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#### 'I' ITEM NOTE

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From:	Presidency/General Secretariat of the Council
To:	Permanent Representatives Committee (Part 2)
Subject:	Presidency report on actions to strengthen the Union's competitiveness - <i>Information from the Presidency</i>

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Delegations will find attached the Presidency report on actions to strengthen the Union's competitiveness.

**Presidency report on actions to strengthen the Union's competitiveness****I. INTRODUCTION**

Over the past year, the European Union has taken decisive actions to deliver on the New European Competitiveness Deal. The Polish Presidency took place in the pivotal phase at **the beginning of a new institutional cycle** in the EU. Therefore, to a large extent, it has steered discussions on the Union's competitiveness, building on key strategic initiatives such as the *Competitiveness Compass*, *Clean Industrial Deal*, the *Affordable Energy Action Plan*, *A Simple and Faster Europe* Communication and the *Single Market Strategy*, providing essential insights on the way forward. It also managed to advance and adopt the first legislative files that will contribute to increasing the EU's competitiveness.

The Polish Presidency anchored debates on competitiveness in the overarching priority of the Polish Presidency, which was to **strengthen European security**. Enhancing long-term competitiveness is essential to making Europe more secure. Consequently, the Polish Presidency adopted an **integrated approach** to competitiveness, which required **aligning policies across traditionally siloed areas** and emphasised **pragmatism**, in addition to the proactive involvement of **business stakeholders**.

The Polish Presidency focused on **simplifying regulations**, advancing the **integration of the Single Market**, developing a robust **industrial policy**, enhancing Europe's **resilience** and **energy security**, and engaging in in-depth discussions on the role of **cohesion policy** in boosting competitiveness.

The work focused on reducing bureaucratic burdens and ensuring that future laws adhere to better regulation principles, removing barriers to cross-border activity and enhancing the free flow of services. The Polish Presidency made progress on instruments to support traditionally strong industries and develop clean tech capacities in the EU. In industrial policy, the Presidency also focused on strengthening the defence industry and its supply chains. As regards energy security, efforts were made to phase out Russian energy imports and promote clean energy technologies to reduce energy costs and ensure access to affordable energy. **Technological neutrality** was advocated to enable flexibility and innovation across sectors. The Polish Presidency strived to harness trade policy to ensure fair competition and strengthen supply chains while supporting a balanced approach that maintains EU openness on the one hand and protects from economic risks on the other. It led discussions on interlinkages between the level playing field and resilience, as well as investment screening. **Cohesion policy** was promoted as a key tool that contributes to sustainable economic transformation. It is a potent mechanism for bridging regional disparities and a catalyst for economic modernisation. Its key advantage is an ability to integrate different levels of policy – regional, national, and EU – and tailor support instruments to the needs of different regions.

Ahead of the European Council on 25-26 June 2025, the Polish Presidency provides an overview of progress on the competitiveness agenda. The report highlights areas in which the Council's work under the Polish Presidency was particularly intensive. It summarises the achievements and results of debates relevant to increasing EU competitiveness.

## II. ADVANCING THE COMPETITIVENESS AGENDA

### **Simplification – a better and smarter regulatory framework**

The Polish Presidency undertook a strategic and in-depth discussion on establishing a more business-friendly EU legal framework and reducing regulatory burden. We are convinced that best solutions and results could be provided by finding new working methods. Therefore, we established a rule whereby the simplification task was attributed to a newly established horizontal working group (Antici Sub-Group on Simplification) and different Council formation than it had been when specific legal acts were adopted. Work focused on **simplifying the existing legal acquis**, particularly through the swift procedure of the Omnibus proposals, in the fields of sustainability reporting, the Carbon Border Adjustment Mechanism (CBAM), European investment programmes, Common Agricultural Policy (CAP), small mid-caps, digitalisation and common specifications, and defence. The Polish Presidency concluded negotiations regarding the “Stop the Clock” initiative concerning the dates from which Member States are to apply specific corporate sustainability reporting and due diligence requirements (Omnibus I). A provisional agreement was reached with the EP on simplifying and strengthening the CBAM, which would allow keeping around 99% of emissions within the CBAM while exempting around 90% of importers (as part of Omnibus I), and a Council’s mandate was reached on draft provisions as regards increasing the efficiency of the EU guarantee<sup>1</sup> in EU invest programme and simplifying reporting requirements (Omnibus II) and obligations of undertakings concerning the battery due diligence (Omnibus IV). Discussions on the remaining parts of Omnibus I and Omnibus III and IV are progressing according to the schedule. What’s more, the Polish Presidency has initiated legislative deliberations on the Defence Readiness Omnibus as well as the ‘mini-omnibus’ proposal.

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<sup>1</sup> under Regulation (EU) 2021/523



The ECOFIN Council took another critical step in delivering the simplification agenda. It adopted the **DAC9 Directive** on April 14, which reduces administrative burden by introducing a simplified reporting mechanism and rules on information exchange for the purposes of minimum effective taxation of the largest corporations (multinational and domestic enterprise groups). The ECOFIN Council also set a **tax decluttering and simplification agenda**, calling, in its conclusions, for a comprehensive review of the EU's tax regulatory framework based on four principles: reducing reporting, administrative and compliance burden, eliminating outdated and overlapping tax rules, increasing clarity of tax legislation, and improving the efficiency of tax rules and procedures.

The COMPET Council identified **areas which should be the subjects of further simplification initiatives**. Ministers were calling for simplifying rules in 1) chemical regulations, including classification, labelling, and packaging, 2) environmental regulations, which negatively affect competitiveness of particular sectors of industry (e.g. Urban Wastewater Treatment Directive was mentioned by some Ministers as harming the pharmaceutical and cosmetics industries), 3) digital regulations, including GDPR and the AI Act to foster innovation, including by introducing a regulatory pause, and 4) permitting procedures. Further areas mentioned in these discussions include the regulatory framework for bioeconomy, defence, capital markets, agri-food and services sectors. The COMPET Council also held its first strategic debate in preparation for the future revision of the public procurement framework, with simplification being one of the key angles.

Following the policy debate on a simpler CAP at the AGRIFISH Council, the Polish Presidency collected and presented to the Commission approximately 400 simplification ideas suggested by the Member States, contributing to proposals included in the Omnibus III. Following discussions at the Telecom configuration of the Transport, Telecommunications and Energy Council (TTE), the Presidency prepared a report on the use of digital tools to simplify EU legislation. This report identifies best practices and offers recommendations applicable across the EU, thereby contributing to the preparation of the upcoming Digital Omnibus initiative.

Apart from simplifying existing legislation, the Presidency also emphasised the importance of **Better Regulation rules** regarding new legislation. Thus, COMPET ministers discussed how to ensure that the Council acts as a 'Red Tape Filter' and utilise existing tools to establish a business-friendly regulatory framework from the outset of the legislative process. Throughout the Presidency, business organisations were actively engaged in the dialogue on simplification and invited to identify concrete proposals for simplification of EU regulations. The consultation tools launched by the Commission, i.e., implementation dialogues and reality checks, should incorporate the views of companies from all Member States, including SMEs.

### **Single Market**

The Polish Presidency has given priority to reinforcing the foundations of the Single Market, particularly in relation to the free movement of services. The Polish Presidency views the results of actions taken in this area as a **successful breakthrough in the long-standing impasse in the services sector**, which it hopes will pave the way for further actions soon. Several in-depth discussions were held at the Council fora and at the Single Market Forum in Kraków on the Single Market in services, providing valuable input to the new Single Market Strategy, published on 21 May 2025.

The discussions highlighted that Member States place significant importance on the freedom to provide services and are committed to taking actions to deepen the integration of the services market, to help European companies grow in the EU, and to support the development of European industry. Most Member States support a sectoral approach to repairing the services market by designating priority areas for action, though they agree that some important horizontal issues, such as proportionality or standardisation in services, should also be addressed. Most importantly, there is a consensus on the urgent need to effectively eliminate barriers in the services sector, which corresponds with the Commission's list of "Terrible Ten" barriers included in the Single Market Strategy.

The Strategy contains essential elements that have been advocated for by the COMPET Council under the Polish Presidency: 1) an identification of concrete barriers which should be removed as a matter of priority with an action plan, as well as 2) a dedicated chapter on integration of services sector including proposals for actions, related to the distinction between temporary cross-border provision of services and permanent activity, and facilitating the provision of services essential for the European industry in connection with the phenomenon of servitisation.

Beyond the Strategy, another concrete goal has been achieved. The COMPET Council, on 22 May 2025, adopted the general approach on the draft regulation on **the e-declaration** for posting of workers, which is the first step towards the practical implementation of **the Single Market Strategy** and the elimination of burdens on cross-border services provision. The compromise achieved in the Council strikes a proper balance among objectives such as protecting posted workers, facilitating cross-border provision of services, and ensuring fair competition.

Regarding integration in the goods market, the Council and the European Parliament reached a provisional deal on two **files aimed at harmonising rules in the EU internal market**: the Toys Safety Regulation and the Regulation on detergents and surfactants. The first sets new rules for toys to protect children's health. The second sets new rules to simplify the placement and free movement of these detergents and surfactants within the internal market while adapting to market developments in terms of product innovation and consumer habits. Both enhance the compliance and market safety of imported products.

On capital markets, discussions on the way forward have been held. The European Commission has presented **the Strategy for Savings and Investments Union** to channel citizens' savings into investments. The Eurogroup has identified **securitisation** as one of its priority areas for 2024-2029. The revival of securitisation is one of the leading solutions to unlock investment capital.

The Polish Presidency placed special emphasis on protecting the Single Market against unfair competition from third countries. The problem was discussed at the COMPET Council lunch, building on the Communication "A comprehensive EU toolbox for safe and sustainable **e-commerce**", which outlines key actions to 1) strengthen market surveillance authorities and border protection, 2) protect the EU market from unsafe and non-compliant products and redirected import of goods from third countries, 3) preserve the level playing field in the Single Market.



The ECOFIN Ministers adopted a general approach on the **VAT Directive on the taxation of distance sales of imported goods and imports of goods** on May 13. This approach, among other things, aims to level the playing field between e-commerce sellers from the EU and third countries.

The Polish Presidency also aimed at strengthening the position of farmers in the context of the competitiveness of the EU agri-food sector, including by eliminating unfair trade practices. In this respect, the Polish Presidency successfully adopted an agreement on Council's mandates on the draft Regulation on the cross-border enforcement of unfair trading practices and a draft revision of the Regulation establishing a common organisation of the markets in agricultural products.

During debates conducted at various levels, **public procurement** was recognised as an essential tool for achieving the EU's strategic objectives. However, many delegations advocated for allowing contracting authorities to have sufficient flexibility to tailor the application of the new sectorial criteria, including the EU preference, to the specific needs. In addition, they emphasised the need to simplify procurement procedures at the EU level, focusing on "how to buy" while allowing contracting authorities to decide "what to buy". These were pertinent insights considering the upcoming revision of the public procurement legal framework.

Finally, the Polish Presidency has revived the discussion on discontinuing seasonal time changes in the EU. For 6 years, the issue of changing the time was not touched upon in the Council. As a result of the discussions in the Council fora, the Commission has commissioned a comprehensive analysis of the directive on the abolition of seasonal time changes which is a key condition for further progress in negotiations.



## Cohesion

The Presidency aimed to make Member States express their opinions before the Commission published the proposals for the post-2027 programming period. The findings were highlighted in the conclusions of the General Affairs Council (Cohesion) as well as in the declaration of the informal meeting of Ministers for Cohesion Policy, Territorial Cohesion and Urban Affairs. Throughout the debate, a consensus was reached that competitiveness and cohesion are interlinked and mutually reinforcing. The added value of cohesion policy in that context relies on its ability to mobilise all engines of growth, even in the lagging areas. Stress was put on smart specialisation strategies and cities as drivers of industrial transition and innovation.

### Joint roadmap for decarbonisation and competitiveness

Decarbonisation and competitiveness are equally essential elements of securing the future of European industry. Therefore, particular attention was given to **traditionally strong industries** (automotive, chemicals, steel, pulp and paper, cement, glass, and ceramics) and the transport sector, which face pressing challenges at present. There is a clear need for a targeted approach, which will address the cost and availability of factors of production, such as high and volatile energy prices, access to raw and secondary raw materials, skilled labour, sufficient capital for large-scale investments, and necessary services to make net-zero emissions a reality.

High, volatile and divergent **energy prices** across Member States constitute a significant factor that weighs on Europe's competitiveness. As part of the Clean Industrial Deal (CID), the European Commission published the Action Plan for Affordable Energy, presenting measures to lower energy bills, accelerate cost-saving structural reforms, complete the Energy Union, and strengthen the EU energy systems to mitigate future price shocks. The exchange of views highlighted the need for measures to address energy prices in the short term and ensure energy security in the long term while promoting fair competition and respecting the principle of technological neutrality, as well as facilitating capacity markets – i.e., through a regional approach. The continuation of the Member States' coordinated efforts to **phase out fossil fuel imports from Russia**, as outlined in the Versailles Declaration and the Commission's roadmap of May 2025, along with a strong and innovation-friendly investment framework, will be crucial to support industrial decarbonisation and the deployment of net-zero technologies.

A key element of the broadly understood competitiveness framework, which the Presidency focused on, was the issue of **energy security**. Considering the current unstable international environment, ensuring a secure supply of clean electricity at affordable prices is crucial for the EU to maximise its economic potential and enhance its industrial competitiveness, particularly in strategic sectors. It was one of the key considerations that led to the publication of the **Presidency Conclusions on strengthening the Energy Union** through reinforcing energy security following the TTE (Energy) Council on 16 June 2025. The text was supported by 25 Member States. The Conclusions constitute a broad approach to defining energy security, including access to energy at low prices, also for energy-intensive industries, which will enable the EU industry to remain internationally competitive, ensure social acceptance, and provide unrestricted access to new technologies, as well as promote climate and environmental protection. An integral part of the new energy security architecture is increasing the physical security and cyber resilience of strategic infrastructure while also supporting, on an equal footing, the development and implementation of all clean energy technologies and securing the supply of critical raw materials.

The Presidency has strived for a more **pragmatic and flexible approach to achieving the EU's decarbonisation goals**. Some achievements have already been made, but much more needs to be done.

The economic and social impacts of the **EU ETS** were raised in different Council meetings (ENVI Council in March, TTE-T and EPSCO Councils in June). During the discussion on mechanisms to stabilise allowance prices in the EU ETS, ministers highlighted that the system is not fully prepared for sudden price changes and the market remains volatile. Such problems need to be addressed, potentially in the forthcoming revision of the ETS. Concerns were expressed about the impact of the scheme on prices and citizens, suggesting that the implementation of the ETS 2 should be postponed or that the system should be modified to adapt to current geopolitical and economic realities while maintaining a balance between climate objectives and the interests of citizens and businesses. The outcomes of the public consultation on the ETS and the Market Stability Reserve (MSR) ahead of their future reviews planned for 2026 may provide valuable guidance for further work in this regard. Special attention should be given, and further analysis undertaken to ensure a just transition and avoid the adverse impacts of the ETS 2.

As we are approaching the time of full operationality of the **CBAM**, which is also an essential instrument for European energy-intensive industries helping them to stay competitive against their international peers that face lower or no carbon prices, Council meetings (COMPET and ENVI), as well as discussions at various Presidency events confirmed that its design should be adjusted. The first step in improving this instrument by its simplification has already been made. Ministers agreed that the second step should further strengthen the CBAM by expanding its scope to a broader range of products and adjusting its design in a way that prevents its circumvention, guarantees environmental ambition and ensures a level playing field to protect better the competitiveness of industries covered by the ETS and reduce the competitive advantage of third countries which pursue less ambitious climate policies. The issue of slowing down the phase-out of free ETS allowances for energy-intensive industries, as well as support for exporters covered by the ETS, should be considered.

Another example of the pragmatic adjustment of the existing legal act is **the Regulation on CO<sub>2</sub> standards for new passenger cars and vans**, adopted by the Council in May 2025. The amended Regulation provides manufacturers with more flexibility in meeting targets for 2025–2027. However, the automotive industry faces serious competitiveness challenges. Building on the Industrial Action Plan for the European automotive sector, the European Council, in its conclusions adopted on 20 March 2025, called for taking forward, without delay, the review foreseen in the Regulation setting CO<sub>2</sub> emissions performance standards for cars and vans. Therefore, further progress in introducing adjustments that alleviate concerns of the automotive sector is needed in the context of dynamic technological and economic changes.

In light of the discussions held under the Polish Presidency, there is a strong emphasis on principle of **technological neutrality**, which may bring us closer to achieving decarbonisation goals and, at the same time, lead to cost reductions. However, there is still room for a more pragmatic and consistent application of this principle, i.e., regarding low-carbon hydrogen, in legislative acts and EU policies, such as the forthcoming Clean Industrial State Aid Framework (CISAF).



The decarbonisation efforts in the industry should be aligned with the simplification of the investment process, more **targeted state aid support**, and easier access to financing instruments for decarbonisation projects while maintaining a **level playing field** and maximising the engagement of private capital. Throughout discussions under the Polish Presidency, many Member States emphasised the need to safeguard the level playing field as regards equal development opportunities for clean industries across all Member States. This requires targeted state aid for decarbonisation and innovation projects based on simplified procedures, as well as financial instruments that, in addition to the excellence criterion and European added value, adhere to the principle of geographical balance.

### **Reducing dependencies and increasing security**

The Presidency emphasised that Europe must continue its efforts to **strengthen the defence industry and address defence capability gaps**. Taking the security dimension into account has become indispensable in addressing competitiveness challenges. The Commission and the High Representative published the **White Paper for European Defence**, which was followed by the ReArm Europe plan/**Readiness 2030**, including the Regulation establishing the Security Action for Europe (SAFE) instrument, adopted by the EU General Affairs Council (GAC) on 23 May. The SAFE instrument allows Member States to quickly increase investments in the defence industry by providing EUR 150 billion in low-cost loans to EU countries. SAFE is part of ReArm Europe's broader five-pillar plan, which aims to urgently address defence challenges by mobilising up to EUR 800 billion. Other key elements of the ReArm Europe plan include the coordinated activation of the national escape clause within the Stability and Growth Pact, as well as the mobilisation of private finance for the defence industry, including by the EIB.

The European Commission has reinterpreted Article 41(2) of the Treaty on European Union (TEU) to allow for R&D and production projects related to defence or dual-use technologies to be eligible for funding.

The Presidency brokered a mandate for negotiations with the European Parliament on the European Defence Industry Program (EDIP), paving the way for trilogues. The proposal aims to address challenges faced by the European defence industry, including the security of the defence supply chain, and to support the Ukrainian defence industry.

During the Presidency, integrated and resilient transport infrastructure was also subject to policy debates. There is a clear call for stable EU funding dedicated to transport infrastructure to ensure both the security and economic development of the EU.

Strengthening the competitiveness of European companies vis-a-vis third countries requires fully aligning industrial and trade policies, resulting in a cohesive economic policy that takes into account both indigenous and exogenous drivers of productivity. That is why the Polish Presidency called the first-ever Informal Joint Meeting of the COMPET and Trade Ministers, who agreed that industry and trade policy objectives should be better aligned to strengthen the EU's global competitive position, reduce harmful dependencies, and protect the Single Market from third-country distortive practices.

The activities under the Polish Presidency in the area of EU trade policy focused on strengthening the EU's economic security and competitiveness through an ambitious external agenda based on **defending an open, fair, and balanced world trading system** that delivers growth and protects European economies.

The Presidency has engaged in supporting the creation of suitable conditions for European businesses to thrive in international markets. Progress in negotiations and the acceleration of works on **trade agreements** with India, Indonesia and Thailand has been achieved. New negotiating directives for the negotiation with Gulf countries were elaborated and the negotiations with United Arab Emirates are to start in the end of June. In terms of digital trade agreements, negotiations for **EU Digital Trade Agreement with the Republic of Korea** were completed. The Council adopted decisions to sign and gave its authorisation to EU **Digital Trade Agreement with Singapore**. Moreover, the Council adopted a decision to **incorporate Agreement on e-commerce to the WTO legislation**. The Presidency also supported the process of reforming the World Trade Organization to maintain the organisation's relevance amid growing global tensions on trade and industrial policy.

The Presidency has engaged in fostering mutually beneficial trade relationships with its main partners, defending the interests of the EU Member States and key industries. The Polish Presidency was engaged in maintaining unity among the Member States regarding transatlantic policy. The Presidency organised additional meetings of the Ministers of Trade devoted to trade relations with the United States. These meetings emphasised the need for a negotiated solution to be reached in the spirit of constructive engagement, communicated red lines, and stressed the importance of strategic patience. The Presidency has also called for an investigation into the secondary effects of the trade tensions, including the potential diversion of EU's main trading partners' exports, leading to the creation of a dedicated task force within the European Commission.

Acknowledging that weaponisation of trade can be detrimental to European security, the Polish Presidency led the work on **screening inbound investments**, reaching a Council's mandate and starting trilogues on the revised foreign direct investments (FDI) screening regulation, as well as **export controls** and also started and finalized **work on tariffs on agricultural products and fertilisers from Russia and Belarus**, to come into effect in July 2025.

The value chains must also be strengthened and secured – an important step in this direction was taken in the area of **chips** with the adoption of Council Conclusions on the European Court of Auditors' special report No 12/2025: "The EU's strategy for microchips - Reasonable progress in its implementation but the Chips Act is very unlikely to be sufficient to reach the overly ambitious Digital Decade target". The Council reaffirmed the strategic importance of developing an innovative, robust, resilient, and globally competitive semiconductor ecosystem in the European Union to safeguard economic security, digital sovereignty, and industrial leadership, including through strengthened support for research and innovation and the integration SMEs, startups and scaleups across the semiconductor value chain.



The Presidency also oversaw the adoption of initiatives that developed a comprehensive and horizontal approach to **cybersecurity**, contributing to the EU's digital competitiveness. On 6 June 2025 the TTE Council adopted the Council Recommendation on Cyber Crisis Management (Cyber Blueprint) and Council conclusions on secure and resilient communication, which aim, respectively, to increase the EU's resilience to large-scale cyber-attacks by ensuring more effective coordination and to strengthen the protection of connectivity infrastructure.

Another sector-targeted approach has been undertaken during the Polish Presidency for the transport sector. At the Informal Meeting of EU Ministers for Maritime Affairs on 15 May 2025 ministers signed **the Szczecin Declaration** on the competitiveness and resilience of the European shipping and maritime manufacturing sectors, as well as the EU industrial strategy for the maritime economy. The proposals should contain a call to enable a feasible energy transition while preserving the global competitiveness of EU shipping and shipbuilding and supporting the EU's industrial naval capacity and strategic autonomy.

### **Closing innovation gap**

The Polish Presidency initiated a policy discussion – particularly among Ministers responsible for research and innovation – on the necessity of closing innovation gap in Europe and using full potential of European R&I. On March 11, research ministers discussed the necessary developments in view of **the EU Startups and Scaleups Strategy** (adopted on 28 May). They called among others for harmonised regulations, enhanced access to risk financing and talents, developing founder-friendly venture capital landscape, accelerating progress towards Capital Markets Union, and enhancing fifth freedom to combat fragmentation and to complete the single market.

The Polish Presidency organised a debate around **the AI Factories initiative**, focusing on issues such as infrastructure development, data access, talent development, increased investment in R&D, access to energy, and technological sovereignty. The goal was to contribute to the Commission's work on the AI Factories initiative and the AI Continent Action Plan. As more and more startups develop products and services that will need AI Factories, creating a startup-friendly AI Factory ecosystem should be crucial for EU competitiveness. Startups should have open and affordable access to supercomputing resources, alongside mentoring, technical and legal support, and networking opportunities.

Under the Polish Presidency, Ministers responsible for space made significant strides in strengthening the EU's position in the global **space sector**. The Council adopted conclusions aimed at enhancing Europe's strategic autonomy by accelerating both public and private investment in the space industry, which is expected to generate high-quality jobs and boost market competitiveness. Special attention was given to supporting SMEs through improved public procurement, stable investment conditions, and more substantial R&D incentives, making the European space sector more innovation-friendly and resilient.

The discussions during the Polish Presidency also focused on the need to create lead markets and utilise the potential of the **bioeconomy**, which is gaining strategic importance globally and within the EU, offering solutions to reduce fossil dependency and enhance competitiveness. A comprehensive and enabling policy framework is crucial for scaling up the adoption of bio-based materials and circular value chains. During the Polish Presidency, the **circular economy** was highlighted as one of the key drivers of competitiveness. The EU has the potential to become a leader in the circular economy, but additional incentives and simplification are necessary. At the ENVI Council, ministers highlighted the importance of including circularity rules in public procurement, further development of the secondary raw materials market, harmonisation of recycling regulations, and effective implementation of existing legislation. To this extent, investments in research and innovation are crucial.

Finally, the Presidency held a political debate on the strategic role of the next (10th) Framework Programme for Research and Innovation (R&I) for the period 2027-2034 in the context of strengthening the EU's long-term competitiveness, with a focus on complementarities and synergies between research and innovation policies and other EU and national policies, including industrial, climate, digital, and cohesion policies. At the Informal Meeting of Research Ministers held on 10–11 March 2025 in Warsaw, the **Warsaw Declaration** on the strategic role of the future EU Framework Programme for Research and Innovation was unanimously adopted. The document calls for an ambitious budget and a robust institutional framework, emphasising that research results and innovation are crucial to supporting the Union's competitiveness and technological autonomy.

### III. NEXT STEPS

Discussions in the Council conducted during the Presidency identified competitiveness as the EU's overarching priority and thus underlined the needs to continue efforts in completing the Single Market for services, ensuring affordable and clean energy and making European industry more competitive while decarbonising. **Competitiveness and security** are mutually reinforcing and intrinsically linked. Work on energy security, cybersecurity, health security, food security and the integration of civil-military needs in industry and transport shall be continued.

Further **simplification and better regulation** must remain a top priority for the Council. Bringing tangible relief to our businesses should unlock the EU's entrepreneurial potential and is a matter of the EU institutions' credibility in walking the talk. Omnibus simplification proposals already tabled should be proceeded swiftly. At the same time, ideas for further simplification initiatives identified during the Polish Presidency should be translated into new initiatives in areas noted during Council meetings, such as chemicals and environmental regulations (e.g., the Urban Wastewater Treatment Directive), tax decluttering and permitting procedures. The Presidency report on the use of digital tools to simplify EU legislation should also be a point of reference for further simplifying the digital regulatory environment. The Better Regulation toolbox needs to be further improved, including by assessing substantial amendments, so that future legislation does not introduce disproportionate burdens.

The actions outlined in **the Single Market Strategy** constitute the right direction. However, the key issue remains the complete and timely implementation of the strategy's provisions. This requires appropriate political oversight of the implementation process, ideally provided by the European Council. This oversight should be based on information from the Commission presented every six months, and on the assessment of the adequacy of the monitoring tools developed so far, including indicators. Given its significant untapped economic potential and direct impact on the European industry, EU institutions and national governments should prioritise completing the Single Market for services.

As part of the ongoing efforts to build the Capital Markets Union (CMU), securitisation is a priority area for 2024-2029, and the Commission's legislative proposal, presented in June, must be swiftly adopted and implemented.



The need for a **flexible and pragmatic approach to developing a joint framework for decarbonisation and competitiveness** was clearly expressed by Member States and is expected to guide the most vulnerable policy areas: industry, energy, and transport policy, with a view to safeguarding long-term competitiveness. In particular, preserving the competitiveness of energy-intensive industries is crucial for the EU's security and sovereignty in the geopolitical context. To this end, it is crucial to strengthen the principle of technological neutrality, develop sectoral policies with adjustable decarbonisation pathways and deliver revisions of the CBAM and ETS mechanisms, create lead markets using, among others, public procurement, and shorten lengthy, complex and unpredictable permitting, for strategic projects in cleantech, renewable energy and critical raw materials extraction and processing. Key upcoming initiatives which should put this approach into practice include: the Industrial Decarbonisation Accelerator Act (IDAA), the Industrial Decarbonisation Bank, CISAF, and the Chemical Package. These initiatives must be compatible with measures already envisaged under Net Zero Industry Act (NZIA) and Critical Raw Material Act (CRMA). Careful consideration requires: 1) safeguarding a balance between access to finance and state aid, 2) deploying further sectoral policies for other traditionally strong industries, and 3) readjusting the pace of ETS free allowances phase-out and support to EU exporters covered by the ETS.

In the area of **energy**, the need for further work on concrete and operational solutions to the problem of high energy prices, particularly those of a short-term nature, remains a priority.

Further reducing dependencies and increasing security requires a unity among Member States regarding trade during the ongoing negotiations with the United States. Trade diversification, reciprocity, and liberalisation should be encouraged, with a particular focus on accelerating negotiations with Indonesia, India, and Thailand and bringing them to a conclusion. The WTO reform and the state of preparations for the WTO's 14th Ministerial Conference are of crucial importance. The discussion on the future of EU investment policy should be continued.

**Closing the innovation gap** will not be possible without a budget adequate to its role in supporting competitiveness. The implementation of the Startup and Scaleup strategy is a top priority, with a focus on monitoring and progress reporting. However, to fully exploit Europe's potential, **the cohesion policy plays a crucial role** in this regard by accelerating the diffusion of innovation and enhancing cross-sectoral cooperation in EU value chains across EU borders, as part of adapting to technological change.

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