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## OUTCOME OF THE COUNCIL MEETING

3431st Council meeting

### Competitiveness (Internal Market, Industry, Research and Space)

Brussels, 30 November and 1 December 2015

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- Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
- Documents for which references are given in the text are available on the Council's Internet site (<http://www.consilium.europa.eu>).
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## **ITEMS DEBATED**

### **INTERNAL MARKET and INDUSTRY**

#### **Competitiveness check-up: mainstreaming of competitiveness across all EU policies**

At the second edition of the "competitiveness check-up", ministers discussed urgent issues and developments in the real economy, with a focus on the relationship between internal market integration and the competitiveness of the EU in the global markets.

The debate took place on the basis of a presentation made by the Commission and a [presidency report](#) on the state of play and perspectives of competitiveness mainstreaming, which is a process that seeks to ensure that initiatives across the different EU policy areas have a positive impact on competitiveness. There was a special focus on EU market shares in global export markets and the related competitive advantages for the EU.

The report gives an overview of the work carried out under the Luxembourg presidency and puts forward recommendations as to how competitiveness mainstreaming could be further improved in the future.

During the debate, a number of delegations were in favour of making full and timely use of the range of EU trade policy instruments to ensure a global playing field. The difficult situation in some industrial sectors, such as the steel industry, was mentioned in this respect. The Commission announced that a high-level stakeholders' conference on the energy-intensive industries, including the steel sector, would be organised in the near future to review the current situation and consider appropriate solutions.

The "competitiveness check-up" was launched on 1 October. With the first edition it established a new working method aimed at improving the role of the Competitiveness Council as regards the analysis of horizontal and sectoral economic issues as well as the monitoring of competitiveness mainstreaming. In practice, it is based on a presentation by the Commission of the latest figures and trends related to micro-economic issues, with ministers being invited to respond and provide input on possible implications for EU companies and citizens.

## Single market strategy for goods and services

The Council broadly supported the overall objectives of the new [single market strategy](#) for goods and services, which was presented by the Commission on 28 October 2015.

The majority of delegations acknowledged the need to eliminate the remaining economic barriers from the single market in order to achieve tangible and quick results in terms of growth and job creation.

Those barriers tend to limit consumer choices and impede the emergence of new business models, thus limiting innovation and job creation.

Many delegations stressed the importance of suitable coordination with the digital single market strategy and regular monitoring of the progress made.

Given the large scope of the strategy, the presidency steered the debate, on the basis of a [reflection document](#), towards those aspects of the strategy aimed at helping businesses, in particular SMEs and micro-enterprises, to scale up their activities.

A great number of delegations expressed the view that innovation and global value chains are generating major new opportunities. Digital technologies are transforming many industrial sectors, leading to more efficient production and innovative business models.

Among the single market strategy actions deemed essential in helping to create a predictable and future-proof framework that will allow businesses to scale up and seize all the opportunities presented by the single market, the following were mentioned:

- easing access to finance, particularly for SMEs and start-ups
- spreading the introduction and use of digital technologies
- removing unnecessary burdens for companies and simplifying rules, including the simplification of fiscal regimes
- modernising the intellectual property rights framework, particularly adapting it to the digital era
- improving and enhancing the application of mutual recognition principles
- improving worker mobility and widening the recognition of professional qualifications

Member states also said that they were looking forward to further analysis of those and other aspects of the strategy.

The actions included in the strategy for the internal market deal with three main areas:

- creating opportunities for consumers, professionals and businesses
- encouraging and enabling modernisation and innovation
- ensuring results that benefit consumers and businesses in their daily lives; to this end the strategy includes a roadmap for 2016-2018

This strategy complements efforts made in other areas to ensure economic prosperity, job creation and Europe's attractiveness for investments, such as the digital single market, the internal market for energy, labour mobility, the capital markets union, the circular economy package, the new "Trade for All" strategy and the better regulation agenda.

Last March, the Council adopted [conclusions on single market policy](#). Among other things, they state the need to ensure that new legislation is made fit for the digital age and addresses all possible ways in which digital solutions can reduce burdens for citizens and businesses.

## **Better regulation: improving the functioning of the single market**

Over the working lunch, ministers exchanged views on how to use the new [better regulation agenda](#) to improve the functioning of the single market and to create growth and jobs.

The debate took place on the basis of a presidency [background paper](#).

Ministers expressed strong support for taking forward the better regulation agenda, as it is considered of key importance for European competitiveness.

In this respect, and especially in the light of the challenges being faced by the European economy, they stressed the need to ensure that EU regulation is transparent, simple and achieved at minimum cost, while fostering competitiveness and systematically taking into account proper protection of consumers, health, the environment and employees.

The agenda should generate and strengthen "European added-value" by guaranteeing that EU legislation brings tangible benefits to businesses and citizens and contributes to the development of a fully integrated single market.

The contribution of the agenda to reducing the "[cost of non-Europe](#)" was mentioned, as was the importance of increasing the use of mutual recognition to reduce both the regulatory burden and market fragmentation.

Many recalled that European regulations should be "fit for purpose" through the effective use of smart regulation objectives and tools (regulatory costs reduction, integrated impact assessment, ex-post evaluation, fitness checks, simplification and stakeholder consultation) throughout the whole policy cycle, particularly paying attention to the needs of SMEs and micro-enterprises. Furthermore, EU rules should provide real added value and help businesses expand their activities.

A number of delegations asked for the introduction of additional measures to the agenda, such as regulatory burden reduction targets in particularly burdensome areas.

Some of them also asked for the creation of a joint independent impact assessment board for all three EU institutions, whereas others opposed that idea.

Many delegations stressed that legislation should be future-proof to enable rapid take-up of new technologies as well as to encourage innovation and scaling-up, especially in the context of the digital single market.

All delegations supported the Commission's work on the REFIT<sup>1</sup> programme. A number of delegations expressed their wish to include quantified targets in the REFIT programme, with some showing a preference for sectoral reduction targets. However, other delegations questioned the real utility of establishing such quantified targets.

The launch of stakeholder consultations at every stage of the legislative process, particularly in the early stage of drafting new initiatives, was encouraged. Care would have to be taken not to increase the burden related to the process.

The need to reach the final addressee of EU legislation (i.e. SMEs themselves, and business representations) was mentioned as a crucial element of the quality of consultations.

Delegations largely welcomed the systematic inclusion of the SME test within the integrated impact assessment of the Commission through the more thorough application of the "Think Small First" principle.

The [better regulation agenda](#), which was published on 19 May 2015, sets out an ambitious programme to make EU rules more efficient and fit for purpose. The achievement of stronger growth through more intelligent and less burdensome EU regulation is a key component of this agenda.

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<sup>1</sup> [REFIT](#) is the Commission's Regulatory Fitness and Performance programme which aims to make EU law simpler and to reduce regulatory costs, thus contributing to a clear, stable and predictable regulatory framework supporting growth and jobs.

## National competitiveness boards in the euro area

The Council exchanged views on a [Commission recommendation](#) on the establishment of national competitiveness boards within the euro area.

The outcome of the debate will feed into upcoming discussions on strengthening the economic and monetary union.

The debate was structured by means of a presidency [background paper](#).

A number of delegations raised concerns over the idea of setting up new competitiveness authorities, in particular regarding:

- the need to create, and the added value of creating, an additional body on top of existing structures and mechanisms at national level, which already fulfil similar tasks and which are often based on national traditions
- the risk of creating delays in policy making by adding another layer to the existing decision-making processes
- the scope of the competitiveness authorities' activities and the issues that they are supposed to solve (lack of a clear problem definition)
- the emphasis put on monitoring national wage-setting mechanisms instead of focusing on other factors that have a significant impact on competitiveness

The objective of the recommendation is to set up national competitiveness boards to monitor performance and policies in the field of competitiveness, thereby helping to foster sustained economic convergence and to increase ownership of the necessary reforms at national level.

The recommendation is addressed to the euro area countries but it also encourages non-euro area countries to set up similar bodies.

According to the proposal, the competitiveness boards would be independent from ministries and public authorities, to ensure that their advisory role adequately reflects the general interest.

The Commission recommendation stems from the "[Five Presidents' report](#)" published in June 2015, in which the presidents of the European institutions (Commission, European Council, Eurogroup, European Central Bank and European Parliament) set out plans to deepen economic and monetary union.

## **RESEARCH and INNOVATION**

### **European Research Area: integrity - gender equality - governance**

The Council adopted conclusions on three priority topics which are deemed essential for the completion and implementation of the European Research Area (ERA):

- the promotion of responsible behaviour and integrity in research activities
- the promotion of equal opportunities in research to achieve a better male-female balance
- the establishment of an efficient and streamlined structure for the governance of the ERA

#### **Research integrity**

The [conclusions](#) highlight the need to respect fundamental ethical principles and integrity in EU research and innovation activities.

Among other things, the conclusions address the need to consider research integrity a prerequisite for achieving excellence in research, as well as the damaging socio-economic impact of research misconduct and ways to prevent it.

#### **Gender equality**

The [conclusions](#) deal with a number of key measures that will help to ensure a level playing field for women and men in research and innovation, with the aim of allowing Europe to fully exploit its labour force and talent pool, thereby helping to increase competitiveness and contributing to growth and job creation.

Furthermore, in its conclusions, the Council stresses the need to strive for gender balance in leadership and decision-making positions.

#### **ERA governance**

By means of [conclusions](#), the Council reshaped the ERA advisory structure to render it more efficient and effective for the implementation of the ERA.

To this end, the number of groups with an advisory role will be limited to the ERA priorities agreed by the Council.

## **European Fund for Strategic Investments to stimulate research and innovation**

Ministers exchanged views on how the [European Fund for Strategic Investments](#) (EFSI) can better be used to stimulate research and innovation.

All delegations underscored the need to increase the attractiveness of investing in Europe and in the infrastructure of a modern knowledge economy. For this reason, research and innovation aspects should be duly taken into account during the implementation of the new investment plan for Europe.

They agreed on the need for the EFSI to support projects that will contribute to the development of the European Research Area.

They asked to explore the complementarity of the EFSI with other financial funds and instruments – in particular with the European Structural and Investment funds, which are used to strengthen economic, social and territorial cohesion in the regions of the EU with the aim of reducing disparities in their development levels.

Synergies could also be found with other financial programmes such as Horizon 2020 and relevant national schemes.

The majority of delegations pointed out the big potential offered by the EFSI for mobilising additional investment flows to overcome the current investment gap in Europe.

From a broader perspective, ministers highlighted the need to focus on projects with long-term and high socio-economic value that could induce sustainable economic growth.

The EFSI aims to overcome current market failures by addressing market gaps and mobilising private investment. It will support strategic investments in key areas such as infrastructure, education, research and innovation, as well as risk finance for small businesses.

One of the key features of the EFSI is its focus on investments in the real economy, so as to help to create growth and jobs.

The EFSI is also designed to include investment projects which strengthen the EU's scientific and technological base and result in benefits for society, as well as better exploitation of the economic and industrial potential of policies on innovation, research and technological development, including research infrastructure, and pilot and demonstration facilities.

## **Any other business**

### ***SOLVIT network to solve difficulties in the internal market***

The Portuguese delegation briefed the Council on the outcome of a [conference on SOLVIT](#) held in Lisbon on 18 September 2015.

[SOLVIT](#) is a European network that was set up in 2002 to try and find pragmatic online solutions to problems arising between citizens or companies and public administrations due to incorrect or inaccurate application of legislation on the internal market.

### ***SME envoys network report 2015***

The Council took note of the 2015 report of the SME envoys network. The report:

- presents an overview of the latest trends in the performance of EU SMEs
- summarises the work done in four priority areas: SME test in impact assessment, access to finance, reduction of administrative burden and entrepreneurship
- outlines the activities of the network for 2016

In 2013, the Council invited the SME envoys network to report on progress on a regular basis. The first report was presented on 4 December 2014.

The [SME envoys network](#) was set up in 2011 to help improve the regulatory and policy environment for SMEs across Europe.

### ***Firearms***

The Commission briefed the Council on [plans](#) to tighten controls on the acquisition and possession of firearms in the internal market by means of a revision of the [EU firearms directive](#) together with other flanking measures.

New measures were under preparation but it was decided to accelerate the work following the terrorist attacks in Paris on 13 November.

– ***Car emission tests in real driving conditions***

The Commission provided information on the state of play of ongoing work to achieve an efficient and reliable system of car emission tests, in particular regarding the vote on 28 October 2015 by the Technical Committee of Motor Vehicles (TCMV) on the second package of implementing measures to introduce real driving emissions (RDE) tests for NO<sub>x</sub> emissions by diesel cars. The Commission highlighted the importance of rapidly approving the new measures to allow for their entry into force without delay.

This package on RDE tests was submitted on 23 November 2015 by the Commission to the Council and the Parliament for a scrutiny period of three months.

The Commission will keep the process under close scrutiny with the aim of achieving a high-performing and reliable test system for car emissions, re-establishing consumer confidence and ensuring that the system can be technically implemented.

– ***Territorial supply constraints in BENELUX***

In the margins of the Council, the BENELUX countries (Belgium, the Netherlands and Luxembourg) signed a [recommendation](#) on territorial supply constraints that distort the internal market.

The recommendation is a joint commitment to explore the causes of problems in BENELUX retail trade and to launch common actions, where possible.

– ***Higher education and research***

At an informal working lunch, ministers in charge of research policy examined how to strengthen links between higher education and research.

– ***Mobility of researchers: RESAVER pension fund***

The Commission provided information on the state of play as regards establishing a tailor-made single European pension arrangement for research organisations and their employees, called [RESAVER](#) (Retirement Savings Vehicle for European Research Institutions) ([14646/15](#)).

RESAVER is supported by the EU through the Horizon 2020 framework programme.

– ***Science4Refugees initiative***

The Commission provided information on the [Science4refugees](#) initiative, which helps refugee scientists and researchers find suitable internships and jobs to both improve their situation and put their skills and experience at the service of Europe's research system ([14647/15](#)).

– ***Bioeconomy and agricultural research: SCAR foresight report***

The Council took note of a report by the Standing Committee on Agricultural Research ([SCAR](#)) entitled "Sustainable agriculture, forestry and fisheries in the bioeconomy – A challenge for Europe" ([14648/15](#)).

The report provides a contribution to the development of European and national strategies on bioeconomy that can help to guide research and innovation investments in this field.

– ***State of the Energy Union***

The Council took note of a presentation by the Commission on the state of the Energy Union 2015, released on 18 November ([14015/15](#)).

The various reports on the state of the Energy Union look at the progress made in 2015 and identify key issues that will require particular political attention in 2016.

One of the main focuses of this year's edition is the Paris climate conference COP21.

The Commission called on member states to invest further in clean energy research to support the energy transition towards a low-carbon economy.

– ***Participation of Tunisia in the Horizon 2020 research framework programme***

The agreement associating Tunisia to Horizon 2020, the EU's framework programme for research and technological development activities, was signed on 1 December 2015. In relation to this event, Tunisia addressed the EU research ministers in the margins of the Council.

During the past few years, Tunisia has actively participated in the EU's innovation and research framework programmes and has been an essential partner in Euro-Mediterranean cooperation in this field.

– ***EU-ESA (European Space Agency) informal ministerial meeting***

In the margins of the Council, the Luxembourg presidency organised an informal meeting of ministers in charge of space policy from the EU and [ESA](#) member states (informal "Space Council").

Ministers discussed three main topics:

- the evolution of the "Space Council"
- the European institutional launcher market
- the promotion of the use of space systems and data

Luxembourg was elected co-chair of the ESA together with Switzerland for the period 2012-2015.

Press release: <http://www.eu2015lu.eu/en/actualites/communiqués/2015/11/30-ue-ase/index.html>

– ***Work programme of the upcoming Dutch presidency***

The Dutch delegation informed ministers about the presidency's work programme on competitiveness for the first half of 2016.

In the field of internal market and industry, top priorities of the [Dutch presidency](#) will include continuing the examination of the single market strategy for goods and services, the mainstreaming of competitiveness across all EU policy areas, the implementation of the better regulation agenda, the digital single market strategy and support for SMEs.

In the field of research and innovation, the Dutch presidency will take forward the priorities of the European Research Area. The focus will be on investing in research and innovation. The Dutch presidency will also strive to improve the framework conditions for research and innovation through smarter regulation principles that are future-proof and fit for research and innovation. Another priority will be open science with a focus on open access to publications and optimal re-use of data.

The upcoming presidency will also ensure the follow-up of space policy issues, including the uptake of space data and further development of EU relations with the European Space Agency.

The Netherlands, together with the next upcoming presidencies of Slovakia and Malta, will form a new presidency trio. They will collaborate to prepare a joint work programme. This programme will serve as a guideline for each 6-month presidency for the next 18 months and aims to provide continuity to the policy followed by the Council of the EU.

## **OTHER ITEMS APPROVED**

### **FOREIGN AFFAIRS**

#### **Prohibition of Chemical Weapons - Funding**

The Council released EUR 4 586 096 in EU funding in support of a joint investigative mechanism established by the UN and the Organisation for the Prohibition of Chemical Weapons.

Established pursuant to UN Security Council resolution 2235, the joint investigative mechanism identifies perpetrators using chemical weapons in Syria.

The funding comes on top of EUR 17 million already allocated for the destruction of chemical weapons in Syria.

#### **Stabilisation and Association Council with Bosnia and Herzegovina**

The Council adopted a draft common position in anticipation of the first meeting of the Stabilisation and Association Council with Bosnia and Herzegovina.

The common position welcomes the new positive reform dynamic in Bosnia and Herzegovina which led to the entry into force of the Stabilisation and Association Agreement (SAA) in June. The EU also expresses its serious concern about the preparations for holding an entity-level referendum on the state-level judiciary in the *Republika Srpska* entity. The position addresses a number of areas including political and economic criteria, European standards, pre-accession assistance and bilateral relations under the SAA.

### **COMMON SECURITY AND DEFENCE POLICY**

#### **Administrative arrangement between the European Defence Agency and Ukraine**

The Council approved the administrative arrangement between the European Defence Agency (EDA) and the Ukrainian ministry of defence. The agreement aims to improve cooperation, increase reciprocal transparency and regulate Ukraine's participation in EDA ad hoc projects.

## **AGRICULTURE**

### **Pesticides - maximum residue levels**

The Council decided not to oppose the adoption of a Commission regulation amending annex III to regulation 396/2005<sup>1</sup> as regards the maximum residue levels for oxadixyl and spinetoram in or on certain products ([13272/15](#)).

Regulation 396/2005 establishes the maximum quantities of pesticide residues permitted in products of animal or vegetable origin intended for human or animal consumption. These maximum residue levels (MRLs) include, on the one hand, MRLs which are specific to particular foodstuffs intended for human or animal consumption and, on the other, a general limit which applies where no specific MRL has been set. MRL applications are communicated to the European Food Safety Authority (EFSA) which issues a scientific opinion on each intended new MRL. Based on EFSA's opinion, the Commission proposes a regulation such as those listed above, establishing a new MRL, or amending or removing an existing MRL, and modifying the annexes of regulation 396/2005 accordingly.

This Commission regulation is subject to the regulatory procedure with scrutiny. This means that now that the Council has given its consent, the Commission may adopt it unless the European Parliament objects.

### **Partnership agreement between EU and Liberia - New agreement and protocol**

The Council adopted a decision on the signing, on behalf of the EU, and provisional application of a sustainable fisheries partnership agreement (FPA) between the EU and the Republic of Liberia and the implementation protocol thereto ([13011/15](#)).

An FPA and an implementation protocol were initialled on 5 June 2015. In order to allow EU vessels to carry on with their fishing activities, the new FPA and the protocol should be applied from the date of their signature on a provisional basis, pending completion of the procedures for their formal conclusion.

In addition to the signing and provisional application of this FPA and its implementation protocol, the Council adopted a regulation concerning the allocation of fishing opportunities between member states ([13012/15](#)).

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<sup>1</sup> OJ L 070, 16.3.2005, p. 1.

## **EUROPEAN FREE TRADE ASSOCIATION**

### **EC/Switzerland agreement on trade in agricultural products**

The Council adopted a decision on the EU position on decision 1/2015 to be taken by the joint veterinary committee regarding amendments to appendices 1, 2, 3, 4, 5, 6, 7, 10 and 11 of annex 11 to the agreement on trade in agricultural products (13618/15).

This decision is necessary in order to introduce a number of technical updates to the EC/Switzerland agriculture agreement.

## **DEVELOPMENT POLICY**

### **European Development Fund - contributions**

The Council set the financial contributions to be paid by the member states to finance the European Development Fund (EDF). The decision specifies the ceiling for 2017, the amount for 2016, the contributions for the first instalment in 2016, and indicative and non-binding forecasts for 2018 and 2019.

## **FOOD LAW**

### **Authorisation of a food flavour and a food additive**

The Council decided not to oppose the adoption of the following two Commission regulations:

- a [regulation](#) authorising the use of gamma-glutamyl-valyl-glycine as a flavouring substance for use in and on foods
- a [regulation](#) authorising the use of extracts of rosemary (E 392) as an antioxidant in spreadable fats with a fat content of less than 80%

The Commission regulations are subject to the regulatory procedure with scrutiny. This means that now that the Council has given its consent, the Commission may adopt them, unless the European Parliament objects.

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