

Brussels, 21 November 2007

## **Preparation of the Competitiveness Council of Ministers, Brussels, 22/23 November 2007**

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*The EU Competitiveness Council will meet in Brussels on Thursday 22 and Friday 23 November under the chairmanship of under the Presidency of Mr Manuel PINHO, Minister for Economy and Innovation and Mr Mariano GAGO, Minister for Science, Technology and Higher Education of Portugal. The European Commission will be represented by, Vice President Gunter Verheugen, responsible for Enterprise and Industry, Commissioner Charlie McCreevy responsible for the Internal Market and Services, Commissioner Janez Potocnik, responsible for Science and Research and Meglena Kuneva Commissioner for Consumer Protection.*

### **1. Competitiveness/Integrated Approach (TVL)**

#### **(a) Communication from the Commission - "Mid-Term review of Industrial Policy - a contribution to the EU's growth and jobs strategy"**

In 2005 the Commission set out for the first time an integrated Approach to industrial policy based on a concrete work programme of horizontal and sectorial initiatives. In July this year the Commission published its mid-term review of Industrial policy. The mid-term review took stock of the achievements since 2005 and set out an industrial policy agenda for the coming years ([IP/07/1007](#); [MEMO/07/273](#)).

The European Union currently benefits from strong economic growth and a rise of productivity and employment, which are supported by a modern and well functioning industrial policy. This policy is based on both horizontal and sectorial initiatives, which have already been adopted or are being implemented. Globalization and technological change are however likely to intensify in the coming years. The commission concluded that industry needs to adapt to the challenges posed by climate change and to grasp the opportunities of new low-energy and resource saving processes and products. The Commission also identified areas where some of the ongoing initiatives should be strengthened:

- Simplifying and improving the regulatory environment and reducing the administrative burden on enterprises will remain a top priority;
- Ensuring that the overall framework is designed to fully exploit the synergies between environmental protection, security of energy supply and a competitive European industry;

- Particularly noteworthy is the initiative to move towards a low-carbon and resource efficient economy;
- Topics, such as IPR, standards, and the interdependence between manufacturing and the service economy affect many industrial sectors.

**(b) Communication from the Commission - "E-skills for the 21st Century, fostering Competitiveness, Growth and Jobs (E-skills strategy)**

Recent reports and surveys indicate that Europe may face severe e-skills shortages and mismatches in the coming years. At the same time, e-skills are becoming central to boost innovation, productivity and employability and to respond to global challenges. For these reasons in September this year, the European Commission proposed a long-term e-skills agenda and a set of action lines at EU level following extensive expert group and stakeholder consultations. These actions will complement and enrich significant efforts already under way in Europe ([IP/07/1286](#)). Most actions contributing to the implementation of a long term e-skills agenda are within the responsibility of Member States, industry, academia, trade unions, etc. The Commission therefore encourages them to further develop their policies and initiatives, and facilitate the exchange of good practice, and will focus its own efforts on actions bringing added value at EU level. The way forward to the widening and deepening of e-skills within the EU is through multi-stakeholder dialogue and partnerships for action.

**(c) Communication from the Commission - "Small and Medium-Sized Enterprises - Key for delivering more growth and jobs. A mid-term review of Modern SME Policy"**

In 2005, the European Commission adopted its 'Modern SME policy for growth and employment'. This aims to ensure that all aspects of EU policy to help SMEs are coordinated, and that the needs of SMEs are more fully assessed in drawing up such policies. The policy includes action in five areas: Promoting entrepreneurship and skills; Improving SMEs' access to markets; Cutting red tape ; Improving SMEs' growth potential; and Strengthening dialogue and consultation with SME stakeholders

Since then the Mid-term review Communication presents what has been achieved two years after the launch of the Modern SME policy and sets out examples of how the "Think Small First" principle has been implemented. Indeed, SMEs have become an integral part of the EU's comprehensive reform strategy, the renewed Lisbon Partnership for Growth and Jobs since its re-launch in 2005. The Commission has delivered on its policy commitments in all five key areas of its Modern SME policy: cutting red tape, improving SMEs' access to markets, promoting entrepreneurship and skills, improving SMEs' growth potential and strengthening dialogue and consultation with SME stakeholders. The Commission is convinced of the need to put even more emphasis on SMEs in the context of the next Lisbon cycle 2008-2010 to fully unlock the growth and jobs potential of SMEs and make full use of their innovative capacities.

**d) Communication from the Commission - "The European Interest: Succeeding in the age of globalisation"**

In response to a request of this year's Spring European Council for an interim report on the Lisbon Strategy, in October the Commission produced a discussion paper entitled: "The European Interest: succeeding in the age of globalisation ". The main themes were that the Lisbon Strategy for Growth and Jobs is the right backbone for the European response to globalisation. Its further deepening is the way to create the wealth that can give practical meaning to core European values of social inclusion and of European and international solidarity. This means increasing the EU's adaptability to provide for the sustainable well-being of its citizens.

This paper argues that Europe is already achieving notable successes in shaping globalisation, under the broad approach agreed at the Hampton Court summit in October 2005 and centred on the Lisbon Growth and Jobs Strategy, renewed in the spring of 2005 after its original launch in 2000. But globalisation is constantly evolving. So Europe must ensure that its external and internal policies are mutually reinforcing and be ready to refine them in the light of events, such as changes in energy markets or the recent financial instability.

**(e) Communication from the Commission - "European Competitiveness Report 2007"**

In 2006 the overall competitiveness performance of the EU economy improved considerably. The European Competitiveness Report 2007 underlined the central role that productivity plays as a source for growth over the long term and examines the contribution of the various economic sectors in economic developments and the role of policies, especially those covered by the microeconomic pillar of the Lisbon strategy, in improving performance. Research and innovation as well as training and education policies have strong impacts on competitiveness. Economic reforms that enhance the general business environment and facilitate structural change and re-allocation of resources are also crucial. A major driver for increased economic efficiency is competition, either through trade openness, a reinforced Single Market, especially in services, continuous liberalisation of network industries or product market reform. Coordinated action in these areas on EU level produces superior benefits to acting alone ([MEMO/07/455](#)).

The Council is expected to adopt integrated conclusions based on the above communications. Ministers will have an exchange of views and are expected to examine the main messages from the Competitiveness Council to the December European Council on the next cycle of the Lisbon strategy.

## **2. Better Regulation- Progress report (TVL)**

The regulatory environment in which businesses operate influences their competitiveness, and their ability to grow and create jobs. By reducing red tape and overbearing bureaucracy, the Commission helps business people and entrepreneurs improve competitiveness, bearing in mind sustainable development. The Commission is committed to developing a better regulatory environment for businesses, one that is simple, understandable, effective and enforceable.

The desire to produce better regulation is an important element in the EU's Partnership for Growth and Jobs strategy, which updates the Lisbon agenda's drive to make Europe the world's most competitive economy. The strategy identifies the need for the Commission and the Member States to simplify the current regulatory environment. The move should give Europe's enterprises a better opportunity to prosper and help consumers get full benefit from the internal market.

The Presidency will present a progress report on Better Regulation, which highlights the most relevant developments in the main three areas, i.e. reduction of administrative burdens, impact assessment and simplification since the presentation of the last progress report in May 2007 (under the German Presidency). There will be an exchange of views based on the progress report.

## **3. Communication from the Commission - "A simplified business environment for companies in the areas of company law, accounting and auditing" (OD)**

The Commission put forward measures which would simplify the business environment for EU companies in the areas of company law, accounting and auditing. The proposed measures, which are set out in a Communication, "A simplified business environment for companies in the areas of company law, accounting and auditing" would remove or reduce a range of administrative requirements that are considered outdated or excessive ([IP/07/1087](#)). Ministers will discuss Council conclusions on the Communication.

## **4. Communication from the Commission - "Enhancing the patent system in Europe" (OD)**

The European Commission has set out its vision, in the form of a Communication, for improving the patent system in Europe and for revitalising the debate on this issue. ([IP/07/463](#)). Making the Community patent a reality and improving the existing patent litigation system should, together with supporting measures, make the patent system more accessible and bring cost savings for all. The paper highlights that Europe's current patent system is considerably more expensive than the US and Japanese systems. A Community patent would be far more attractive than models under the present system which is a bundle of national patents. A European patent designating 13 countries is 11 times more expensive than a US patent and 13 times more expensive than a Japanese patent. The existing system of patent litigation in the EU, with the risk of multiple patent litigation in several countries on the same patent issue, leads to unnecessary costs for all the parties involved and causes lack of legal certainty.

The difficulties in making progress on patents and especially on the creation of a Community patent led the Commission to launch, in 2006, a broad consultation of all interested parties on the future patent system. The results leave no doubt on the urgent need for action to provide a simple, cost-effective and high-quality patent system in Europe.

The Communication is intended to draw operational conclusions from the stakeholder consultation and to allow the Council to launch deliberations on patent reforms, in particular on the Community patent and jurisdictional arrangements. It addresses various supporting measures for an improved patent system, such as patent quality, knowledge transfer and enforcement issues. Ministers will discuss the progress report on the Communication.

### **5. Proposal for a Directive of the European Parliament and of the Council amending Directive 94/47/EC on the protection of purchases in respect of certain aspects of contracts relating to the purchase of the right to use immovable properties on a timeshare basis (HK)**

On 7 June 2007 the Commission presented a legislative proposal on timeshare and other holiday products. The 1994 EU Timeshare Directive gives consumers basic rights to clear information, a ban on deposits and right to change their mind and withdraw. The new proposal published in June fills in gaps in the current rules. It covers new products which have emerged on the market – like discount holiday clubs, and "timeshare-like" holidays on cruise boats, canal boats and caravans - and extends protection to areas like timeshare resale and exchange clubs. The proposal mainly introduces changes regarding some urgent, sector-specific issues, protecting consumers when they buy the new products. At this Council the Presidency will present a progress report on the work carried out so far. There will be an exchange of views. A key aspect is the clarification between this vertical revision and the Revision of the Consumer Acquis. The Commissioner is expected to underline the need to adopt the new legislation on timeshare and other holiday products as soon as possible.

### **6. Communication from the Commission - "Agenda for a sustainable and competitive European tourism" (TVL)**

Globalisation, demographic changes and the evolution in transport are decisive factors in driving the rapid growth of the European tourism industry. About two million tourism enterprises employ about 4% of the total EU labour force, representing approximately eight million jobs. Although Europe is the most visited region of the world, international tourist arrivals are growing at a lower rate than the world average. New competing destinations are emerging, which further increase the competition the EU is facing at a global level. Faced with these challenges, the Commission has tabled a proposal to improve, in partnership with all stakeholders, the competitiveness of the tourism industry. The Commission's Agenda aims at strengthening a voluntary and continuous process. It should be promoted by all tourism stakeholders in Europe: the different levels of government – local authorities, destination management organisations, regions, Member States – , businesses, tourists and all other bodies that can stimulate (trade unions, universities, research establishments, ...). ([IP/06/344](#)) ([IP/07/1602](#)). Vice President Verheugen will present the agenda to Ministers.

**Friday 23 November**

## **7. Proposal for a Regulation of the European Parliament and the Council establishing the European Institute of Technology (EIT) (AM)**

Innovation is a vital precondition for Europe's competitiveness in the world. The goal of the EIT is to establish strategic and dynamic partnerships among the EU's best business, research and higher education actors to generate tangible solutions to major social, economic and environmental challenges. The EIT will seek to become a reference model for modernising the EU's knowledge organisations and for improving the relations between them. The Commission put forward its proposal establishing the EIT on 18 October 2006, as an integral part of the revised Lisbon Strategy for growth and jobs. This proposal built on extensive consultations with European stakeholders, Member States and the general public. Political agreement will be sought at this Council.

## **8. Joint Technology Initiatives (AM)**

- (a) Proposal for a Council Regulation on the establishment of the "ARTEMIS Joint Undertaking" to implement a Joint Technology Initiative in Embedded Computing Systems**
- (b) Proposal for a Council Regulation - Setting up the "ENIAC Joint Undertaking"**
- (c) Proposal for a Council Regulation - Setting up The Clean Sky Joint Undertaking**
- (d) Proposal for a Council Regulation setting up the Innovative Medicines Initiative Joint Undertaking (IMI)**

Joint Technology Initiatives, known in short as JTIs, are a major innovation of the EU's 7th Research Framework Programme. For the first time ever at European level, industry, the research community and public authorities build together public/private partnerships, to pursue ambitious common research objectives under four different initiatives:

IMI will support the removal of research bottlenecks in the drug development process by fostering Innovative Medicines ([MEMO/07/190](#));

Clean Sky will work on a greener air transport system to reduce CO2 emissions by around 40%, NOx emissions by 60% and noise by 50% ([IP/07/854](#));

ARTEMIS will sustain Europe's world lead in embedded systems, specialised computer components dedicated to a specific task that are part of a larger system ([IP/06/1589](#));

ENIAC will target the next level of miniaturisation required to cross the threshold from micro to nanoelectronics, as more and more functions are integrated into simple commercial products ([IP/07/864](#)).

Hydrogen and Fuel Cells will offer long term solutions for sustainable energy and transport systems, with a large impact on society.

Fuel cells can be applied in a variety of products such as mobile phones and laptops, cars, buses, ships and planes, as well as stationary heat and power generators in the domestic and industrial sector ([IP/07/1468](#)).

The approach proposed by the JTIs signals a genuine change in the way Europe promotes industry-driven research. JTIs create major partnerships between publicly and privately-funded organisations in research, concentrating on those technologies which are strategic to Europe's future and for which research and technological development powerfully increases competitiveness and generates a better quality of life for the Europeans (see [MEMO/07/191](#)). The Council is expected to agree on a General Approach\* on the first four JTIs. The Fuel Cells JTI will be presented to Ministers by Commissioner Potočník.

### **9. Proposal for a Decision of the European Parliament and of the Council on the participation by the Community in a research and development programme aimed at enhancing the quality of life of older people through the use of new Information and Communication Technologies (ICT), undertaken by several Member States (Ambient Assisted Living) (AM)**

Responding to the needs of Europe's growing ageing population in June this year, the Commission adopted its Action Plan for "Ageing well in the Information Society" (see [IP/07/831](#)). This Action Plan was accompanied by a proposal for support to a new joint Europe-wide applied research programme, called Ambient Assisted Living, that focus on technologies that will help people live more comfortably in later life. The proposed programme will pool Member State and EU funding.

This new initiative should improve quality of life and social participation for older people in Europe, create new business opportunities for Europe's industries and lead to more efficient health and social services. The proposal will raise the European research investment on information and communications technologies for ageing well to over €1bn.

Since the launch of the co-decision process 19 countries (16 EU Member States and 3 countries associated with the EU's 7th research Framework Programme - see [IP/06/1590](#)) have agreed to participate in this Joint Programme. For more information see: <http://www.aal-europe.eu/>

At this Council the Member States will discuss the Ambient Assisted Living applied research programme. Subject to the timetable for co-decision by Council and the European Parliament, the Commission would like to begin supporting the Joint Programme on Ambient Assisted Living in late spring 2008.-

### **10. The Future of Science and Technology in Europe (AM)**

**Background** - Achieving the ambitions of the Lisbon Strategy for Growth and Jobs is vital to successfully realise a more open and competitive European Research Area (ERA) and to create a new freedom in Europe – the freedom of knowledge. To contribute to this aim, the Commission adopted on 4 April 2007 its Green Paper "The European Research Area: New Perspectives", which recognised the challenges posed to the EU by underinvestment in and fragmentation of research and the growing globalisation of science & technology. A public consultation and the contributions from ERA stakeholders confirm strong support to the actions in the Green Paper to develop ERA.

The early results of the on-line public consultation of the Green Paper were discussed at a high-level conference on the Future of Science and Technology in Europe, organised by the European Commission and the Portuguese Presidency in Lisbon on 8-10 October 2007. The debate will then continue and a final analysis of the public consultation will be published in early 2008. These elements will provide the basis for new initiatives on furthering the ERA to be announced by the Commission in 2008 (see [IP/07/469](#)). European Commissioner for Research Janez Potočnik will provide a first report to Ministers on the preliminary results of the wide-ranging public consultation launched by the ERA Green Paper. The Council is expected to adopt conclusions.

#### **11. Communication from the Commission - "Scientific information in the digital age: access, dissemination and preservation" (AM)**

In the digital age, science is a global endeavour. Scientific information should thus be widely and easily accessible. Digital access and the dissemination and preservation of scientific information are crucial issues at the EU level. As announced in its February 2007 Communication on "Scientific information in the digital age", the Commission thinks it is important to ensure wider access to and dissemination of journal articles and research data produced on the basis of public funding, while rewarding publishers' investments. The Council will have an exchange of views and is expected to adopt conclusions.

#### **12. Modernising universities for Europe's competitiveness in a global knowledge economy (AM)**

The Council is expected to adopt a Resolution which aims at keeping the political momentum on a crucial issue for Europe's future. There is a clear need for actions on the modernisation, restructuring and opening of the universities to improve their research performance. As pointed out in the Commission's Communications, the latest of which is entitled "Delivering on the modernisation agenda for universities: education, research and innovation", was adopted in May 2006 ([IP/06/592](#)), the Commission shares the necessity to ensure our universities sufficient autonomy, better governance and accountability, and to enable them to increase and diversify their sources of funding. This will allow them to achieve excellence in the delivery of their missions and to become global players in the knowledge economy.

#### **13. Communication from the Commission on the progress made with the implementation of the nanosciences and nanotechnologies Action Plan for Europe (AM)**

The EU has long supported nanosciences and nanotechnologies through its "Framework Programmes" for Research and Development. On 6 September 2007, the Commission adopted its Communication Nanosciences and Nanotechnologies: An action plan for Europe 2005-2009. First Implementation Report 2005-2007 ([IP/07/1321](#)) in which progress is reported in almost every area covered by the Action Plan. Some areas needing particular attention in the near future are also identified in the Report. The Council is expected to adopt conclusions.

## **Any Other Business**

### **(a) Review of the Single Market (OD)**

The European Commission has set out a package of initiatives to modernise the European single market and to bring more benefits to Europeans, building on past successes. The single market has already helped create competitive companies, reduced prices, more choice for consumers and a Europe attractive for investors. The Commission's measures are based on extensive consultation. They will ensure that the single market does even more to take advantage of globalisation, empower consumers, open up for small businesses, stimulate innovation and help maintain high social and environmental standards. Among the most important policy actions set out in the single market package are initiatives to: help consumers to exercise their contractual rights and get redress across borders; provide better information for consumers and small businesses; respond to weaknesses in sectors where the single market should deliver more; propose a Small Business Act; and introduce a "researcher passport"; clarify how EU rules apply to services and social services of general interest; and promote the quality of social services across the EU. ([IP/07/1728](#)). Commissioner McCreevy will provide Ministers with further information on the Single Market Review package.

### **(b) Free movement of goods (TVL)**

- Proposal for a Regulation of the European Parliament and of the Council laying down procedures relating to the application of certain technical rules to products lawfully marketed in another Member State and repealing Decision 3052/95/EC
- Proposal for a Regulation of the European Parliament and of the Council setting out the requirements for accreditation and market surveillance relating to the marketing of products
- Proposal for a Decision of the European Parliament and of the Council on a common framework for the marketing of products
- Information from the Presidency on the state of play

### **(c) Proposal for a Regulation of the European Parliament and of the Council on classification, labelling and packaging of substances and mixtures, and amending Directive 67/548/EEC and Regulation (EC) No 1907/2006 (TVL)**

- Information from the Presidency on the state of play

### **(d) Proposal for a Decision of the European Parliament and of the Council on the participation by the Community in a research and development programme aimed at supporting research and development performing SMEs undertaken by several Member States (EUROSTARS)**

R&D-performing Small and Medium-sized companies (SMEs) are the entrepreneurial stars of Europe. For them, the Commission adopted on 12 September the EuroSTARS proposal. EuroSTARS is a joint research programme by 27 EUREKA countries, including 22 EU Member States and 5 States associated to the 7th Framework Programme. EuroSTARS aims at providing financial support to research projects initiated and led by R&D performing SMEs. Counting on up to EUR 100 million from the Seventh Framework Programme's budget and with at least EUR 300 million of public funding from the participating countries, EuroSTARS expects to leverage about an equal amount from the private sector, resulting in about EUR 800 million to support R&D performing SMEs.

EUROSTARS is one of several areas identified for a higher level of research co-operation among the Member States, with the Commission participating actively, on the basis of Article 169 of the Treaty. The idea is to go beyond mere coordination of research programmes to encompass a voluntary integration process covering scientific, management and financial aspects of research projects (see [IP/07/1313](#)).

At this Council, progress report on the proposal will be given by European Commissioner for Research Janez Potočnik.

#### **(e) Events during the Portuguese Presidency**

- Forum "Financing Innovation - From Ideas to Market" (Estoril 8-9 October 2007)
- VI European Tourism Forum (Algarve, 25-27 October 2007)
- High Level Meeting on Modernising Universities in Europe (Lisbon, 6 November 2007)
- Conference "Towards a European Collective Redress?" (Lisbon, 9-10 November 2007)
- Conference "ICT Uptake for SMEs Competitiveness" (Lisbon, 13 November 2007)
- High Level Conference on Nanotechnologies (Braga, 20-21 November 2007)
- Information from the Presidency

#### **(f) The Internet of Things - RFID**

The Conference and Exhibition "RFID: The Next Step to the Internet of Things" took place in November 2007 and attracted more than 500 industry experts, researchers and visionary leaders worldwide. It was organised under the Portuguese Presidency by the Knowledge Society Agency, the Cabinet of the Technological Plan and the Lisbon Strategy, and supported by the European Commission's Information Society and Media Directorate-General. The conference built on the results of the June 2007 conference of the same name that discussed and reached consensus on critical issues such as information security and privacy, new business models for smart radio tags (technically known as RFID) in specific application areas, requirements and options for future collaborative research and development, and the governance aspects of RFID identities in the emerging Internet of Things. It also aimed to establish and reinforce research and innovation networks, and partnerships to accelerate progress in this area. Interested parties were invited to submit expressions of interest under a successful "Call for Mobilising Ideas".

At this Council the Presidency presents the results of the November conference and recognises that (1) smart radio tags are an important building block for the future Internet of Things; (2) fast action is needed in Europe on research and development, standards and regulatory measures so as to realise the full potential of RFID and the Internet of Things for Europe's competitiveness; (3) Member States and the Commission should identify new opportunities for furthering research and innovation through relevant instruments such as FP7; (4) specific actions should be taken to adapt occupational training, education and academic curricula to the personnel requirements associated with the expansion of RFID-based applications; (5) the critical issues of privacy, data protection and security should be addressed at an early stage to build consumer and industry confidence=Information from the Presidency

**(g) Product safety: outcome of the stocktaking exercise**

The Commission launched a two month exercise period in September 2007 to carry out a review of the international product safety chain which closed in mid November. The exercise followed the Chinese product safety problems and Mattel recalls. The recommendations are detailed in an 'information note' which was accompanied by an in-depth Report on product safety in the People's Republic of China, based on analysis and fact-finding missions.

The stocktaking has followed a multi-pronged approach, involving all relevant players in the supply chain: Member States, public authorities, business representatives, consumer organizations, the US and China. It offers in the first place an account of where we stand on this issue in terms of strengths and weaknesses and secondly how the EU's efforts compare to those of other economies. The review was also accompanied by an internal screening of the European legislative framework on import safety to identify synergies between relevant policy areas.

There will be a point on information on the state of play of product safety and the stocktaking exercise to possibly follow-up with the next steps of initiatives to strengthen the areas that need it, namely: enforcement at national level, industry safety checks and co-operation with China.

**(h) Services of general interest**

- Information from the Commission
- Requested by the Luxembourg delegation

**(i) Trade defence instruments**

- Information from the Commission
- Requested by the German delegation

**(j) Proposal for a Council Regulation setting up the Fuel cells and Hydrogen Joint Undertaking"**

- Presentation by the Commission

**(k) Proposal for a Directive of the European Parliament and of the Council amending Directive 98/71/EC on the legal protection of designs**

The Presidency will provide further information on the state of play concerning the proposed Directive on the legal protection of designs (amending Directive 98/71/EC, see [IP/04/1101](#)).