



**COUNCIL OF
THE EUROPEAN UNION**



Conclusions: towards a competitive, innovative and eco-efficient Europe – a contribution by the Competitiveness Council to the post-2010 Lisbon agenda

*2982nd COMPETITIVENESS
(Internal market, Industry and Research) Council meeting*

Brussels, 4 December 2009

The Council adopted the following conclusions:

"THE COUNCIL OF THE EUROPEAN UNION,

1. RECALLING that the Heads of State and Government Leaders of the EU agreed that priority should be given to transforming Europe into a competitive, knowledge-based, inclusive, innovative and eco-efficient economy . Leadership by the Competitiveness Council is needed to ensure that EU legislation and decisions facilitate the transition to a new European strategy for growth and jobs, referred to as the post-2010 Lisbon agenda for growth and jobs;

P R E S S

2. REAFFIRMING the importance of an ambitious successor to the Lisbon Strategy with a continued focus on growth and jobs, not least against the background of the present economic downturn, as the current strategy has created a consensus in the EU that modernisation and cooperation are necessary to increase competitiveness and achieve strong, sustainable and balanced growth in a globalising world. UNDERLINING that the principal challenges remain to implement structural reforms including those which exploit synergies between economic, social and environmental policies, further develop the internal market and the external dimension, strengthen industrial competitiveness, promote entrepreneurship and better regulation, optimise framework conditions for innovation and research, including intellectual property rights, and that these reforms are especially important for the SMEs;
3. ACKNOWLEDGING that Europe needs to work together in all relevant policy areas, while respecting subsidiarity and proportionality, using all appropriate instruments to increase competitiveness and successfully meet the legally binding commitment to reduce greenhouse gas emissions in Europe by 20% by 2020 and is COMMITTED to take a decision to move to a 30% reduction by 2020 compared to 1990 levels, as its conditional offer to a global and comprehensive agreement for the period beyond 2012, provided that other developed countries commit themselves to comparable emission reductions and that advanced developing countries contribute adequately according to their responsibilities and respective capabilities;
4. UNDERLINING that a well-defined Competitiveness Agenda is essential for the coherent delivery of the micro-economic elements of the future strategy for growth and jobs and that governance should be streamlined by keeping the reporting burden for Member States as lean as possible and by setting a limited number of concrete smart (i.e. specific, measurable, achievable, relevant and timed) targets in partnership with Member States, respecting their responsibilities, that take account of national specificities and help the communication of reform priorities. Increased involvement of the Competitiveness Council and improved co-ordination with other Council formations in the peer-review process of National Reform Programmes and the assessment of country specific recommendations would enhance the identification and promotion of best practices among Member States and improve policy implementation synergies between themselves and with Community level actions. The Community elements of the strategy should be enhanced as appropriate, building upon the existing Community Lisbon Programme, in order to provide a prioritized strategic reform agenda with clearly identified actions with detailed monitoring and assessment and a clear timetable; without prejudicing the forthcoming debate, the new Financial Perspectives that will come into force in 2014 should reflect the importance of the post-2010 Lisbon agenda for growth and jobs;

5. HIGHLIGHTS the following priorities, which should be reflected in the post-2010 Lisbon agenda for growth and jobs, in particular transforming Europe into an eco-efficient economy, creating the best framework conditions to improve industrial policy and competitiveness and stimulate growth and jobs, developing the internal market, intensifying the EU's efforts in the areas of research and innovation, and acknowledging the role of SMEs at the heart of the European economy;

Sustainable competitiveness and industrial policy; transforming Europe into an eco-efficient economy

6. STRESSES the role of a competitive, strong, modern and diverse industrial base for the European economy that requires framework conditions promoting excellence, innovation and sustainability, conditions in which businesses can operate and invest, including the services industry and energy intensive sectors, and the continuing need for developing the competitiveness of Europe to emerge from the economic downturn; therefore supports the Commission's integrated approach of sustainable industrial policy, based on the economic, social and environmental dimensions and CALLS on the Commission to pursue its horizontal initiatives with sectoral dimensions to take account of differing circumstances in the various sectors of industry, while paving the way for a successful transition to an eco-efficient economy;
7. RECALLS that, with a view to preserving and enhancing the competitiveness of European industry and improving the conditions for investment in Europe, compliance with new requirements should not cause excessive costs to businesses in all policy areas Europe should remain open to its trading partners and should continue to press for open access to third markets, including through multilateral and bilateral agreements, the promotion of regulatory cooperation and convergence and through the worldwide introduction of international standards, which should lead to reciprocal benefits;
8. STRESSES that the successful transition to an eco-efficient economy and the implementation of a sustainable industrial policy should improve competitiveness and turn environmental challenges into business opportunities while taking into account the costs of the transition. Emphasis needs to be put on resource and energy efficiency, developing and deploying new, safe and sustainable low-carbon and other clean technologies, and associated industries and services, including, inter alia, clean coal technologies, and renewable energy and promoting world-wide carbon emission pricing in order to provide incentives for markets to invest in cleaner technologies;

An ambitious international climate agreement is essential to create predictable long-term market conditions; such an agreement can only be reached if all parties contribute to the process, bearing in mind that action by the European Union alone will not be enough;

9. RECALLS that the risk of carbon leakage is analysed and addressed in the new ETS Directive (Directive 2009/29/EC) so that, to preserve the environmental integrity of the EU's policies, in the light of the outcome of the international negotiations and the extent to which these lead to global greenhouse gas reductions, it is possible to consider appropriate measures to be taken in compliance with international trade rules. An ambitious international agreement remains the best way of addressing this issue;
10. INVITES Member States to intensify discussion on
 - how to make best use of cost-effective economic instruments, to better reflect true environmental costs and benefits, and assign a predictable price for carbon emissions;
 - how to best fulfil Member States' greenhouse gas emissions reduction obligations in a cost-effective way, especially in sectors not covered by the EU Emissions Trading Directive ;

IN THE LIGHT OF THIS, THE COUNCIL

11. STRESSES that, given predictable and transparent framework conditions, the successful transition to an eco-efficient economy creates new business opportunities, boost competitiveness and stimulate job growth while ACKNOWLEDGING the different starting positions of Member States;
12. STRESSES the importance of stimulating green public procurement within the public procurement framework as a tool for a better environment and greater European competitiveness, especially concerning eco-innovation, energy-efficiency and technology; NOTES the Commission guidance on common criteria for Green public procurement for a better environment;
13. STRESSES the importance of increased cooperation of the public sector with industry, social partners non-governmental and consumer organisations and of stimulating private-sector investments and business-friendly public-private partnerships to enhance commercialisation of R&D results and innovations; as well as substantially increase R&D investments in low carbon and other clean technologies, particularly with regard to demonstration projects;
14. EMPHASISES the need for more progress and cooperation in the area of standardisation and performance specifications for both existing and new environmental technologies in order to facilitate their market uptake, and the innovation potential of industry-led standards that are publicly available;
15. INVITES the Commission and Member States to further discuss the need for new infrastructures which support a sustainable and more efficient energy supply, such as smart grids, smart metering, electric vehicle infrastructure and alternative fuels infrastructure;

16. INVITES Member States to consider the potential impacts of transitions on employment to assist, where appropriate, the adaption of workers and firms to new demands, increase their efforts in the areas of training and education and to develop the skills needed for green jobs, thus increasing employability in both existing and new industries and services;
17. INVITES the Commission and Member States to promote sustainable consumption and production patterns, based on a proper understanding of consumer behaviour and of social impacts through developing instruments to increase demand for eco-efficient goods and services; NOTES the importance of corporate social responsibility in this regard;
18. NOTES the importance of identifying measures with significant environmentally damaging effects and to make appropriate reforms to halt or minimise these effects; INVITES the Commission and Member States to continue incentives to energy-efficiency measures in industry in line with state aid rules, to encourage measures to internalise external costs in industry and transport in line with investment horizons, and to promote the development and use of information and communication technology in support of environmental technologies and services, taking into account the specificities of Member States;
19. INVITES the Commission to further improve existing statistics on eco-business sectors, notably with regard to their growth, employment and access to financing, and to take account of developments in new technologies, goods and services;

Ensuring sustainable access to raw materials

20. SUPPORTS the three pillars of the Commission's raw materials initiative ; ensuring sustainable management of raw materials and access to raw materials outside the EU, ensuring the right framework conditions for the access of raw materials within the EU and promoting more efficient and sustainable use of natural resources and raw materials and; INVITES the Commission to present, in its progress report in 2010, a list of raw materials identified as critical, as well as actions taken and future steps foreseen, within a timeframe for implementing these recommendations on raw materials, following the invitation expressed in the Council conclusions of 28 May 2009 ;
21. RECOGNISES that the pressure on non-energy resources is structural and will remain after the current economic crisis. UNDERLINES the need for the EU to combat market distortions that undermine sustainable and competitive access to crucial raw materials, including through raw materials diplomacy;
22. POINTS OUT that many opportunities exist for securing a more sustainable use of resources and supplies by developing research and development, improving best practices for supply from EU sources, resource efficiency and recycling; INVITES the Commission and Member States to take further actions on these challenges in line with the raw materials initiative;

Creating the best framework conditions for growth and jobs

Internal Market and the External Dimension

23. STRESSES that the EU needs to further strengthen and deepen its internal market to meet new challenges. NOTES WITH SATISFACTION the Commission's intention to carry out a major internal market analysis including evaluation of existing legislation; STRESSES in this respect the need for an effective coordination and INVITES the next Commission to present a new internal market package with proposals for specific actions and new initiatives, where necessary; CALLS on the Commission to take into account infrastructure network needs as well as to pay due attention to the social dimension and to services of general interest, and at the same time ensuring benefits for SMEs;
24. RECALLS the necessity for practical measures to further improve the functioning of the internal market, especially practical information, administrative cooperation and enforcement, including problem-solving; STRESSES that the services sector is a core asset for future growth and jobs; that the Services Directive is a crucial step towards facilitating the free movement of services and that additional measures should be considered, where necessary, to further improve cross border provision of services; RECALLS the importance of the mutual evaluation process of the Services Directive; ENCOURAGES the Commission to continue its efforts to adapt the existing Community harmonisation legislation to the new legislative framework and CALLS for a broader view on market surveillance; WELCOMES the Commission's initiative to review the European standardisation system with special consideration to well-functioning national structures;

STRESSES that a well functioning internal market is necessary in order to strengthen consumers' confidence and CONFIRMS the need to ensure benefits for both consumers and businesses, including SMEs; STRESSES the importance of the free movement of knowledge and innovation (the "fifth freedom") for growth and jobs and WELCOMES the Commission's intention to present a comprehensive strategy for IPR;

25. HIGHLIGHTS that a well functioning internal market is of key importance for the EU's external competitiveness; STRESSES the need to ensure that the EU market remains open to the world, and that other markets are open to our trade, by continuing to press for increasingly open markets which should lead to reciprocal benefits. A seamless flow of trade and investments within the EU and between the EU and our external trading partners is key for longer-term productivity, growth and welfare; UNDERLINES the crucial role of open international standards for market access; AGREES that the renewed EU strategy for growth and jobs need to contain an explicit external agenda subject to evaluation and follow-up; UNDERLINES the need for more effective coordination and reporting between different policy areas, including between internal market policies and trade policies;

Better Regulation

26. EXPRESSES ITS CONVICTION that Better Regulation will continue to be a key factor for strengthening the competitiveness of businesses – in particular micro, small and medium-sized enterprises – and for creating sustainable economic growth and jobs;
27. UNDERLINES the need for all levels in the EU institutions as well as in the Member States to put Better Regulation principles at the heart of their decision-making processes, make better use of existing better regulation instruments, including impact assessments and stakeholder consultation, continue to reduce administrative burdens and simplify their legislation; INVITES the Member States to develop impact assessment systems in accordance with their national circumstances;
28. CONSIDERS that Better Regulation needs to be based on a comprehensive approach that in the future may comprise, where appropriate, new incentives, indicators and targets that also take into account aspects of regulatory burdens other than just administrative ones, such as compliance costs and perceptions of the effects of regulatory requirements; RECOGNISES also the need to consider transposition, implementation and enforcement aspects of regulatory requirements and costs arising from cross-border activities; ACKNOWLEDGES at the same time the importance of keeping the better regulation work easy to administrate and user-friendly;

Competitiveness through competition policy

29. INVITES THE COMMISSION to ensure an effective enforcement of competition rules, together with national competition authorities and courts, and to examine the functioning of EU markets and if further markets can be opened up for competition where appropriate;
30. UNDERLINES that the State aid regime is crucial for keeping a level playing field in the Internal Market. State aid should only be granted if it is compatible with the Treaty and State aid rules and distortions of competition are kept to a minimum;
31. STRESSES that the Temporary Community framework for State aid measures, which the Commission adopted in December 2008, is a short-term response to the present economic difficulties that will be phased out;

Global competitiveness through enhanced innovation and research

32. LOOKS FORWARD TO the Commission's proposal for an ambitious, business-oriented and forward-looking European Innovation Plan with the necessary weight and scope to address major societal challenges, as well as a new Digital Agenda for Europe, to increase competitiveness;

33. CONSIDERS that the European Innovation Plan should include all forms of innovation in both the public and the private sector, including non-technological innovation, research-based innovation, innovation in services, design and eco-innovation;
34. UNDERLINES the importance of better access to finance, simpler governance, improving the innovation capability of SMEs, and demand-driven measures such as public procurement, pre-commercial procurement and standardisation;
35. STRESSES that it is important to introduce a Community patent, and a European and Community patents Court, and to further improve the protection and enforcement of Intellectual Property Rights, and including relevant support for IPR management in SMEs, in order to strengthen the competitiveness of European enterprises;
36. STRESSES the need to increase the effectiveness of innovation and research policies through greater coordination, more efficient interlinking and streamlined governance of the various instruments in support of innovation, the importance of linking research and innovation policies and of speeding up payment procedures that should encourage higher participation of SMEs in the Competitiveness and Innovation Framework Programme, the Seventh Research Framework Programme and the structural funds, while also bearing in mind that better coordination at Community, Member State and regional level is needed;
37. HIGHLIGHTS the importance of investments in innovative sectors and businesses, including fostering the innovative potential of SMEs. RECOGNISES the potential of clusters and innovation networks to stimulate the growth of companies. INVITES the Commission and Member States to improve, streamline and simplify their support for innovation, including non-technological innovation, in particular for SMEs;
38. CONSIDERS that while financial instruments and public private partnerships supported by the Community programmes play an important role, it is also important to ensure that the overall economic framework conditions provide for adequate access to innovation financing and risk capital, in particular venture capital;
39. RECOGNISES the importance of key enabling technologies for competitiveness and the need for strengthening the industrial and innovation capacity, including joint programming of key demonstration projects, increasing technology transfer especially for SMEs, improving standardisation, ensuring the availability of appropriate higher education and training and improving the framework conditions for the deployment of these technologies to address societal challenges;
40. ACKNOWLEDGES the contribution of the lead market initiative for facilitating the emergence of new markets, and INVITES the Commission to evaluate the lead market initiative in 2011 and on this basis consider the need for further expanding the lead market initiative;

41. Promoting investment in excellent research and knowledge and facilitating research based innovation are decisive elements of a new European strategy for growth and jobs in which research and innovation better respond to the societal challenges. Implementing the European Research Area Vision, including an efficient governance, as well as the aim of the European Innovation Plan are necessary in this respect. Achieving systemic and continuous interactions between higher education, research and innovation (the knowledge triangle) is crucial for improving the impact of investments in knowledge and needs to be reflected in future structures of governance and implementation of programmes;
42. SUPPORTS the role of EIT to promote European innovation by excellence in the knowledge triangle and promotes the examples and best practices for new ways of business models and knowledge management used by the first Knowledge and Innovation Communities;

SMEs at the heart of Europe's economy

43. The implementation of the Small Business Act for Europe at both EU and national level is a key priority. The measures included in the three priorities set out in the SBA Action Plan (i.e. improving access to finance, establishing a regulatory environment supportive of SMEs needs and enhancing market access) need to be delivered. A long-term perspective is essential for SME-policy to support the growth and competitiveness;
44. CONSIDERS that, with a view to speeding up economic recovery, priority should continue to be given to reduction of late payments and adequate access to finance for SMEs, as this remains a problem for SMEs in most Member States;
45. ENCOURAGES the Commission, the European Investment Bank, the European Investment Fund and Member States to promote and improve existing financial instruments that effectively support the growth and innovation of SMEs, especially in the transition to the eco-efficient economy;
46. HIGHLIGHTS the importance of embedding the “Think Small First” principle in policy making at all levels, including through applying an SME test in impact assessments to improve and simplify the regulatory environment for SMEs and reduce costs for starting businesses;
47. EMPHASISES that SMEs, to be able to grow and operate across the EU as they do in their domestic markets, should benefit more fully from the Internal Market; e.g. through access to public procurement and standardisation by removing unnecessary barriers to SME participation in public contracts; they should also be encouraged and supported to access third country markets;
48. RECOGNISES that unlocking the potential for entrepreneurship is crucial for job creation and long-term growth;

49. EMPHASISES that the promotion of women's entrepreneurship is crucial to achieve a strong and sustainable economy. It is therefore crucial to incorporate the entrepreneurial dimension in business related policies – including to address the needs of underrepresented groups, in particular women;
 50. URGES the Commission and Member States to promote entrepreneurship as a career option for all citizens since the demographic challenge creates opportunities for new enterprises and entrepreneurs of all ages in growth sectors such as services, as well as opportunities for business transfers in many industries. RECOGNISES that Member States should promote creativity and entrepreneurship as a key competence in education at all levels and life long learning strategies as being important;
 51. RECOGNISES that SMEs should be given framework conditions that promote the transition to an eco-efficient economy;
 52. STRESSES the need to promote a culture in the EU in which honest entrepreneurs who have failed and start a new business are given a new chance, without being discriminated as a result of their earlier failure."
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