



Brussels, 24 November 2010

Background¹
COMPETITIVENESS COUNCIL
Brussels, 25 and 26 November 2010

*On Thursday 25 November, Mr **Jean-Claude Marcourt**, Wallon economy minister, will chair the morning session on industry items. In the afternoon, Mrs **Sabine Laruelle**, minister for SMEs, the self-employed, agriculture and science policy will chair the part devoted to space policy. On Friday 26 November, Mr **Benoit Cerexhe**, minister for scientific research of Brussels capital, will chair the session on research items.*

*On Thursday morning (starting at 10.00), industry ministers will discuss implementation of two flagship initiatives of the **Europe 2020 strategy** for the creation of jobs and growth: the main elements for a **new industrial policy** (together with a report on competitiveness performance of individual member states and the annual European competitiveness report) and the "Innovation Union", intended to improve conditions and access to finance for research and innovation so as to ensure that innovative ideas can be turned into products and services that create growth and jobs.*

*The afternoon (starting at 15.00) will be devoted to the development of the **space policy**, in partnership with the European Space Agency. Space policy has been introduced by the Lisbon treaty as a new EU competence.*

*On Friday morning (starting at 10.00), research ministers will exchange views on the key elements for implementing the "**Innovation Union**" strategy, with a view to adopting conclusions on this subject. They will also review the achievements regarding the **European Research Area**, and the next steps for completing it, including international cooperation aspects.*

*Finally, the Council will examine cost containment actions and improved principles for the management of the **ITER** experimental project on nuclear fusion.*

Ministerial working lunches will deal with the upcoming review to the Small Business Act and with the current 7th and the future 8th research framework programmes.

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

Press conferences will be organised at the end of each session:

*On Thursday 25/11: +/-12.30, on industry issues
+/- 18.10, on space policy*

On Friday 26/11: +/-13.00, on research issues

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

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

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An industrial policy for the globalisation era

The Council will discuss on the best ways for adapting the EU's industrial structures and policies as an engine for growth and job creation and capable to respond to challenges arising from globalisation.

The discussion will follow a Commission presentation of its communication "An integrated industrial policy for the globalisation era: putting competitiveness and sustainability at centre stage", and accompanying reports on competitiveness in the individual member states and the 2010 Competitiveness Report².

The Belgian Presidency will propose leading questions ([16050/10](#)) inviting delegations to express views on the Commission communication and, in particular,

- the priority measures to be implemented, notably for the benefit of small and medium-sized enterprises (SMEs), and
- how to effectively articulate the industrial, commercial and competition policies of the EU.

The outcome of the debate will pave the way for the Presidency to submit a set of conclusions for approval at the Competitiveness Council meeting on 10 December.

This will be the first ministerial discussion on industrial policy since the adoption, last June, of the Europe 2020 strategy for jobs and smart, sustainable and inclusive growth by the European Council, which underlines the need for a new ambitious industrial policy.

The Commission communication, which is one of the seven flagship initiatives of the Europe 2020 strategy³, places the industrial policy at the centre stage of the new growth model for the EU economy, by proposing the setting out of a framework that will stimulate economic recovery and employment. This new framework is intended to help Europe's industry to seize the opportunities created in the transformation of the global business environment.

The new approach proposed towards a more dynamic, resource-efficient and sustainable economy is characterised by:

- bringing together a horizontal basis and a targeted application to the different industrial sectors;
- giving due consideration to the whole value and supply chain, from access to energy and raw materials to after-sale services and the recycling of materials, including the international dimension along the chain;
- closely monitoring the competitiveness performance.

² Docs. [15483/10](#) + [ADD 1](#) + [ADD 2](#) + [ADD 3](#) + [ADD 4](#) + [ADD 5](#).

³ http://ec.europa.eu/europe2020/index_en.htm

New EU strategy for innovation

In separate meetings, industry ministers (on Thursday) and research ministers (on Friday), will discuss on the future "Union for innovation" strategy, with a view to adopting conclusions.

The conclusions will contain key messages to be forwarded to the European Council ahead of the debate on innovation expected to take place at a summit in February 2011. Moreover, they will include a roadmap for actions and initiatives to be carried out in 2011.

Since the European Commission tabled this flagship initiative on 6 October ([14035/10](#)), EU experts within the Council have been working intensively on the identification of priorities for actions to be developed in order to accelerate the transformation of Europe into an Innovation Union capable to secure long-term competitiveness, by putting innovation at the core of the Europe 2020 strategy for jobs and growth.

Under this perspective, a set of actions will be endorsed with a view to:

- creating the right conditions for a globally competitive innovation environment;
- maximising the impact and efficiency of resources; and
- improving the governance and monitoring process at all levels and in all sectors.

The Council discussed the essential elements of a new strategy for innovation at its meeting on 12 October. At that occasion, the Council welcomed the broad-based approach, definition, agenda and evaluation procedures put forward by the Commission. They agreed on the importance of identifying the main drivers for modernisation and for encouraging private investment in innovation, thus creating positive spill-over effects in the economy. Furthermore, they underlined that the new strategy should contribute to removing bottlenecks that prevent innovative ideas from reaching the market.

A first joint ministerial session was conducted by the Belgian presidency on an ambitious and integrated strategy for innovation at an informal meeting in Brussels on 15 July⁴.

Last May the Council adopted conclusions on ways for creating an innovative Europe by acting over five major areas: *financial*, including the promotion of adequate incentives to attract private investors; *markets*, by boosting the potential of public procurement devoted to innovative products, processes and services and removing barriers in innovative markets; *governance*, carrying out a simplification of programmes and instruments in support of research and innovation and translating knowledge into real commercial benefit; *regional priorities*, in particular providing adequate support for innovation to actors at a regional level; ensuring an efficient complementarity of the existing funding opportunities and encouraging the emergence and consolidation of competitive clusters; and *people*, including facilitating the acquisition of the right skills matching the demands of the markets; fostering entrepreneurship and attracting talented researchers.

In December 2008 the European Council called for the launching of a European plan for innovation, combined with the development of the European Research Area and with reflection on the EU 2020 strategy.

⁴ <http://www.eutrio.be/pressrelease/research-and-industry-ministers-want-provide-europe-ambitious-and-integrated-strategy-r>

Space policy: 7th "Space Council"

The meeting of the 7th "Space Council" between the EU and the European Space Agency (ESA⁵) will take place on Thursday at 15.00, in the margins of the Competitiveness Council.

Following a policy debate, the Space Council is due to endorse a resolution on the orientations to be taken so that Europe can continue to develop world class space infrastructures and applications, as well as to rely on efficient space systems to serve its citizens.

The discussions and the final resolution will be address key space-policy related issues, including:

1. How to ensure that operational space infrastructures bring an efficient contribution to the competitiveness and innovation potential of the European economy.
Space technology and services derived from it, which are part of the new Innovation Union strategy, were recognised as a key factor contributing to the EU's economic recovery plan launched by the European Council.
2. What is the best way to ensure the swift implementation and the exploitation of the flagships projects « GMES » (Global monitoring for environment and security⁶) and « Galileo» (the European satellite navigation system).
These two projects, identified as first priorities for the implementation of the European Space programme, will create significant opportunities for the development of new, highly innovative downstream services and markets.
3. What are the next actions to be undertaken so that all European citizens take full benefit of space related investments.
A number of priority actions will be considered, such as the promotion of a healthy commercial space sector; the adequate and effective use of funding resources and the protection of satellites and frequencies.

The resolution is also expected to call upon the EU and the ESA to further develop together an overall space strategy in order to

- enable new economic growth and job creation, foster the innovation potential and support world class scientific progress;
- respond to public policy objectives and user needs at regional, national and European level; and
- contribute to the development of scientific and technical vocations.

At the end of the debate, the Belgian Presidency of the EU will provide information on the outcome of a conference on space exploration that took place in Brussels on 21 October 2010, as well as on activities to foster the utilisation of space in the service of the African citizens, including the future actions to be endorsed by the EU-Africa Summit, to be held in Libya on 29 and 30 November.

⁵ <http://www.esa.int>

⁶ <http://www.gmes.info/>

The Lisbon treaty, which entered into force in December 2009, has enshrined the space policy as a EU competence, thus strengthening its political dimension.

The legal basis for the "Space Council" is a framework agreement between the EU and the ESA that came into force in May 2004. The agreement offers a common basis for the progressive and joint development of a coherent European space policy. It establishes regular joint meetings between the Council of the EU and the Council of the ESA at ministerial level, known as the "Space Council", to coordinate and facilitate cooperative activities. The 6th Space Council meeting took place in Brussels on 29 May 2009 ([10500/09](#)).

European Research Area

The Council will take stock of progress in the development of the common European Research Area (ERA) and on upcoming initiatives leading to its completion. It will include the following topics:

- Securing the knowledge ERA

The Presidency will present a report on the progress in the realisations of the ERA: [16191/10](#).

The launch of the process towards a full realisation of the ERA started in May 2008 with the determination to develop a long-term vision of European research ([9076/08](#)). This process should alleviate the current fragmentation of research in Europe and promote coordination in academic and industrial spheres. It pays particular attention to the promotion of free movement of knowledge.

The five current ERA initiatives (research infrastructures, joint programming, researchers' partnership, international science and technology cooperation and knowledge-sharing) should be further developed in governance and implementation.

- Joint programming for research on major societal challenges

The Council will adopt conclusions endorsing the work carried out by EU experts on the identification and substantiation of themes for joint programming initiatives (JPIs) and the establishment of guidelines for their practical implementation.

Last October, the Council launched a first wave of JPIs in three areas corresponding to major societal challenges: agriculture, food security and climate change; cultural heritage and prevention of nutritional problems ([14976/10](#)), following the pattern of a pilot project on combating neurodegenerative diseases started in December 2009 ([17226/09](#)). A second wave on six new JPIs (for research projects on microbiology, climate, demography, big cities, water and oceans) are under preparation.

The Council conclusions will take account of the outcome of a conference on joint programming organised by the Belgian Presidency on 18 and 19 October⁷.

⁷ <http://www.eutrio.be/fr/joint-programming-first-results-and-way-forward>

- Evaluation of the Seventh research framework programme

The Commission will present an interim evaluation report carried out by an independent group of experts of the EU's 7th framework programme for 2007-2013 (FP7). The report, published on 18 November⁸, includes recommendations for improving the implementation of the FP7.

- International scientific cooperation

The president of the Scientific Forum of International Cooperation (SFIC) will present a progress report on the activities of the Forum. To this regard, ministers will be briefed on the outcome of the conference "EU/India partnership for a strategic roadmap in research and innovation", held on 11 and 12 November. India has been chosen by the SFIC as an strategic partner for developing a pilot project in the field of management of water resources (<http://ec.europa.eu/research/era/docs/en/india-pilot-initiative-concept-note.pdf>).

- ITER experimental reactor for nuclear fusion

The Council will examine a cost reduction plan for the ITER project⁹ with a view to its approval. The Council will also take note of information on the progress for improving the governance of the project, as well as on the current state of play of ongoing budgetary negotiations.

The Council adopted on 12 July 2010 conclusions on the ITER project status and its way forward ([11902/10](#)). In these conclusions the Council:

1. *reaffirmed its strong commitment to the successful completion of the project and called for measures for cost containment and savings in order to limit to EUR 6.6 billion the European contribution to the construction phase.*

The Council is expected to endorse a cost reduction plan presented by the "Fusion for Energy" agency (the domestic agency managing the European contribution to ITER). The plan includes saving measures by reviewing a number of activities, contracting procedures, organisational improvements, running costs and by improving collaboration with the other international domestic agencies.

2. *asked for improvements in the governance and management of the project.*

The Commission will present the management and governance improvements already taken at EU and international level, and the further improvement measures to be explored at the longer-term in order to reinforce the governance and the management of the ITER project ([16142/10](#)).

3. *instructed that an additional funding for 2012-2013 of maximum EUR 1.4 billion should be found within the overall ceiling of the current multiannual EU general budget.*

On 20 July the Commission presented a proposal in this respect ([12614/10](#)). The EU's additional contribution to ITER is currently under discussion in the context of the 2011 budget process.

⁸ [fp7 interim evaluation expert group report.pdf](#)

⁹ The members of the ITER organization are the EU, China, India, Japan, Republic of Korea, Russia and the United States. The fusion demonstration reactor will be constructed in Cadarache, France (<http://www.iter.org/>).