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From:	General Secretariat of the Council
To:	Council
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Subject:	Draft Council conclusions on the mainstreaming of industrial competitiveness

1. On 10 July 2014, the Presidency presented draft Council conclusions on the mainstreaming of industrial competitiveness to the Working Party on Competitiveness and Growth (COMPCRO).
2. The Working Party examined the draft conclusions on 10 July, 25 July, 5 September and 11 September and reached agreement on a large number of elements of the text as set out in the Annex to the present Note.
3. The Permanent Representatives Committee examined the text on 17 September and solved all outstanding issues.
4. The Council is invited to adopt the draft conclusions as set out in the Annex to the present Note at its meeting on 25 September.

DRAFT COUNCIL CONCLUSIONS
ON THE MAINSTREAMING OF INDUSTRIAL COMPETITIVENESS

Having regard to the Commission's Communication for a European Industrial Renaissance¹;

Having regard to the conclusions of the European Council of March 2014² which, responding to the Commission's Communication, state that industrial competitiveness concerns should be systematically mainstreamed across all EU policy areas and be part of integrated impact assessments, with a view to getting a stronger industrial base for Europe's economy, and which also invite the Commission to present a roadmap for taking work forward on the basis of the Communication;

Having regard to the mandate of the Competitiveness Council, which should be effectively consulted within the Council's decision-making processes on proposals considered likely to have substantial effects on competitiveness, alongside the responsibility of all Council formations to assess the impact of their work field; and which was invited since 2003 by the European Council to actively assume its horizontal role of enhancing competitiveness and growth, reviewing on regular basis both horizontal and sectorial issues³.

Having regard to the strategic agenda for the Union in times of change as set out by the European Council in June 2014⁴;

¹ Doc. 5489/14.

² Doc. EUCO 7/1/14 REV 1.

³ Doc. 8410/03.

⁴ Doc. EUCO 79/14, Annex I.

A. GENERAL INDUSTRIAL COMPETITIVENESS CONCERNS

1. ACKNOWLEDGES the impetus to industrial policy provided by the Communication for a European Industrial Renaissance and WELCOMES the emphasis given by the March European Council to industry as a key driver for economic growth and jobs and its request for a Commission roadmap for taking work forward on the basis of the Communication with a view to enhancing industrial competitiveness;
2. RECALLS that, in addition to making the Economic and Monetary Union a more solid and resilient factor of stability and growth, the priorities for a Union of jobs, growth and competitiveness identified by the June 2014 European Council for the next five years are: to fully exploit the potential of the single market in all its dimensions, to promote a climate of entrepreneurship and job creation, and to invest and prepare our economies for the future, to reinforce the global attractiveness of the Union as a place of production, innovation and investment with a strong and competitive industrial base;
3. EMPHASISES the importance of maintaining a vigorous and competitive real economy and a strong industry, across the whole value chain; RECOGNISES that a modern and innovative industrial policy covers both manufacturing and relevant service sectors; NOTES WITH INTEREST the Commission's intention to see the share of industry at a level of as much as 20% of GDP by 2020 as a political will to restore the proper place of industrial policy among other EU policies; ENDORSES the policy objective of striving towards strengthening industry and related services sectors; CALLS on the Commission to explore how to better integrate industrial competitiveness mainstreaming in the Europe 2020 strategy;

4. LOOKS FORWARD to the results of the public consultation on the review of the 2020 strategy, with a view to have a balanced approach to the macro- and micro-aspects of smart, sustainable and inclusive growth to stimulate competitiveness; EMPHASISES that in focusing on jobs and growth the Europe 2020 strategy and the European Semester should reflect the competitive growth of Europe's industry by means of a policy based on the industrial value chain, which also includes energy-intensive industries and the transformation of declining industries towards new business models;
5. AGREES that a European industrial policy should include measures to stimulate particularly investment and boost the competitiveness of Europe's manufacturing and service sectors — with a particular focus on the services that are of utmost importance to industry — including, and especially, of small and medium-sized enterprises (SMEs) and in particular by improving access to finance, markets and skills for them;
6. WELCOMES the Commission's approach to promote optimal framework conditions for industrial competitiveness, giving due importance to sectors, and ENCOURAGES the Commission to continue promoting initiatives in other industrial sectors whenever necessary; RECOMMENDS that sector-specific and value-chain analyses should underpin Smart Specialisation, key enabling technologies, clusters and innovation-promoting strategies;
7. RECALLS that a fully functioning internal market is a fundamental pillar for strengthening industrial competitiveness and HIGHLIGHTS the importance of removing unjustified or disproportionate barriers to cross-border trade, while maintaining high-level surveillance of the internal market in order to prevent distortive effects;
8. CONSIDERS that secure, sustainable and affordable access to natural resources and raw materials at competitive prices both inside and outside EU territory, as well as the efficient use of resources, is crucial for ensuring the competitiveness of European industry, as well as for innovation and employment, while keeping a strong industrial base; CALLS ON the Commission to include responsible access to natural resources and raw materials in the roadmap referred to above, as well as on Member States to take determined action to ensure such access;

9. CONSIDERS that the review of the Small Business Act (SBA) should lead to an important step forward in improving the governance of industrial policy and to an improvement in the implementation of the SBA measures at the European, national and regional level, which may be supported by adequate sources of finance, the availability of which should be coordinated amongst the different levels of implementation;
10. CALLS UPON Member States and stakeholders to take an active part in the ongoing consultation on the mid-term review of the Europe 2020 strategy;

B. THE MAINSTREAMING OF INDUSTRIAL COMPETITIVENESS

11. UNDERLINES the European Council's call for industrial competitiveness to be systematically mainstreamed across all EU policy areas and be part of impact assessments with a view to creating a stronger industrial base for the EU economy. In line with the strategic agenda that was agreed by the European Council in June 2014⁵ and which called for bold steps to foster growth, increase investment, create more and better jobs, and encourage reforms for competitiveness, CALLS UPON the Commission to focus its work programme from 2015 onwards on initiatives that enhance competitiveness and innovation and do not create disproportionate regulatory burdens for European businesses. ENCOURAGES the European Union and the Member States to take action to improve coordination and synergies between their policies, and invites Member States to complement measures taken by the Union to strengthen industrial competitiveness at national or regional level;

⁵ Doc. EUCO 79/14.

12. UNDERLINES the need for a strengthened focus on the political priorities for mainstreaming industrial competitiveness agreed by the European Council and for comprehensive impact assessments and stakeholder consultations, with the aim of ensuring that legislative proposals respect the principles of subsidiarity and proportionality, as well as comply with competitiveness proofing criteria and innovation and better regulation standards; failing these, the proposals should, if appropriate, be reviewed to make them more competitiveness-friendly; UNDERLINES the necessity to strengthen and ensure an effective implementation of the competitiveness proofing toolkit, including the international dimension, REFIT, cumulative cost and benefit assessments, allowing Member States to assess the actual impact of legislative proposals which may adversely affect EU competitiveness and put forward proposals for discussion at the Council in its Competitiveness formation; UNDERLINES the necessity of promoting the most efficient regulatory and non-regulatory tools, such as mutual recognition and harmonization;
13. RECALLS that on the basis of Article 173 TFEU the Commission may promote the coordination of Member States' competitiveness efforts and monitor that progress with the help of indicators; STRESSES the importance in this respect of the European Competitiveness Report and the Report on Member States' performance and policies aiming at systematically monitoring the competitiveness of European industry, the drivers of competitiveness and the lessons to be learned from this for policy-making; in this respect, RECOMMENDS to include relevant competitiveness proofing analyses in the impact assessments for new legislative proposals; UNDERLINES the value of further integrating the findings of these reports in the Annual Growth Survey; INVITES the Council to regularly examine on this basis the progress made in improving industrial competitiveness, as well as the mainstreaming of industrial competitiveness at the level of the Union and of Member States; CALLS FOR a partnership approach between the Commission and Member States, including at regional level, to provide operational follow-up to these reports.

14. EMPHASISES the importance of using impact assessments more effectively when designing, proposing and adopting policy, duly considering the expected policy impact on industrial competitiveness, while ensuring that stakeholders can contribute at an early stage in the process to impact assessments through timely consultations, including on costs and benefits and, if appropriate, on alternative options before proposals are adopted by the Commission; RECALLS that the Council conclusions of December 2013 called for an early disclosure of such impact assessments⁶;
15. CALLS ON the Commission to consider the relevance, in the roadmap, of providing for additional stakeholder fora for industrial sectors, such as the fora set up already for the steel and key enabling technologies industries, in order to assist in the restructuring of European industry, as well as the deployment of new, innovation-based growth sectors; EMPHASISES in particular the importance for looking into the need for fora with representatives from energy-intensive industries to discuss energy prices, carbon leakage, a fully integrated internal energy market, and increased energy efficiency and innovation through the use of clean technologies; CONSIDERS that the work of such fora could also feed into the work of the High Level Group on Competitiveness and Growth (hereafter: COMPCRO HLG) and of the Council; CALLS UPON stakeholders to take an active part in such fora;
16. CALLS ON the Commission to ensure that the roadmap will reflect the mainstreaming of industrial competitiveness across all relevant policy areas and that it will include guidelines to revitalise the international competitiveness of Europe's industry and relevant services sectors, to seize opportunities arising from new sources of growth, add value to products and services, boost investment and fully exploit the specific expertise of European industry, in particular of SMEs;

⁶ Doc. 17202/13.

C. GOVERNANCE ISSUES: THE ROLE OF THE COMPETITIVENESS COUNCIL AND OF THE COMPCRO HLG

17. AGREES that the competitiveness and investment agenda requires that the Council in its Competitiveness formation takes on a more focussed mandate and a more strategic role in this regard, including a greater input to the European Semester;
18. EMPHASISES that the Council in its Competitiveness formation should carry out in a more structured and more systematic manner its mandate to examine all relevant proposals that have substantial effects on competitiveness, and in this context STRESSES that the Council in its Competitiveness formation should hold regular debates about the implementation of industrial competitiveness mainstreaming, based on information to be provided by the Commission;
19. RECOGNISES that this requires a strengthening of institutional capacity and more effective governance mechanisms for managing and monitoring structural reforms in the competitiveness and real economy area;
20. INVITES the Commission to come up with ambitious proposals aiming at mainstreaming industrial competitiveness and CALLS UPON Member States to put forward proposals for a revised multiannual work programme for the COMPCRO HLG that would enable the Group, through COREPER according to Article 16 of TEU and Article 240 of TFEU, to support the Council more consistently in its reinforced role of monitoring and mainstreaming industrial competitiveness across all relevant EU policy initiatives, starting with those based on Articles 114 and 173 of the TFEU; the work programme should take into account the new work programme of the Commission, the trio programme and the future roadmap for taking forward work on implementing the recent Commission Communication;
21. EMPHASISES its willingness to take without delay all decisions needed concerning the work programme, the membership and the chairmanship of the COMPCRO HLG.