3% and -8.7% in the EU and in the euro area respectively, with a significant but not complete rebound in 2021. This being said, the EU and its Member States have the collective responsibility to make the recovery of the European economy work, supporting the green and digital transition. To boost national investment, structural reforms and recovery, as well as international competitiveness of our industries, full use should be made of the Single Market and cooperation across EU Member States.

## **The role of the Competitiveness (COMPET) Council for guidance on recovery priorities and coordination**

In their informal videoconference on 12 June 2020, the COMPET ministers "*underlined the importance of the Competitiveness Council in coordinating and monitoring the industry and internal market dimension of the recovery plan and issued (a) joint statement setting out their vision regarding the implementation of the Recovery Plan for Europe*"<sup>1</sup>. In this joint statement, they state that "*(t)he instruments provided in the Recovery Plan can only be successful when supported by an operational internal market and a collaborative and multi-level approach in the fields of Industrial policy and SMEs (...)*"<sup>2</sup>. As emphasised during the above informal COMPET videoconference, proper coordination will be needed to ensure that financial resources on EU and national level are used smartly across the Single Market, for the modernisation of our industrial ecosystems in line with the Union's strategic objectives and ensuring that all actors – in particular SMEs – benefit from them.

The competence and expertise of the COMPET Council and its preparatory bodies could contribute to identifying and supporting initiatives that seek to improve the overall and industrial competitiveness in Europe and the functioning of the Single Market. This includes, among others, structural and strategic investments and reforms concerning framework conditions that influence competitiveness. The microeconomic lens that COMPET is taking allows to look at the coherence between the priorities of the Member States also with a view to creating and strengthening European industrial ecosystems; and the Single Market-logic can significantly contribute to providing consistent stimulus in the EU. For example:

- The perspective of the COMPET Council could help to guide, coordinate and monitor that the recovery efforts contribute to the long-term structural transformation needs and growth potential of European industries. This includes making industries more competitive, green, digital and resilient.

---

<sup>1</sup> WK 6344/2020 INIT

<sup>2</sup> WK 6142/2020 INIT

- In addition, the COMPET Council can, possibly in cooperation with other Council formations, serve as a platform to contribute to ensuring harmonised rules and standards and identifying pan-European projects. Such projects could for example include European projects that address challenges of the twin transition, that require large-scale infrastructure investments or European industrial projects which require the Single Market as a platform for sufficient European scale and enhanced coordination across EU Member States.
- Examples of reforms that would improve the Single Market functioning and boost the EU's sustainable productivity could include reforms linked to improving the business environment, reducing administrative burden or stepping up the efficiency of public administration and the justice system. These are essential elements of the Member States' overall recovery strategies as they would contribute to ensuring efficient and effective implementation of investments. Examples could also include reforms to address barriers to competition, create a supportive regulatory framework and improve the integration in service markets, for example in the areas of digital, energy, capital and transport. These are reforms where coordination between Member States is key.
- The COMPET Council can promote the strengthening of the EU economic resilience and encourage the principles of an open economy with free and fair trade and strategic autonomy.
- Furthermore, an exchange of best practices in the COMPET Council could contribute to helping each Member State realising their potential from its recovery efforts.

### **Meeting the needs of SMEs in the recovery phase**

SMEs constitute 97% of all enterprises and employ 67% of all employees. SMEs bring innovative solutions to challenges like climate change, resource efficiency and social cohesion and help spread this innovation throughout the EU's economy. They are not only the backbone of EU's economy but also important agents of change. In the 12 June videoconference, COMPET ministers explicitly stressed the importance of SMEs. We should take up the discussion on their needs to support the recovery.

At this time, where due to the pandemic we are observing a combined supply-side and demand-side shock, many SMEs are responding by displaying a great deal of flexibility in exploring new markets, speeding up digitalisation, training employees and applying new technologies. It is therefore important to provide sufficient backing for the ongoing shifts in the business models of and fields covered by the SMEs. It is indispensable to help SMEs to overcome immediate problems associated to Covid-19 as well as to strengthen their resilience and prowess in the recovery phase.

Possible means to reach this goal should address the areas for digitalisation, innovation, skills and delivering adequate finance to all businesses at all stages of their development including innovative fast-growing SMEs as well as start-ups. The regulatory framework is a key leverage in this respect. The rigorous application of the “Think Small First”-principle, e.g. via a coherent application of the SME test, is an essential basis to provide the best framework to SMEs and to avoid unnecessary regulatory costs. A moratorium on administrative burdens and compliance costs could further help SMEs to faster overcome the current economic problems.

### **Questions for discussion**

- 1. From a competitiveness and Single Market point of view, which investments, reforms, and mechanisms are priorities to ensure a swift recovery and which offer a European added value if coordinated between Member States?*
- 2. How can we make sure that SMEs receive sufficient consideration in this context?*