

COMPETITIVENESS COUNCIL

Brussels, 29 September 2016

The Council session will start at 10.00 with the regular competitiveness check-up, a health test of Europe's real economy which will have a focus specifically on how to improve the needed **access to finance for EU companies and scale-ups**.

It will be followed by a policy debate on the emergence of the **collaborative economy**. The debate will be largely grounded in a Commission communication which presents policy recommendations and legal guidance for a balanced development of the collaborative economy in Europe and based on discussions of the High Level Group on competitiveness.

Later on, ministers will have the opportunity to address the **standardisation** package. They will be invited to attend the signing of a joint initiative on standardisation.

During the lunch debate, ministers will discuss the situation and future of **the construction sector**.

The afternoon session will be devoted to **industrial policy**. There will be a focus on those sectors more severely affected by the economic crisis, in particular the **steel industry**.

The session is expected to be finished around 16.30 after a number of information points on topics in the field of intellectual property, namely: the progress made towards the implementation of the **unitary patent protection system**, the situation regarding plant breeders' rights following recent decisions on the **patentability of plants** and preparations for the review of the current system of **supplementary protection certificates**.

Ministers will also hear a short presentation by the Commission on the new **strategy for low-emission mobility**.

The meeting will be chaired by **Peter Žiga**, Minister of Economy of Slovakia.

A press conference will take place at the end of the meeting +/-16.40.

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Video streaming of press conferences and public events: <http://video.consilium.europa.eu>

Video coverage in broadcast quality (MPEG4) and photo gallery: www.eucouncil.tv

¹ This note has been drawn up under the responsibility of the press office.

INTERNAL MARKET AND INDUSTRY

Competitiveness check-up: access to finance for SMEs

Ministers will exchange views on ways to improve access to finance for European companies, with a specific focus on SMEs and scale-ups.

The last [monitoring report](#) on the implementation of the COSME programme (the EU's programme for the competitiveness of enterprises and SMEs 2014-2020) shows that there is a significant shortage for risk capital investments in the market and the lack of equity finance in Europe is recognised as a bottleneck to the provision of further SME funding.

The debate will be introduced by the Commission, expected to present up-to-date facts and figures in the EU and a set of indicators relevant to the topic, such as venture capital investments, percentage of internal funds, current trends in banks to provide credits and stock market capitalisation.

The Slovak presidency will also provide with an updated indicative list of topics and legislative files in different policy fields that have an impact in the competitiveness of EU companies.

The source and the availability of financing for SMEs are important factors behind their development capacity, growth and success.

There is a need to strengthen new ways of financing to support start-up, innovative SMEs and scale-ups in order to promote new areas of growth and an innovation-led economy. Complementary to equity finance such as venture capital, new forms of risk capital like subordinated loans are key to financing the growth of this segment of the EU economy.

In order to anticipate these changes and boost the availability of financing, the EU introduced in September 2015 the Capital Markets Union action plan. This plan is one of the EU's major initiatives to strengthen European investments and a business-friendly environment by reducing fragmentation in the capital markets, removing regulatory barriers to cross-border financing and increasing the supply of different kinds of capital to businesses.

The "competitiveness check-up" allows ministers to put forward priorities and respond to urgent issues and developments in the real economy.

It is a regular working method that was established in 2015 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.

At the informal ministerial meeting held in Bratislava on 19 July, the Slovak presidency made it clear that there is still much to be done to improve Europe's research and innovation ecosystem for SMEs, and in particular for start-ups and scale-ups. The EU continues to perform relatively poorly compared to its major competitors in scaling up new companies and creating new markets based on disruptive, breakthrough innovations such as internet-based platforms or in the collaborative economy.

Collaborative economy

The Council will hold a policy debate on the collaborative economy. The debate will be preceded by a Commission presentation of its communication '[A European agenda for collaborative economy](#)', issued on 2 June 2016, and will be structured by means of a presidency [background document](#).

Ministers will be invited to express views on the following questions:

- 1. What is the policy approach you advocate to facilitate the balanced development of the collaborative economy?*
- 2. With the collaborative economy enabling new ways for private citizens to offer occasional services to share assets or generate additional income, how can a difference best be made between private and occasional peer-to-peer services and professional services?*
- 3. Following the Commission Communication on the collaborative economy: How can the balanced development of the collaborative economy best be promoted at EU-level?*

The communication aims to find a balanced approach so as to harness the great economic potential offered by collaborative economy business models (e.g. Uber, Airbnb, BlaBlaCar).

It also provides guidance on applicable EU law and promotes best practices regarding the regulation at national level to minimize the risk of diverging regulations across the single market.

The Commission also announced its intention to monitor the evolving regulatory environment and economic and business developments with a view to gathering data for possible initiatives if needed at a later stage.

In previous weeks, the Council preparatory bodies have discussed the main issues addressed in the communication raising a number of questions and remarks, such as:

The definition of the collaborative economy

The main criterion is the use of platforms that allow the temporary use of products or services. With both private service providers and professional service providers present, with a large number of occasional users and consumers, and with platform owners acting as intermediaries, the market relationships are different from traditional roles. The same can be said for the definition of employees or workers.

Growth potential and risks

The collaborative economy has a large and further evolving potential for growth and jobs, but it raises numerous concerns regarding the regulation and a fair treatment of all parties concerned. The existence of occasional private providers next to the platform owners raises issues concerning their legal status, liability and independence.

Regulation of market access and fair competition

Market access should be fair and by the national and European rules. Obligation for services providers could also give new market opportunities to existing, traditional enterprises.

Social Policy, employees rights, taxation issues, regulation of safety issues and other issues of public interest

Given that the relationship between platform owners, services providers, employees and consumers is different in new business models, member states should be diligent in ensuring that established rights are not impaired and that all actors fulfil their legal obligations. While some current rules might be reconsidered, new ones might be necessary to guarantee public interests.

Sectoral and country-specific approaches

A number of services have always been regulated differently in member states (e.g. hotels and housing, transport, craftsmen). Therefore country-specific issues will have to be taken into account in order to make new business models possible and to contribute to growth without compromising on well-established public policy goals.

Scope for intervention at European level:

Many member states are currently updating or revising their legislation to take into account their public policy objectives without curtailing the business activities of the collaborative economy unduly. Within this modernisation exercise, different legal concepts and priorities in member states will have to be taken into account.

Website on [Collaborative economy](#)

Steel industry

Ministers will take stock of latest developments in the European steel industry and discuss the best possible measures and actions to improve the competitiveness of the sector.

The Slovak presidency acknowledges the gravity of the situation and the need to keep the issue on the political agenda.

To this end, the presidency has tabled a [background document](#) with the purpose to link the ministerial exchange of views to the current situation, as well as to collect forward-looking ideas for the long term.

The presidency will invite the Council to address the following questions:

- 1. How do you evaluate the impact of the EU policies and instruments in dealing with the situation of the steel industry? What are the latest developments in the steel industry and what are the particular challenges this sector still faces in your country?*
- 2. What measures on national level have been taken to complement EU action and what has been the effect of these measures?*
- 3. What other measures would you consider as priorities in order to facilitate the situation of the steel industry in the long term?*

During the past months, some progress has been made on actions to provide relief to the sector, but continued joint efforts are needed to provide adequate responses to the various challenges facing the steel industry, including in areas such as:

- short- to medium-term protection against harmful dumping practices through effective trade defence instruments
- stimulating domestic consumption in Europe
- long-term measures to maintain and improve the protection of the industry in the EU
- implications of emission trading scheme for the competitiveness of the steel industry
- measures that will contribute to the modernisation of the sector
- a regulatory framework, research and financing conditions that accommodate innovation and new technologies (e.g. carbon capture) that can help the steel sector to remain competitive and adapt to the new realities of climate change
- efforts to promote energy efficiency and competitive energy prices

A high-level conference on energy-intensive industries with stakeholders was convened on 15 February 2016 as a follow-up to the extraordinary Competitiveness Council on the steel industry of 9 November 2015.

Taking into account key messages from the Council and stakeholders, the Commission published the communication: [Steel industry: preserving sustainable jobs and growth in Europe](#) in March 2016.

The communication suggested a range of policy measures to support the European steel sector along five areas of action: (1) a commitment to accelerate the adoption of anti-dumping measures and to make them more effective; (2) tackling the causes of global overcapacity through bilateral and multilateral outreach; (3) investing in innovation and (4) skills; as well as (5) focusing policies in areas like competition, energy, climate and circular economy.

At the same time, the Commission highlighted the important role of member states in this context, for example in adopting the modernisation of the Trade Defence Instruments proposal, which would speed up anti-dumping and anti-subsidy procedures and allow the Commission to impose higher duties in certain circumstances, as well as the reform of EU-ETS post 2020.

There is severe pressure on the steel sector causing job losses and closures of steel plants across Europe. Several reasons lie behind the crisis, such as:

- a global overcapacity of production exacerbated by reduced demand for steel
- cheap imports of steel from third countries like China and Russia
- higher energy costs for manufacturers
- a lack of investment in innovation

EU policies can help to preserve the competitiveness of the European steel industry, which is a world leader in its environmental performance and resource efficiency.

The future development of the steel industry has both a direct and an indirect impact on European competitiveness, given the close economic ties the industry has with upstream and downstream sectors and its role as an important source of employment. Moreover, a competitive and sustainable steel industry has a positive effect on both local and regional development and on economic recovery and growth in numerous regions across Europe.

OTHER BUSINESS

Construction sector

At the working lunch, ministers and the Commission will address the situation of the construction sector in Europe.

Having in mind the upcoming review of the 2012 [strategy for the sustainable competitiveness of the construction sector and its enterprises](#), the Slovak presidency will invite ministers to express views on key issues to increase the competitiveness of the sector and its potential to create sustainable employment, such as:

- financial instruments and new public-private business models for building and infrastructure investments
- actions at EU level to promote digitalisation in the construction sector, especially in SMEs, as well as the integration of smart technologies in buildings and infrastructure
- how to facilitate cross-border exchanges of construction goods and services in the EU

The construction value chain, the supply of construction products and equipment, and construction-related professional services, sustained 23 million jobs in 6.2 million companies, 8.2% of the EU's GDP in 2014.

The sector experienced a severe contraction during the economic and financial crisis from which it has not yet recovered. The sector's share of total employment reached 7.7% by the second half of 2007 but has subsequently fallen to 6.2%.

In the meantime, the growing demand for energy-efficient buildings has created new business opportunities for enterprises, particularly for the renovation of residential housing.

Standardisation

The Council will take note of a presentation by the Commission of the new package for the [modernisation of the EU's standardisation policy](#), issued on 1 June 2016.

The standardisation package, which is a part of the EU's Single Market Strategy, seeks to adapt the standardisation policy to the rapidly changing economic landscape and the blurring frontiers between manufacturing, digital and services.

Its ultimate goal is to reduce costs for manufacturers, to improve safety and to enhance the competitiveness of the European industry.

In the margins of the Council, ministers will be invited to sign **the Joint Initiative on Standardisation**. This initiative will bring together European and national standardisation organisations and bodies, industry, SMEs, consumer associations, trade unions, environmental organisations, member states and the Commission.

These partners will commit to modernising, prioritising, and speeding up the timely delivery of standards by the end of 2019, as well as to promote the use of European standards at international level.

Development of an ambitious EU industrial policy

The Commission will be invited to provide information on ways to relaunch the development of an ambitious European industrial policy, taking into account that the manufacturing industry has not yet overcome the 2008 economic crisis and that large international enterprises in several European countries have recently announced industrial restructuring plans ([12093/16](#)).

Europe's transition to a low-carbon economy

Ministers will hear a short presentation by the Commission on the new strategy on [Europe's transition to a low-carbon economy](#), which was published on 20 July 2016.

The strategy contains a package of measures to accelerate the shift to low-carbon emissions in all sectors of the economy in Europe including non-ETS sector and setting the course for the development of EU-wide measures on low and zero-emission vehicles and alternative low-emissions fuels.

Unitary patent protection system

The Council will take note of a [report](#) on the progress made towards setting up the unified patent system and the situation concerning ratification of the Unified Patent Court agreement.

Patentability of plants

The Council will take note of information on the situation regarding plant breeders' rights following recent decisions of the European Patent Office on the patentability of plant material obtained through conventional breeding methods, and the impact of these decisions on the so-called "breeder's exemption".

The breeder's exemption of the Community plant variety rights system enables breeders to use any plant variety, whether protected by a Community plant variety right or not, for the creation of new plant varieties.

Supplementary protection certificates

The Commission is expected to provide information on the review of the current system of supplementary protection certificates (SPC) ([12422/16](#)).

SPCs are an intellectual property right that serve as an extension to a patent right. They apply to specific pharmaceutical and plant protection products that have been authorised by regulatory authorities.

The EU wishes to provide sufficient protection for these products in the interest of public health and to encourage innovation in these areas to generate smart growth and jobs.

The Commission in its communication on [Upgrading the Single Market: more opportunities for people and business](#) (the Single Market Strategy) expressed its intention to strengthen EU-based manufacturing and competitiveness and set as an aim to review the current system of SPCs, especially with a view to introducing an SPC manufacturing waiver.

These objectives were endorsed in conclusions on the Single Market Strategy adopted by the Competitiveness Council on 29 February 2016.