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INFORMATION NOTE

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To: Delegations

Subject: Informal "Competitiveness" Council (Industry part), Sopot, 21-22 July 2011

Delegations will find attached a summary from the Presidency on the Industry part of the Informal "Competitiveness" Council, Sopot, 21 - 22 July 2011.

Presidency Summary

Informal "Competitiveness" Council (Industry part)

Sopot, 21 – 22 July 2011

During the informal meeting of Competitiveness Council held in Sopot on 21 - 22 July 2011, industry ministers discussed the impact of environmental regulations, including those designed to increase efficient use of resources, on conditions under which industry operates. The meeting was chaired by Mr Waldemar Pawlak, the Polish Deputy Prime Minister and Minister of Economy, accompanied by Mr Andrzej Kraszewski, the Polish Minister of the Environment. Vice-President Antonio Tajani represented the European Commission.

The subject of the meeting was placed in the context of a broader discussion on how to regain Europe's competitiveness and **regain stability** of the European economies in the wake of the economic crisis. The Europe 2020 Strategy for smart, sustainable and inclusive growth has outlined several instruments to enhance European competitiveness. Among these, the two flagship initiatives: *An integrated Industrial Policy for the Globalisation Era* and *A resource – efficient Europe* provide particularly important guidelines on how to build a more competitive economy that makes efficient use of resources.

The ministerial meeting in Sopot once again reiterated the core importance of industrial sector which is the backbone of the European economy. Ministers agreed that it is important to **maintain balance between industry's stability and environmental protection**, so that factors related to the climate change policy would not undermine competitiveness of European industry. Vice-President Tajani was convinced that the 'marriage' between industry and environment would be not only possible, but also indispensable, calling to **ensure transparency and equal rights for the two partners**. Deputy Prime Minister Pawlak said that the example of Poland, where in recent 20 years a 30% fall in CO₂ emissions was accompanied by a doubled GDP, proves that **it is possible to decouple growth of GDP from increased emissions**. Similarly, Mr Brian Mikkelsen, the Danish Minister of Economic and Business Affairs, pointed that increasing energy efficiency was the key factor which boosted competitiveness of the Danish economy.

Green growth can increase the EU's competitiveness thanks to greater resource-efficiency on the one hand, and development of new eco-industries on the other. **Resource efficiency is a valid strategy for cost reduction and an opportunity to regain stability and build competitive advantage for Europe on the global market.**

In terms of factors which support the transition towards a more competitive and resource-efficient economy, industry ministers highlighted the following issues:

- **The need to strengthen the single market.** The single market is seen as the EU's main competitive advantage. Full implementation of the single market would boost the EU's competitiveness inter alia thanks to the decrease of production costs.
- **The need to commercialise research outputs in a transparent manner.** Innovativeness constitutes one of the factors determining competitiveness of the economy. Emphasis should be placed on commercialisation of research outputs and development of new technologies, including KETs.
- **The need to improve access to finance for enterprises.** In the light of hindered access of enterprises to investment loans in the aftermath of the economic crisis, it is important to ensure that rules on **granting aid** are **transparent**.

- **The need to ensure stability and predictability of regulatory framework.** It is crucial to prevent the risk of systematic contraction of the industrial base in the EU due to newly-imposed requirements. Ministers also stressed the importance of checking the impact of legislative initiatives on EU competitiveness and supported the Commission's intention to conduct **competitiveness proofing**.
- **The need to build an effective industrial policy on reliable data and analyses and to strengthen dialogue** with various stakeholders, in particular with entrepreneurs. That dialogue should not only render the **policy-making** process **more transparent**, but will also contribute to raising awareness among entrepreneurs and, thus, to convincing them to undertake commitments on a voluntary basis.
- **The need to change the current patterns of production and consumption**, where mass consumption goods often become disposable products. One should also stress the importance of policies raising consumer awareness, leading to more sustainable consumption patterns and stimulating market demand for resource-efficient products.
- **The need to tackle environmental challenges globally.** One should keep in mind the risk of carbon leakage and transfer of production plants outside the EU. Europe should seek global agreements reducing greenhouse gas emissions.

Role of the Competitiveness Council

In the light of the need to provide **stable and transparent framework conditions** which are conducive to economic growth, but at the same time considering environmental concerns, it is of particular importance to ensure **comprehensive and integrated implementation of all EU 2020 flagship initiatives** – including those on industrial policy and resource-efficiency. This could be a space for the greater potential of the Competitiveness Council. The role of the Competitiveness Council could also involve checking impact of regulations on industry's competitiveness as well as review of all policies in terms of their impact on competitiveness.