



Brussels, 8 October 2012

Background¹

COMPETITIVENESS COUNCIL

Luxembourg, 10 and 11 October 2012

*The sessions will be chaired by Mr **Stavros Malas**, Cyprus Minister for Health (responsible for the Research portfolio) and Mr **Neoklis Sylikiotis**, Cyprus Minister for Commerce, Industry and Tourism.*

*On Wednesday 10 October (starting at 10.00), the Council will hold public deliberations on two legislative proposals which will be part of "**Horizon 2020**", the future framework programme for funding **research and innovation** for the years 2014 to 2020. These two pieces are: the **rules for the participation and dissemination** in Horizon 2020 and the amended regulation of the establishment of the **European Institute of Innovation and Technology (EIT)**. The Council will endeavour to agree on the main elements of both proposals.*

*After the working lunch, which will be devoted to research infrastructures in Europe, ministers will hold an orientation debate on the strategic steps to be followed towards the completion of the **European Research Area**, on the basis of recommendations addressed by the Commission last July.*

*On Thursday 11 October (starting at 10.00), ministers will hold a debate on European **industrial policy**, the strategy on the **construction sector** and its enterprises, as well as **the cultural and creative sectors**.*

*The Council is expected to adopt conclusions on **key enabling technologies** while it will also give the green light for the launching of the European innovation partnership on **raw materials**.*

*In the field of consumers protection, the Council is due to adopt a resolution on the **European Consumer Agenda** for the coming years.*

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

*In the afternoon, ministers will take stock of the state of play of the twelve key measures included in the **Single Market Act** and will debate on the way to speed up a quick adoption. They will also take note of the second wave of priority proposals presented by the Commission under the **Single Market Act II**, which are also aimed at the completion of the single market by increasing confidence and stimulating growth and jobs creation.*

The working lunch will provide an opportunity to discuss ways for the improvement of working methods of the Competitiveness Council.

Press conferences:

- research and innovation: Wednesday 10/10 at +/- 17.30;*
- industry, internal market and consumers issues: Thursday 11/10 at +/- 16.00.*

Press conferences and public deliberations can be followed by video streaming:
<http://video.consilium.europa.eu/>

RESEARCH and INNOVATION

"Horizon 2020": new framework programme for research and innovation (2014-2020)

- Rules for participation in actions of Horizon 2020

In public deliberation, the Council will be invited to reach agreement on a partial general approach² on a draft regulation laying down the terms and conditions for the participation in research projects funded under Horizon 2020. Participants may be research associations, universities, undertakings, industry consortia, etc.

The draft regulation also lays down the rules governing the exploitation, dissemination and protection of results of the research projects.

The discussion is likely to focus on key issues such as the best way to achieve the highest level of simplification, especially for the benefit of participating organisations; the funding model to be used for the reimbursement of research activities, and the possibility of widening participation by reinforcing the attractiveness of researchers' careers across the Union.

Some of these issues were also addressed at an informal preparatory meeting organised by the Cyprus presidency in Nicosia on 20 July, where research ministers agreed on the need for substantial simplification of the rules for participation and dissemination under Horizon 2020 in order to attract the best researchers and innovators³.

Once approved, this set of common rules will also apply to the participation in projects managed by the European Institute of Innovation and Technology (EIT).

- European Institute of Innovation and Technology

In public deliberation, the Council will be invited to reach agreement on a partial general approach on a draft regulation amending the rules of the European Institute of Innovation and Technology (EIT) ([18090/11](#)).

The EIT, which was set up in March 2008, will continue to reinforce the innovation capacity of the EU and its member states and to the general objective of Horizon 2020, mainly by integrating the "knowledge triangle" of higher education, research and innovation. This integration takes place primarily via the Knowledge and Innovation Communities (KICs), which bring together organisations on a long-term basis in order to respond to big societal challenges.

Under Horizon 2020, the EIT would receive a financial contribution of € 3.1 billion for the period 2014 to 2020.

² A partial general approach is an agreement on the essential elements of a legal act, pending the opinion of the European Parliament and the relevant discussions on the EU's multi-annual budget.

³ <http://www.cy2012.eu/index.php/en/file/Sm7rFRmoNSr2nxXo9+AUZw==>

In a separate decision, the Council and the European Parliament will define the priority fields of the EIT's strategic agenda for the seven-year period ([18091/11](#)).

On 8 and 9 November, under the auspices of the Cyprus presidency, an important conference is scheduled in Larnaca titled *"EIT Stakeholders Conference – Addressing Societal Challenges through the EIT"* (<http://www.facebook.com/ConfEITCy>).

Horizon 2020 - state of play

On 31 May 2012, the Council reached an agreement on a partial general approach on the **"Horizon 2020" framework programme** ([10663/12](#)). Horizon 2020 will replace the EU's 7th research framework programme (FP7), which runs until the end of 2013.

At that occasion, the Council also took note of a report ([10219/12](#)) on the progress made concerning the other three parts of the package: the specific programme implementing Horizon 2020, the rules of participation in research projects and the Euratom programme on nuclear research activities.

The negotiations between the Council and the European Parliament are expected to start in the coming weeks with a view to achieve a first-reading agreement on the whole package during 2013.

The new framework for research is expected to eliminate fragmentation in this field and to ensure more coherence. Horizon 2020 will build upon the current FP7 concept, the Competitiveness and Innovation Programme and the EIT.

As compared with FP7, Horizon 2020 has a number of new features that make it fit for purpose to promote growth and tackle societal challenges.

The Commission presented the several components of the Horizon 2020 on 30 November 2011: http://ec.europa.eu/research/horizon2020/index_en.cfm

It is proposed to allocate € 80 billion for the 2014-2020 period, thus making Horizon 2020 the world's largest research programme.

European Research Area

The Council will hold a policy debate on the European Research Area (ERA) and the key elements that should lead to the successful achievement and implementation of the ERA.

The debate will follow a presentation of the Commission communication "A reinforced European Research Area partnership for excellence and growth" ([12848/12](#)), published on 17 July 2012, together with the communication "Towards better access to scientific information: Boosting the benefits of public investments in research" ([12847/12](#)) and a recommendation on access to and preservation of scientific information ([13983/12](#)).

In order to streamline the debate, the Presidency will invite the Council to address the following questions ([13983/12](#)):

- a. Would you agree that a reinforced partnership between member states, the Commission and research stakeholder organizations, coupled with transparent monitoring closely connected to the European Semester, is the most effective approach towards realizing the ERA?*
- b. Would you agree that the proposed priorities for ERA are key in terms of their contribution to lasting step-changes in Europe's research performance and effectiveness? Would you agree that close monitoring is required to ensure delivery of the targets set?*
- c. Would you agree that adopting principles of, and investing in open access to scientific publications and, where appropriate, also open access to scientific data is an important direction for ERA in order to achieve optimal circulation, access to and transfer of scientific knowledge?*

In the light of the exchange of views and the outcome of the ERA Framework Conference to be organized in Cyprus in November⁴, the Presidency will draft conclusions to be submitted for approval at the December Competitiveness Council.

The Commission proposed the following ERA priorities: effective national research systems; optimal trans-national cooperation and competition; an open labour market for researchers; gender equality in research, and free circulation of knowledge.

Over the years, progress has been made towards a European Research Area through instruments such as the successive multi-annual research framework programmes, joint programming initiatives and research infrastructure consortia. Nevertheless, progress has been uneven in different dimensions of ERA as well as across member states.

⁴ <http://www.cy2012.eu/index.php/en/political-calendar/areas/competitiveness/presidency-conference-completing-the-european-research-area-in-the-context-of-the-innovation-union>

In February 2011, the European Council called for the completion of the ERA by 2014: “Europe needs a unified research area to attract talent and investment. Remaining gaps must therefore be addressed rapidly and the ERA completed by 2014 to create a genuine single market for knowledge, research and innovation. In particular, efforts should be made to improve the mobility and career prospects of researchers, the mobility of graduate students and the attractiveness of Europe for foreign researchers.”.

The legal basis for the creation of ERA was established in Article 179 of the EU treaty with the objective of "achieving a European research area in which researchers, scientific knowledge and technology circulate freely".

INDUSTRY

Industrial policy and its contribution to growth and economic recovery

Ministers will exchange views on an update to the **European industrial policy** and its contribution to growth and economic recovery. They will also consider specific measures in support of the **construction sector** ([13186/12](#)) and of the **cultural and creative sectors**.

Moreover, the Council will be invited to adopt conclusions on **key enabling technologies** ([12093/12](#)), which are of particular importance for the innovativeness and competitiveness of industry and the whole economy, including in areas such as nanotechnology, biotechnology and advanced materials. The conclusions will also give green light for launching a **European innovation partnership for raw materials** ([7247/12](#)).

- Update of the industrial policy flagship initiative

Ministers will hear a presentation by the Commission on the main elements that will integrate the "Industrial policy communication update: A contribution to growth and economic recovery".

The updated strategy of the Europe 2020 Industrial Policy Flagship⁵ forwards actions to speed up the economic recovery and underpin growth and job creation in the EU. It aims at strengthening Europe's industrial competitiveness and facilitating the transition to a low-carbon and resource efficient economy by focusing on four pillars, which need urgent attention as a result of the economic crisis:

- stimulate investments into innovative and new technologies;
- allow EU companies to derive maximum benefit from the internal market and international markets;
- improve access to finance; and
- increase investment into people and skills.

⁵ "An Integrated Industrial Policy for the Globalisation Era: Putting Competitiveness and Sustainability at Centre Stage", 28 October 2010 ([15483/10](#)).

Following the Commission presentation, ministers will be invited to express views on these aspects as well as on promising new markets that can contribute to restore the growth path of the EU economy.

The outcome of the discussion will feed into the preparation of Council conclusions on industrial policy to be submitted for approval at the December Competitiveness Council.

- Construction sector

Ministers will exchange views on the situation of the construction sector in the different countries and on the measures put in place or envisaged in support of the sector at national level.

The debate will also be an opportunity to assess the action plan drawn up by the Commission to promote construction as a driving force for the creation of jobs ([13186/12](#)).

The action plan contained in the strategy for the sustainable competitiveness of the construction sector and its enterprises, issued on 31 July 2012, focuses on five key objectives: stimulating favourable investment conditions; improving the human-capital; improving resource efficiency; strengthening the internal market; and fostering the global competitiveness of EU companies.

The strategy also puts emphasis on appropriate programmes for repair, maintenance and renovation projects and relevant fiscal and financial instruments and credit mechanisms for renovation pursuing ambitious sustainability targets.

The construction industry is a major economic operator. Overall, it generates almost 10 % of GDP and provides 20 million direct jobs, mainly in micro and small enterprises.

- Cultural and creative sectors

Following a presentation by the Commission on its communication on "Cultural and creative sectors for creative growth in the EU" ([14256/12](#)), published on 26 September 2012, ministers will engage in a debate on possible measures in support of these sectors.

In order to streamline the discussion, the Presidency will put forward the following question:

We need to further recognise the economic significance of cultural and creative sectors and strengthen their role in employment and growth creation as well as in contributing to an environment conducive to innovation. Which kind of initiatives should be promoted as a matter of priority at the EU level in order to achieve these goals ?

The communication sets out a multi-layered strategy for these sectors in view to helping them adapt to the changing environment and unleash their potential to contribute to growth.

Cultural and creative sectors (such as architecture, archives and libraries, artistic crafts, audio-visual, cultural heritage, fashion design, music, publishing, etc.), play an important role in the European culture and contribute to the EU economy by creating growth, jobs and innovation. They account for 3.3% of GDP and 3% of total employment in the EU. However, their importance is even greater if one considers other sectors which rely on cultural and creative input.

- Key enabling technologies / Innovation partnership on raw materials

The Council will be invited to adopt conclusions on key enabling technologies (KETs). The conclusions will also give green light for launching a European innovation partnership for raw materials.

By means of the conclusions, the Council is expected to endorse the strategy contained in the Commission communication entitled "A European strategy for KETs — A bridge to growth and jobs" of 2 July 2012 ([12093/12](#)).

Micro and nano-electronics, nanotechnology, photonics, advanced materials, industrial biotechnology and advanced manufacturing technologies have been identified as the EU's KETs.

The communication outlines a strategy for KETs to allow maximum exploitation of the EU's potential in competitive markets, aiming to keep pace with the EU's main international competitors, contributing to sustainable growth and job creation in the EU, whilst at the same time addressing today's major societal and environmental challenges.

The conclusions will also endorse the launching of a European innovation partnership for raw materials in accordance with the Commission proposal submitted on 5 March 2012 ([7247/12](#)).

European Innovation Partnerships (EIPs) is a novel concept proposed in the "Innovation Union" flagship initiative ([14035/10](#)) to speed up innovations addressing major societal challenges. They are designed to provide a framework bringing together stakeholders across policy areas, sectors and borders to integrate or initiate supply and demand side measures across the whole research and innovation cycle.

The Commission will report to the Council by the end of July 2013 on progress achieved in the raw materials EIP.

INTERNAL MARKET - CONSUMER PROTECTION

Single Market Act

Ministers will take stock of the state of play of the twelve measures included in the "Single Market Act I" and will debate on the way forward. Each one of these measures, to be adopted in co-legislation by the European Parliament and the Council, are currently at a different stage of the legislative process.

Ministers will also take note of information on the second wave of new priority proposals presented by the Commission on 3 October 2012 under the "Single Market Act II"⁶, which will supplement the first set of measures, aiming at the completion of the single market by increasing confidence and stimulating growth and jobs creation.

On 13 April 2011, the Commission presented its communication "Single Market Act - Twelve levers to boost growth and strengthen confidence" ([9283/11](#)), which contains the identified actions to address the objective of re-launching the single market.

These twelve instruments of growth, competitiveness and social progress range from worker mobility, SME finance and consumer protection to digital content, public procurement and trans-European networks. Their aim is to reduce barriers and to improve efficiency for everyone on the single market: businesses, citizens, consumers and workers.

The Cyprus presidency will provide with a detailed picture of the state of play ([14163/12](#)) of these proposals and, in order to steer the ministerial debate, will submit the following questions:

"The current economic and social challenges seem to reconfirm that the single market is one of our most important assets for growth and job creation and therefore renewed momentum would contribute towards its full exploitation. Given that sustained efforts are required on a number of key actions of the Single Market Act I in order to meet the target of adoption of all 12 key actions by the end of 2012, what in your view can the Competitiveness Council do to speed up the process of adopting the SMA I key actions?"

Furthermore, once adopted, how could we ensure the timely and correct transposition and implementation of the Single Market Act I key actions across member states, so that their benefits can be delivered rapidly to citizens and businesses?"

EU heads of state and government are closely monitoring the process in the wider context of the European Growth Agenda.

⁶ http://ec.europa.eu/internal_market/smact/docs/single-market-act2_en.pdf

The 20th anniversary of the creation of the single market will be celebrated during the "Single Market Week" from 15 to 20 October 2012 with events taking place in many cities across the EU: <http://www.singlemarket20.eu/en>

European Consumer Agenda

The Council is expected to approve a resolution on the European consumer agenda for the coming years.

The resolution will endorse the Commission's vision for consumer policy, which was exposed in the communication "A European Consumer Agenda - Boosting confidence and growth " of 22 May 2012 ([10420/12](#) + [ADD 1](#)), built around four key objectives, and bearing in mind the overall objective of creating a borderless single market for consumers and businesses:

- reinforcing consumer safety for goods, services and food, strengthening the regulatory framework and making market surveillance more efficient,
- enhancing knowledge through targeted consumer information and education as well as effective support to consumer organisations,
- improving enforcement and securing redress, by strengthening the role of consumer enforcement networks and
- aligning rights and key policies to economic and societal change, inter alia by adapting consumer law to the digital age.

The resolution will be a useful political tool that will guide the Commission and member states in the implementation of the new Consumer policy programme 2014-2020.

This European consumer agenda identifies the key measures needed to empower consumers and boost their trust. It sets out actions to put consumers at the heart of all EU policies as means to achieve the Europe 2020 goals for growth and job creation.

These measures should be financed by the Consumer programme for the period 2014-2020 ([16795/11](#)), which will be the successor to the 2007-2013 EU financial programme in the field of consumer policy, as well as by other sectoral programmes.

The agenda develops a systematic approach to integrating consumer interests into all relevant policies and puts a special emphasis on tackling problems faced by today's consumers in the food chain, energy, transport, digital and financial services sectors. These sectors were identified as some of the most problematic for consumers, according to the Consumer Markets Scoreboard⁷.

⁷ http://ec.europa.eu/consumers/consumer_research/editions/docs/7th_edition_scoreboard_en.pdf