



## **COMPETITIVENESS Council**

### **25 and 26 September in Brussels**

On **Thursday 25 September** (10.00), the Council will address internal market and industry issues, with a policy debate on **industrial competitiveness**. The debate will focus on the European Council's call for industrial competitiveness issues to be systematically integrated into relevant EU policy areas such as environment, climate, energy, trade, competition, state aid and regional policies, with a view to creating a stronger industrial base for the EU economy. Following the debate, the Council will be invited to adopt conclusions on the subject.

On **Friday 26 September** (10.00), the Council will address research and innovation issues, with a policy debate on the state of implementation of the **European Research Area (ERA)**. The debate will be based on the second progress report on the ERA to be delivered by the Commission.

Both ministerial formations will debate the **mid-term review of the Europe 2020 strategy for growth and jobs**, each formation focusing on aspects under its competence. The main aim of the review is to draw lessons from the first four years of the strategy's implementation and to ensure it constitutes an effective tool for jobs and growth creation in the period following the economic crisis. On Thursday, ministers will consider how to better align the Europe 2020 strategy with the objectives of achieving a well-integrated internal market and developing an agenda in support of industrial competitiveness. On Friday, ministers will focus on the reforms and resources that can help to build a political and economic landscape with innovation and research as new sources of growth and employment.

The sessions will be chaired by Mrs **Federica Guidi**, Minister for Economic Development, Mr **Sandro Gozi**, Undersecretary of State for the Internal Market and Mrs **Stefania Giannini**, Minister for Education, Universities and Research, of Italy.

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Press conferences and public events by video streaming: [video.consilium.europa.eu](http://video.consilium.europa.eu).  
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<sup>1</sup> This note has been drawn up under the responsibility of the press office.

Press conferences:

- internal market and industry: Thursday 25/9 at +/- 16.00;
- research and innovation: Friday 26/9 at +/- 15.30.

*Press conferences and public deliberations can be followed by video streaming:*

<http://video.consilium.europa.eu/>

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## INDUSTRY - INTERNAL MARKET

### Europe 2020 strategy for growth and jobs

The Council will hold a policy debate on the forthcoming mid-term review of Europe's 2020 strategy. On the basis of a presidency note ([12797/14](#)), it will discuss how the strategy can do more to help deliver economic growth.

The European Council in March assessed implementation of the strategy in the light of a communication from the Commission ([6713/14](#)), which takes stock of the EU 2020 headline targets and initiates the mid-term review.

The Commission noted 'mixed progress' so far in achieving initial targets, and recognised that more must be done if these are to be achieved.

The Italian presidency considers that the review of the Europe 2020 strategy represents an opportunity not only to support our recovery from the economic crisis, but to continue that trajectory into supporting renewed industrial competitiveness and growth. Its re-launch will help to achieve two main objectives that are crucial to the economic and competitiveness agenda:

- better alignment of the real and financial economies and
- better integration of single market and industrial competitiveness priorities within the European Semester. The European Semester is the main framework structuring the governance process for economic policy coordination.

The presidency believes that there should be greater focus on the actual drivers for growth in order to mitigate the impact of the economic crisis on member states' efforts to achieve the goals of the strategy.

In practical terms, the presidency will organise debates in several Council configurations. It will prepare a synthesis report to be endorsed by the European Council in December. The synthesis report will provide guidance for subsequent Commission proposals aimed at improving implementation of the strategy.

Last May, the Commission launched a public consultation to feed into its work on the review; it is expected to present concrete proposals in early 2015.

The Europe 2020 strategy, adopted in June 2010, includes five headline goals on employment, education, social inclusion, innovation and climate/energy:

- ensuring sustainable public finances whilst preserving investment and social welfare;
- establishing inclusive and efficient labour markets;
- promoting a sustainable economy;
- further strengthening the EU's internal market;
- fully exploiting the reciprocal benefits of foreign trade and openness.

The strategy is a central element of the EU's response to the global economic crisis.

## Mainstreaming industrial competitiveness

The Council will hold a policy debate on mainstreaming of industrial competitiveness, which is the process governing the systematic integration of aspects related to industrial competitiveness into the different European policies.

Following the debate, the Council will be invited to adopt conclusions on the subject.

In order to structure the debate, the presidency will put forward a set of questions ([12968/14](#)) focusing on three key chapters:

- general issues currently affecting the competitiveness of European industry and possible measures to increase the level of industrialisation across the EU;
- ways to ensure the effective mainstreaming of all EU policies having an impact on industrial competitiveness; and
- improvement of the governance mechanisms for managing and monitoring structural reforms in the competitiveness and real economy area.

The European Council conclusions of March 2014<sup>2</sup> underlined that "industrial competitiveness concerns should be systematically mainstreamed across all EU policy areas and be part of impact assessments in view of getting a stronger industrial base for our economy", and that "this should go together with competitiveness proofing". Furthermore, the European Council invited the Commission to present a roadmap for taking work forward on the European 'Industrial Renaissance'.

In its call "[For a European Industrial Renaissance](#)", the Commission acknowledged an urgent need to re-focus its strategic approach, prioritising urgent competitiveness-oriented reforms to ensure that all EU policy areas promote the growth, investment and employment needed to fully emerge from the economic crisis.

The Commission communication also called on member states to recognise the central importance of industry for boosting competitiveness and sustainable growth in Europe and for a systematic consideration of competitiveness concerns across all policy areas.

It also called for the endorsement of the reindustrialisation efforts in line with the Commission's aspiration of raising the contribution of industry to GDP to as much as 20% by 2020.

To that end, it considered that the following priorities should be pursued to support the competitiveness of European industry:

- deepen the mainstreaming of industrial competitiveness in other policy areas;
- maximise the potential of the internal market for products, capitals and services;
- implement the instruments of regional development with national and EU instruments in support of innovation, skills and entrepreneurship;
- encourage investment and facilitate businesses' access to critical inputs, such as energy and raw materials, at affordable prices; and
- facilitate the integration of EU firms in global markets.

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<sup>2</sup> [7/1/14 REV 1](#).

Last December, the Council adopted conclusions on industrial policy ([17202/13](#)). The conclusions put forward recommendations on a broad range of issues affecting industrial competitiveness such as innovation, measures to facilitate access to finance, improved market conditions (internal market, third country markets, energy markets, including a level playing field vis-à-vis third country energy producers and access to raw materials) and human capital.

Industrial competitiveness mainstreaming was the subject of discussions at the informal meeting of EU industry ministers in Milan, Italy, on 21 July. On that occasion, discussions focused on two particular aspects: the mainstreaming of competitiveness in specific industrial sectors and the role and place of SMEs in the mainstreaming process<sup>3</sup>.

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Ministers will also hear a presentation by the Commission on the two reports on European competitiveness published on 11 September:

- the [2014 European Competitiveness Report "Helping firms grow"](#), which gives a quantitative assessment of the competitive performance of EU industries, and
- the [2014 Member States' Competitiveness Report](#), which monitors the progress made by member states in improving the competitiveness of their economies.

The results of the reports will be used in evidence-based policy-making at EU and national level.

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<sup>3</sup> <http://italia2014.eu/en/news/post/guidi-industrial-compact/>

## RESEARCH and INNOVATION

### Europe 2020 strategy review: Research and innovation as sources of renewed growth

The Council will hold a policy debate on the mid-term review of the Europe's 2020 strategy<sup>4</sup>. On the basis of a presidency note ([12778/14](#)), it will discuss how the strategy can better contribute to deliver economic growth and jobs under the flagship initiative "Innovation Union", which is placed at the heart of the Europe 2020 strategy.

The Commission report "State of the Innovation Union - Taking stock 2010-2014"<sup>5</sup> accompanies the communication on "Research and Innovation as sources of renewed growth" ([10897/14](#)), issued in June 2014. The communication explores how the potential of research and innovation (R&I) as drivers of growth can be used to raise the quality of investments in the context of the Europe 2020 strategy.

The communication invites member states to prioritise growth-enhancing expenditure, in particular on R&I, and implement reforms to increase the quality, efficiency and impact of public R&I spending, focusing on three priority axes for reform: (1) the quality of strategy development and policy-making processes; (2) the quality of programmes, focusing of resources and funding mechanisms; and (3) the quality of institutions performing R&I.

The Italian presidency will be putting forward these areas for ministerial scrutiny at the debate with a view to submitting draft Council conclusions to the December Competitiveness Council.

The Innovation Union continues to address a wide range of elements that impact on Europe's innovation eco-system and is succeeding in changing it: framework conditions in the EU research landscape are being improved, Europe's knowledge base is being strengthened via more streamlined EU framework programmes, European Regional Development Funds are focusing on smart specialisation strategies, progress is being made towards the completion of the European Research Area and support for innovation skills development is ongoing, amongst other achievements.

However, important gaps remain and need to be filled in order to turn Europe into a more innovative society. The experience gained in the implementation of the Innovation Union commitments can help in identifying better responses to Europe's innovation-related issues.

New growth and employment opportunities should come from providing new products and services derived from technological breakthroughs. Such new opportunities can be the key to creating resilient jobs in knowledge-intensive activities. R&I are therefore to be considered essential to re-launch Europe's competitiveness and its ability to create jobs and tackle societal challenges, putting Europe back on the path to growth.

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<sup>4</sup> The European Council in March assessed implementation of the strategy in the light of a communication from the Commission ([6713/14](#)), which takes stock of the of the EU 2020 headline targets and initiates the mid-term review.

<sup>5</sup> [State of the Innovation Union report 2013.pdf](#)

## Progress towards the achievement of the European Research Area

The Council will exchange views on the progress made towards the achievement of the European Research Area (ERA). The debate will be based on the second progress report on the ERA approved by the Commission on 15 September ([13197/14](#)).

The report shows that much has already been achieved towards the construction of the ERA and updates indications on possible areas for future action.

Following a Council request, the Commission has developed the ERA Monitoring Mechanism with the objective of assessing progress in the compliance of ERA at three interrelated levels: national and regional policies, funders and research-performing organisations. The report presents progress observed in the member states in terms of adoption of measures in support of ERA.

On 21 February 2014, the Council adopted conclusions on the progress of the ERA ([6945/14](#)). The conclusions addressed a number of key issues to be taken into account in developing the ERA in order to achieve a genuine single market for knowledge, research and innovation.

The conclusions stated that a solid ERA foundation had been built and that the research programme Horizon 2020, as a central element of the ERA, allows efforts to be stepped up to further develop the ERA, which, in the context of the Innovation Union, is a key component of the Europe 2020 strategy to create growth and jobs.

Furthermore, the Council invited the member states, in close cooperation with the Commission, to develop by mid-2015 an ERA roadmap at European level, which should serve the purpose of facilitating and reinforcing the efforts undertaken by the member states, and a set of tools and best practices. In its conclusions the Council also listed a number of specific issues to be taken into account in developing the ERA roadmap.

The conclusions also refer to the first ERA progress report, issued by the Commission on 20 September 2013 ([13812/13](#)), which presented for the first time an overview on the political context, steps taken and first achievements in the 28 member states as well as in a number of associated countries.

In previous conclusions ([17649/12](#)), the Council endorsed the priorities identified in the July 2012 Commission communication "A reinforced ERA partnership for excellence and growth" ([12848/12](#)), which are:

- more effective national research systems
- optimal transnational co-operation and competition
- an open labour market for researchers
- gender equality and gender mainstreaming in research
- optimal circulation, access to and transfer of scientific knowledge.

The [ERA](#) is expected to reinforce excellence for research across Europe, thereby increasing Europe's global competitiveness and its ability to tackle major societal challenges successfully.

## **Any other business**

Under "Any other business" items, the Council will take note of information regarding several subjects, which will include:

- an investment plan for Europe
  - an update on preparations for the implementation of the unitary patent protection system
  - the Commission report on "A New Deal for European Defence - Implementation roadmap for communication: Towards a more competitive and efficient defence and security sector"
  - the Commission report on the functioning of the Consumer Protection Cooperation Regulation
  - the outcome of the international conference on "The European Union Cooperation for Consumer Rights" held in Rome on 7-8 July
  - the Commission communication "Towards a thriving data-driven economy".
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