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1. On the basis of several communications and working papers by the Commission<sup>1</sup> and building on work under previous Presidencies on the subject, the Presidency had submitted Draft Council Conclusions on Industrial Policy which contain both horizontal and sectoral elements and have been discussed by the Competitiveness and Growth Working Party at several occasions.

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<sup>1</sup> doc. 5746/07 COMPET 23 ECO 13 ENV 55 ENT 11 TRANS 22 ENER 41 RECH 24 (A Competitive Automotive Regulatory Framework for the 21st Century; Commission's position on the CARS 21 High Level Group Final Report; a contribution to the EU's Growth and Jobs Strategy); doc. 8343/07 RECH 101 IND 36 COMPET 94 + ADD 1 (Communication from the Commission on the mid-term review of the Strategy on Life Sciences and Biotechnology), doc. 8691/07 TELECOM 51 COMPET 103 MI 92 RECH 107 EDUC 76 + ADD 1 (Commission Staff Working Paper: Follow-up of the recommendations of the Task Force on ICT Sector Competitiveness and ICT Uptake); doc. 9130/07 COMPET 127 IND 45 MI 106 RC 7 RECH 124 ECO 62 ECON 178 WTO 98 + ADD 1 (Commission Working document - LeaderSHIP 2015 Progress Report)

2. On 4 May and 14 May 2007, the Permanent Representatives Committee examined the text of the Conclusions and was able to confirm a large degree of consensus on the text, leaving only two open issues for discussion at the Competitiveness Council.<sup>2</sup>
  3. On 21 May 2007, the Competitiveness Council, after a policy debate, reached full consensus<sup>3</sup> and adopted the conclusions as set out below.
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<sup>2</sup> See doc. 9622/07. IND 51 EDUC 94 MI 126 COMPET 147 RECH 140 TRANS 164 TELECOM 68 ECO 70 ENV 265 ENT 58 ENER 140.

<sup>3</sup> Statements by delegations will be set out in the Draft Minutes of the Competitiveness Council meeting.

## COUNCIL CONCLUSIONS ON INDUSTRIAL POLICY

THE COUNCIL OF THE EUROPEAN UNION,

1. HAVING REGARD to the Commission *communication* on an integrated approach for industrial policy of 5 October 2005 <sup>4</sup>; HAVING REGARD to its conclusions on industrial policy<sup>5</sup> and on innovation policy<sup>6</sup>; HAVING REGARD to the Conclusions of the European Council of 8/9 March 2007;
2. EMPHASISES the great importance of a strong and dynamic *industrial basis* for a high degree of prosperity and a high level of employment in Europe; therefore CONFIRMS the important role of *industrial policy* for achieving the goals of the Lisbon Agenda; POINTS in this context to the current economic upswing which is receiving considerable impetus from the growth in industrial production and related business services, business investment and exports of goods;
3. NOTES with satisfaction that the industrial policy initiatives initiated at *Community level* as set out in the latest Communication on Industrial Policy have made good progress and provided important experience for further work. CONSIDERS that the challenges presented by globalisation require further efforts to reinforce competitiveness so that European industry can continue to make use of the opportunities provided by growing international markets, grow in a sustained manner, increase its employment level and at the same time take account of social and environmental goals and concerns about climate change.; CALLS ON the *Member States* to provide appropriate accompanying measures for the Community initiatives in the framework of national reform agendas;

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<sup>4</sup> Communication from the Commission: Implementing the Community Lisbon Programme: A policy framework to strengthen EU manufacturing - towards amore integrated approach for industrial policy doc. 13143/05; COM(2005) 474 final.

<sup>5</sup> doc. 8799/06.

<sup>6</sup> doc. 16253/06.

4. UNDERLINES the fact that differing circumstances in the various sectors of industry and different industrial structures in the Member States call for differentiated policy action; SUPPORTS the Commission's *integrated approach for industrial policy*, with close linkages between horizontal and sectoral initiatives;
5. CALLS ON the Commission to implement the conclusions of the European Council of 8/9 March 2007 in a timely manner and, in so doing, to take account of the following factors that are important for the competitiveness of industry:
- *Environmental, energy and industrial policies* require an integrated approach in order to attain the ambitious goals, inter alia with regard to concerns about climate change, and should be mutually supportive. Over the coming years suitable initiatives will increasingly have to be developed which contribute towards ensuring coherence, identifying win-win situations and finding solutions in order to guarantee the international competitiveness of European enterprises and to promote the penetration of sustainable, environmentally friendly and safe technologies and products on the European and global markets. The Commission is called upon to submit appropriate proposals, taking into account the work of the High Level Group on Competitiveness, Energy and the Environment <sup>7</sup>;
  - The *better regulation* agenda must be taken forward decisively while maintaining the close linkage with sectoral initiatives. As a contribution to the work on legislative simplification, analyses of the regulatory environment should, based on the experiences with the work of the High-Level Group CARS 21 on the automotive sector, also be considered for other sectors. In further developing the system of impact assessments, international reality checks must also be taken into account;

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<sup>7</sup> This Group was set up by the Commission late in 2005.

- Fresh impetus must be given to the *internal market* for goods, while guaranteeing a high level of safety and environmental, consumer and health protection, by more effective implementation of the principle of mutual recognition and by improving the mechanisms and rules in the harmonised area;
- In addition to strengthening the *multilateral trade system* on the basis of the WTO and the EU's priority goal of concluding the Doha Round with an ambitious and balanced outcome across all areas of negotiations, bilateral and regional free trade agreements should be taken forward rapidly in order to guarantee a level playing-field for European enterprises; effective market access for European enterprises particularly to fast-growing, emerging markets must be improved;
- In the field of *research, development and innovation*, the complementarity and synergy of the various European support programmes must be ensured. The innovation strategy should be taken forward in order to ensure Europe's competitiveness, particularly on highly dynamic markets. Investment in more promising technologies, also including energy-saving, renewable and other environmental technologies, will make an essential contribution here;

6. CONSIDERS that further *action is needed* and therefore:

- INVITES the Commission – in view of the importance of innovation and of the effective *protection of intellectual property rights* – to put forward an integrated approach for better utilisation and protection of intellectual property rights as well as for combating counterfeiting and product piracy in the framework of trade, innovation, standardisation and patent policies as well as of the trans-Atlantic economic partnership;

- REQUESTS the Commission to develop a coherent political approach with regard to *raw materials supplies* for industry, including all relevant areas of policy (foreign affairs, trade, environmental, development and research and innovation policy) and to identify appropriate measures for cost-effective, reliable and environmentally friendly access to and exploitation of natural resources, secondary raw materials and recyclable waste, especially concerning third-country markets;
- In view of ongoing structural changes and the increasing need for qualified workforces in various sectors, CALLS ON the Commission and the Member States, within their respective areas of competence, to endeavour to create a sufficient supply of qualified labour and, in so doing, to take into account both the improvement of *sector-related and cross-sectoral qualifications* and the necessary adaptability; in this context life-long learning is crucial; WELCOMES in this context the Commission's intention to adopt a Communication on a long-term e-skills strategy and INTENDS to examine it by the end of 2007;
- INVITES the Commission and European Standardisation Organisations (ESOs) to engage in the review of the European standardisation system in order to enhance its openness, effectiveness and responsiveness to emerging industrial needs;

7. WELCOMES the positive results of the sectoral initiatives concerning the automotive industry, biotechnology, shipbuilding <sup>8</sup> as well as ICT recently submitted by the Commission; INVITES the Commission, on the basis of a systematic analysis of the competitiveness of the industrial sectors and industry-related services, to deliver the announced sectoral and horizontal initiatives and to bring forward where appropriate new industrial policy initiatives;

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<sup>8</sup> Communication from the Commission A Competitive Automotive Regulatory Framework for the 21st Century; Commission's position on the CARS 21 High Level Group Final Report; a contribution to the EU's Growth and Jobs Strategy - doc. 5746/07, Communication from the Commission on the mid term review of the Strategy on Life Sciences and Biotechnology - doc. 8343/07 + ADD1; Commission Working document - "LeaderSHIP 2015"- Progress Report - doc. 9130/07 + ADD1 ; Commission Staff Working Paper - Follow-up of the Recommendations of the Task Force on ICT Sector Competitiveness and ICT Uptake- doc. 8691/07 + ADD 1.

8. WELCOMES the Commission's intention to report comprehensively in a new communication on industrial policy on the results of the horizontal and sectoral initiatives and to introduce new initiatives that take account of the framework conditions that have changed since 2005;

**For the automotive industry:**

HAVING REGARD to the Commission's communication "A Competitive Automotive Regulatory Framework for the 21st Century (CARS 21)" of 13 February 2007<sup>9</sup>; HAVING REGARD to its Conclusion on an energy policy for Europe of 15 February 2007<sup>10</sup> and on the contribution of the transport sector to the Lisbon strategy of 19 February 2007<sup>11</sup>; HAVING REGARD to the Conclusions of the European Council of 8/9 March 2007, and to the European Council (2007-2009) Action Plan for an Energy Policy for Europe (EPE) annexed to these conclusions, which inter alia set climate and energy commitments and call for an energy-efficient and environmentally sustainable transport system and set a 10% binding minimum target to be achieved by all Member States for the share of biofuels in overall EU transport petrol and diesel consumption by 2020, to be introduced in a cost-efficient way;

9. EMPHASISES the enormous importance of the EU automotive industry for growth, jobs and prosperity in Europe which can not be taken for granted but requires further efforts to strengthen its international competitiveness;
10. UNDERLINES the fact that, in the EU, the automotive value chain provides approximately 12 million jobs, including manufacturers, suppliers, the services and repair market, which often consist of small- and medium-sized enterprises, and also provides jobs to other sectors, such as, for example, research and development, innovation, services and trade;
11. NOTES that the challenges posed by environmental and safety performance of vehicles are constantly increasing and that international competition in the automotive sector is becoming increasingly intense; the resultant increase in cost pressure on manufacturers and parts suppliers can lead to structural change and to a weakening of the EU as a production site;

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<sup>9</sup> Doc. 5746/07 COMPET 23 ECO 13 ENV 55 ENT 11 TRANS 22 ENER 41 RECH 24  
- COM(2007) 22 final.

<sup>10</sup> Doc. 6271/07 (Presse 24)

<sup>11</sup> Doc. 6044/07 (Presse 19)

12. EMPHASISES the need to formulate the framework conditions for the EU automotive industry in such a way that it can successfully face up to the increased competition on the global market and to avoid to burden them excessively with regulatory measures and to ensure that it provides opportunities for EU enterprises to take the lead in innovative new technologies;
13. REGARDS the recommendations contained in the final report of the CARS 21 High Level Group as a good starting point for achieving this objective; WELCOMES the Commission's communication on the CARS 21 report and invites it to implement speedily and coherently the proposals and initiatives contained therein for improving the regulatory framework for the EU automotive industry, once their impact is assessed, so as to achieve as much progress as possible in implementing them by the time of the interim review in 2009;
14. CALLS ON the Commission to give priority to those proposals and initiatives which can be expected to have the biggest impact on improving the European regulatory framework for the automotive industry and, in particular, securing its international competitiveness also with regard to initiatives in the areas of environmental protection and road safety;
15. UNDERLINES the significance of a stable, long-term, proportionate, coherent and consistent regulatory framework for the successful development of the EU automotive industry and CALLS ON the Commission to incorporate into Community policies the principles of Better Regulation developed by the CARS 21 High Level Group:
  - adoption of an integrated approach, which involves all stakeholders, to developing and implementing measures to tackle environmental and safety challenges;
  - legislative measures regarding the policy towards cars must be formulated on a long-term and technologically neutral basis;
  - all relevant stakeholders are to be consulted at an early stage and extensively on all initiatives and draft legislation affecting the car sector and the results are to be appropriately reflected in decision-making;

- thorough impact assessments of all new proposals are to be submitted at an early stage. The framework conditions for the EU automotive industry must, as part of a stringent competitiveness test, also be compared with the framework conditions in major competing countries;
  - new vehicles should continue to be accessible to different consumer groups if environmental and safety improvements are to be achieved through a continuous fleet renewal process;
  - the programme for simplification of the regulatory framework must continue to be implemented speedily, focusing on the needs of the car sector;
16. SUPPORTS the Commission's proposals to reduce the car manufacturers' administrative burden by replacing EU Directives with UN/ECE Regulations and by introducing the instrument of self-testing and virtual testing, under strict surveillance of type-approval authorities;
17. SINGLES OUT the proposal for a new Framework Directive for the type approval of motor vehicles as an appropriate measure for further improving the efficiency of the internal market; POINTS to the ongoing examination of the proposal for a Directive on the legal protection of designs, which contains provisions on spare-parts;
18. UNDERLINES the contribution which the Community's financial instruments (e.g. EIB, Structural Funds) can make to accompany a structural change in the car sector and REQUESTS that they are used in a targeted manner and in accordance with the prevailing rules of these instruments;
19. CALLS ON the Commission, in the context of bilateral free trade agreements, to give priority to countries with a high market potential, to ensure reciprocity, to assess the impacts of such agreements, to ensure that non-tariff barriers to trade are abolished, to combat uncompetitive practices in third countries which are detrimental to the EU automotive industry and to guarantee effective protection of intellectual property rights;

20. CALLS ON the Commission, in the framework of the 7th research framework programme, to intensify its efforts to promote innovative and highly efficient propulsion technologies and systems, alternative fuels, intelligent and safe motor vehicles and to set the course in good time for best technologies and for future clean, low-carbon or carbon-free technologies;
21. SUPPORTS the measures proposed by the Commission to improve safety on European roads on the basis of an integrated approach; CALLS ON the Commission, the Member States and other stakeholders to implement these measures to achieve the Community's objectives in a cost-effective manner;
22. CALLS ON the Commission to come forward with a proposal for Euro VI emission limit values for heavy-duty vehicles this year at the latest in order to give the automotive industry sufficient lead time for its implementation;
23. SUPPORTS an integrated approach as proposed by the Commission, for reducing CO<sub>2</sub> emissions from motor vehicles; UNDERLINES that all the players must make their contribution to reducing emissions harmful to the climate and UNDERLINES the opportunity for a regulatory framework which is cost-effective, ensures affordable mobility and contributes to preserving the global competitiveness of the automotive industry;
24. CALLS ON the Commission to configure the planned framework for attaining the target for average CO<sub>2</sub> emissions from the fleet of new cars sold in the EU on the basis of a thorough impact assessment in a way that is as neutral as possible from the point of view of competition, and which is socially equitable and sustainable. It should be framed in such a way as to ensure that all manufacturers continue efforts to make their whole vehicle production more environmentally friendly in a cost-effective way;

25. INVITES the Member States, and where appropriate, the Commission, in connection with developing a CO<sub>2</sub> strategy in the automotive sector, to examine to what extent, in addition to the automotive industry's possibilities for CO<sub>2</sub> reduction and the potential in the field of biofuels, contributions by other players both on demand and supply side or via other measures (e.g. CO<sub>2</sub>-based vehicle tax and other fiscal measures, traffic infrastructure and management, driving behaviour, renewal of the vehicle fleet, stimulation of public transport) can also be enhanced;
26. CALLS on the Commission, in concert with the Member States and the stakeholders, to implement the measures identified in the CARS 21 Communication in order to give predictability and planning certainty to the automotive industry, which is necessary because of its long lead times; INVITES the Commission to update its long-term roadmap taking into account the results of the interim review in 2009;

## **For the Life Sciences and Biotechnology Sector:**

RECALLING that the European Strategy on Life Sciences and Biotechnology<sup>12</sup> aims at facilitating the development of biotechnology applications and represents an important step towards a competitive and sustainable European Knowledge-Based Bio-Economy, in accordance with the objectives of the renewed Lisbon strategy;

RECOGNISING that life sciences and biotechnology is a key enabling technology with a significant impact on many economic sectors as evidenced by the *Bio4EU* study<sup>13</sup>; thus enhancing Europe's overall competitiveness and accelerating changes, thus contributing to the modernisation of European industry;

RECOGNISING that life sciences and biotechnology is crucial to the discovery and development of diagnostics, medicines, vaccines and advanced therapies that are of considerable benefit to the quality of life of citizens in Europe, to the competitiveness of European health care sector, and to address global health issues;

ACKNOWLEDGING the potential that life sciences and biotechnology offer for eco-efficient innovation, in particular in the food and nutrition, feed, chemical, paper and pulp, textile, and energy sectors;

NOTING that the European biotechnology industry consists mostly of SMEs and needs favourable framework conditions as well as highly skilled human resources to improve its growth and innovation capabilities;

NOTING that the uptake of biotechnology depends upon its societal and market acceptance;

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<sup>12</sup> OJ C 55 (2.03.2002), p.3.

<sup>13</sup> The "Bio4EU" study can be found on <http://bio4eu.jrc.es>.

27. WELCOMES the Communication from the Commission “on the mid-term review of the Strategy on Life Sciences and Biotechnology”<sup>14</sup> and agrees with the broad lines of its analysis; in this context RECALLS the importance of an integrated approach addressing the economic, societal and environmental issues involved; STRESSES the role of the public sector in particular in driving innovation;
28. SUPPORTS the Commission’s proposal to establish a harmonised cost-effective collection of relevant data and statistics to monitor the economic, social and environmental impact of life sciences and biotechnology in order to enable an informed societal debate and better co-operation between all actors concerned;
29. SUPPORTS the Commission’s proposal to develop schemes to promote bio-based applications, including bio-energy, inter alia through encouraging the establishment of integrated pilot plants to demonstrate the potential of such applications and facilitate their uptake on the market; INVITES the Commission to propose further steps for the creation of lead markets and other measures to enhance market demand for eco-efficient bio-based products, in order to exploit the positive environmental impact of bio-based products;
30. WELCOMES that the Seventh Framework Programme for Research and Development will play an important role in building a European Knowledge-Based Bio-Economy, thereby promoting the competitiveness and sustainability of European life sciences and biotechnology; WELCOMES the Commission's intention to come forward with proposals on the establishment of Joint Technology Initiatives which include, among others, application areas of biotechnology;
31. SUPPORTS the Commission’s proposals to foster competitiveness especially of SMEs by facilitating knowledge transfer between the science base and industry; to consider specific incentives for Young Innovative Companies; to improve access to finance; to promote the use of public funds to leverage more private co-financing for research and innovation; and to support the integration of Biotechnology clusters and regional networks;

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<sup>14</sup> doc. 8343/07 + ADD1.

32. STRESSES that modern biotechnology has a significant economic and environmental potential for European agriculture and forestry, including for non-food or non-feed applications, such as industrial transformation and molecular farming, provided that these can be used safely for the environment and human health, based on results of sound scientific studies, in an economically viable form and in the respect of the consumers' right to make an informed choice and of all modes of agricultural production;
33. SUPPORTS the Commission's approach to improve the implementation of the legislation and improve policy coordination, especially on cross-cutting issues; ENCOURAGES the Commission and the Member States to reinforce the existing networks to monitor and ensure a coherent implementation of the Strategy and address regulatory obstacles to competitiveness;
34. ENCOURAGES a strong commitment of the Member States to contribute actively to the implementation of the Refocused Life Sciences and Biotechnology Action Plan and to carry out actions in a timely manner, where they play a central role;
35. INVITES the Commission to report on the progress made on the implementation of the Refocused Life Sciences and Biotechnology Action Plan;

## **For the Information and Communication Technologies Sector:**

36. TAKES NOTE of the report and recommendations of the ICT Task Force published on 27 November 2006 and the Commission Staff Working Paper<sup>15</sup> concerning the follow-up of the report's recommendations in the framework of industrial policy;
37. RECOGNISES the importance of the ICT sector for growth, competitiveness and a further successful development of an inclusive information society in Europe and NOTES with interest the latest developments regarding next-generation networks, interoperability, increasing consumer confidence in the digital environment, sector-specific e-Business support policies and Member States' efforts in the areas of innovation, investment and financing;
38. ENCOURAGES the Commission and the Member States to continue their activities to promote entrepreneurship and associated skills, develop a long-term e-skills strategy for improving competitiveness, employability and lifelong learning, and support the uptake of eBusiness practices by SMEs, including sharing experiences and exchanging best practices via the European eBusiness Support Network (eBSN); NOTES in this context the importance of the ICT Policy Support programme within the Competitiveness and Innovation Programme (CIP);
39. MAINTAINS its view that consolidating the internal market for ICT and knowledge-intensive services merits special attention; and thus WELCOMES the Commission's ongoing review of the regulatory framework for electronic communications, and the forthcoming review of the Universal Service provision under i2010;

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<sup>15</sup> doc. 8691/07+ ADD 1 - SEC(2007) 526.

40. INVITES the Commission to push forward, in conjunction with the European Standardisation Organisations (ESOs) and all other stakeholders, the review of the European ICT standardisation system in order to enhance its openness, effectiveness and responsiveness to emerging industrial and societal needs;
41. RECOGNISES that ICT is a key driver and enabler of innovation and, in full coherence with the 2006 conclusions on "Strategic priorities for innovation action at EU level"<sup>16</sup>, CALLS for the timely development of a new strategy for intellectual and industrial property and for the follow-up of the developing strategies on public procurement, JTIs (Joint Technology Initiatives) and lead markets in order to remove bottlenecks to and realise the potential for the competitiveness of the ICT sector;

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<sup>16</sup> doc. 16253/06.

## For the Shipbuilding Sector:

42. NOTES that *European shipbuilding* has developed into a modern and competitive branch of industry, which also provides an *impetus* to many supplier and service sectors for growth and jobs in many parts of the Community;  
EMPHASISES nevertheless that the global build-up of production capacities, especially in Asia, and the foreseeable increase in competition intensity on global shipbuilding markets, call for further efforts - compatible with competition rules - to strengthen *competitiveness* and to address *structural change*;
43. EMPHASISES that the Commission *communication* on the LeaderSHIP 2015 initiative<sup>17</sup>, which sets an example through its new, integral approach for other sectoral initiatives, provides a suitable political framework for action;  
WELCOMES the progress report submitted by the Commission<sup>18</sup> on the implementation of the LeaderSHIP 2015 recommendations and the further steps envisaged therein;
44. CALLS ON the Commission, in view of distortions of competition to exploit all possibilities for creating a *level playing field*, such as bilateral free trade agreements, agreements in the framework of the OECD or other international organisations as well as initiatives for IPR protection;
45. RECOGNISES the importance that a refund guarantee scheme may have for the competitiveness of European shipbuilding industry. INVITES the Commission in cooperation with the EIB, therefore, to examine the possibility to submit a proposal for the setting up of a European system of performance guarantees for ship financing operating alongside national guarantee systems.";

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<sup>17</sup> doc. 15288/03 - Commission Communication „LeaderSHIP 2015” COM(2003) 717 final.

<sup>18</sup> doc. 9130/07 +ADD1- COM (2007) 220 final.

46. TAKES NOTE of the Commission's intention to present an internal market package for defence products in the autumn of 2007, which may also have important effects on the framework conditions for naval shipbuilding;
47. CALLS ON the Commission, in view of the importance of *research, development and innovation* for the competitiveness of European shipbuilding, to intensify the continuation of current activities both in the framework of the 7th research framework programme (in particular waterborne TP ) and with regard to sector-specific instruments, as well as to ensure good coordination of aid programmes;  
ASKS the Member States to implement vigorously the instruments for *promoting shipbuilding research, development and innovation* in their national programmes, where appropriate; INVITES the shipbuilding industry to make use of these instruments in a systematic manner and thus to strengthen its innovation capacity;
48. In view of securing access to a skilled workforce, TAKES NOTE of the ongoing social dialogue committee work on future training and recruitment requirements and CALLS ON the Commission to take account of this work in any new initiative in the field of maritime skills;
49. INVITES the shipbuilding industry to continuously improve the environmental friendliness of the maritime economy through innovative products and thus to exploit its market opportunities by adopting a global pioneering role;  
WELCOMES the efforts to promote seaworthy and environmentally-friendly ships, in particular with regard to international agreements on minimum standards;  
EMPHASISES the need for due account to be taken of the requirements of manufacturing industry in the formulation of technical provisions (including IMO).
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