



Brussels, 11 February 2013

Background note¹
COMPETITIVENESS COUNCIL
Brussels, 18 and 19 February 2013

*The sessions will be chaired by Mr **Richard Bruton**, Irish Minister for Jobs, Enterprise and Innovation, and Mr **Sean Sherlock**, Irish Minister of State responsible for the Research and Innovation portfolio.*

*On Monday 18 February (10.00), under the research part, the Council will hold a debate on the **Europe 2020 strategy for growth and jobs** in relation to the Commission's Annual Growth Survey for 2013, as the ministers in charge of the internal market will do on Tuesday.*

*In the afternoon, the Council will hold a debate on **open access to scientific information** of public-funded research projects. The optimal circulation, access to and transfer of scientific knowledge is one of the objectives for the establishment of a genuine **European Research Area**, which is at the heart of the EU's strategy for the creation of economic growth and jobs.*

*Finally, the Council will take stock of **Joint Programming** activities carried out in the field of research. Joint Programming is a process designed to ensure the optimisation of research efforts. It is a part of the new European Research Area landscape.*

*On Tuesday 19 February (9.30), the Council will hold a debate on the Commission's **Annual Growth Survey for 2013**. The Annual Growth Survey is the starting point for the European Semester, which involves simultaneous monitoring of the member states' fiscal, economic and employment policies during a six-month period.*

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

Together with the Annual Growth Survey 2013, the Council will assess the first report on the state of the **Single Market Integration**, aimed at monitoring the functioning of the single market within the European Semester process. Furthermore, the debate will include an assessment on the state of play of the **Single Market Act** packages, which are made up of priority measures aimed at the completion of the single market by increasing confidence and stimulating growth and jobs creation.

Ministers are expected to address the situation of the European **steel industry**, which is one of the industrial sectors most affected by the economic crisis.

In the afternoon, the Council will exchange views on an action plan drawn up by the Commission aimed at boosting the entrepreneurial spirit in Europe ("**Entrepreneurship 2020**").

Finally, the Council will exchange views on the review of the "REACH Regulation" for the **Registration, Evaluation Authorisation and Restriction of CHemicals**. The debate will follow a presentation by the Commission on the General Report on **REACH** published on the 5th February 2013.

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In the margins of the Council, the signing ceremony of the international agreement for establishing a **Unified Patent Court** will take place on Tuesday 19 February (at +/-14.15).

Press conferences:

- research and innovation: Monday 18/2 (at +/- 16.30);
- internal market and industry: Tuesday 19/2 (at +/- 17.30).

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

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

Preparation for the economic Spring EU summit: Annual Growth Survey 2013

In separate sessions, Internal Market and Research ministers will have debates on the Annual Growth Survey 2013, as a part of all relevant Council deliberations in preparation for the Spring European Council on 14 and 15 March.

On 28 November 2012, the Commission published its Growth Survey for 2013, which is an analysis of the progress on the Europe 2020 targets for the creation of economic growth and jobs ([16669/12](#)).

In order to encourage growth and competitiveness, the communication recommends that EU and national level efforts should continue to focus on the following five priorities:

- Pursuing differentiated, growth-friendly fiscal consolidation;
- Restoring normal lending to the economy;
- Promoting growth and competitiveness;
- Tackling unemployment and the social consequences of the crisis; and
- Modernising public administrations.

The Annual Growth Survey launches the European semester.

The European semester makes part of a new governance architecture that was approved by the member states in 2010. It is a six-month period every year during which the member states' budgetary and structural policies will be reviewed to detect any inconsistencies and emerging imbalances. The aim is to reinforce coordination while major budgetary decisions are still under preparation.

In a new monitoring cycle, the European Council each March will identify the main economic challenges facing the EU and give strategic advice on policies. Taking this guidance into account, the member states will present their medium-term budgetary strategies in their stability and convergence programs. At the same time, they will draw up national reform programs setting out the action to be undertaken to strengthen their policies in several areas.

The Irish presidency will conduct the debates by putting a strong focus on the measures that, under the remit of the Competitiveness Council, can improve the economic performance and create added value in both the short and long term ([5894/13](#)).

On 18 February, ministers for research and innovation will be invited to elaborate on the following topics:

- How to ensure that Europe is at the forefront of anticipating the next wave of technological development and market potential and how to optimise Europe's leadership position in this regard?
- Can public-private partnerships be developed to support investment in research and innovation? Do we have good examples?
- How to best promote the translation of research and development results into jobs and marketable products and services?

Last December, the Council invited EU member states to identify the national reforms and actions needed to achieve the European Research Area (ERA)² in the context of the Innovation Union, and to present these reforms and their subsequent implementation in the 2013 national reform programmes. The Council also considered that achieving the ERA will require monitoring of ERA progress in close connection with the European Semester.

On 19 February, ministers for internal market and industry will be invited to elaborate on the following topics:

- How to ensure that the EU industrial policy help manufacturing enterprises, including small- and medium-sized enterprises, to become part of global value chains and reap the potential of fast growing new markets and technologies?
- What would be the most important measures to overcome remaining barriers in the service sector and in particular to improve the implementation of the Services Directive?
- What would be the most effective measures to be taken at EU level to improve single market governance?

Together with the Annual Growth Survey, the Commission presented the first report on the "State of the Single Market Integration 2013" ([17281/12](#)), aimed at monitoring the functioning of the single market within the European Semester process. The report presents an analysis of the state of single market integration in key areas with the greatest growth potential.

² A reinforced European Research Area partnership for excellence and growth: Council conclusions of 11 December 2012 ([17649/12](#)).

RESEARCH and INNOVATION

Open access to scientific information

The Council will hold a policy debate on open access to scientific information of public-funded research projects.

The debate will be based on the Commission communication "Towards better access to scientific information: Boosting the benefits of public investments in research" ([12847/12](#)) and its accompanying Recommendation on access to and preservation of scientific information ([12846/12](#)).

The Commission is committed to making open access to scientific publications a general principle of the future research framework programme "Horizon 2020", and has recommended member states to take a similar approach regarding the results of research funded under their national programmes.

In order to structure the debate, the Presidency will invite the Council to elaborate on the following questions ([5857/13](#)):

- Open access to publications is now a widely accepted principle, but questions remain on how member states and the Commission should make it become a reality. Towards what common implementation standards should member states and the Commission work to achieve open access?
- How can member states and the Commission best develop open access to research data in their research and innovation programmes? What should key principles be for the Horizon 2020 pilot on open access to research data?
- How can the Commission and member states together ensure that e-infrastructures for open access, preservation and re-use are built in a modular and sustainable way in a digital European Research Area?

Broader and more rapid access to scientific publications and data will help researchers and businesses to build on the findings of publicly funded research. This will contribute to boost Europe's innovation capacity, help to tackle societal challenges and provide citizens with quicker access to scientific discoveries.

The optimal circulation, access to and transfer of scientific knowledge is one of the objectives for the establishment of a genuine European Research Area (ERA).

Last December, the Council adopted conclusions on the ERA and the key elements that should lead to its successful achievement, thereby creating a single market for knowledge.

The European Council called for the completion of the ERA by 2014.

Joint Programming of research projects

The Council will take stock of Joint Programming activities carried out in the field of research.

Joint Programming is a process designed to ensure the optimisation of research efforts. It aims to reinforce cross-border cooperation and the coordination and alignment of national publicly funded research programmes. It is a part of the new European Research Area landscape.

Since 2009, 10 joint programming initiatives have been launched in order to address specific societal challenges facing Europe such as neurodegenerative diseases, climate change, urban development, etc.

INTERNAL MARKET and INDUSTRY

Single Market Act

The Council will examine the state of play concerning pending legislation included in the *Single Market Act* packages, which are made up of priority measures aimed at the completion of the single market by increasing confidence and stimulating growth and jobs creation.

For this purpose, the Irish presidency will present an overview of the state of play regarding the measures of the Single Market Act I and II packages ([5915/13](#)).

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.

The *Single Market I* package includes actions such as the modernization of the public procurement, the review of the professional qualifications directive, the simplification of accounting rules and the establishment of a common framework for the development of alternative resolution systems for consumer disputes.

In 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.

The *Single Market Act II* package is the second wave of priority proposals presented by the Commission in October 2012³ in order to supplement the first set of measures of the Single Market Act I. It includes the modernisation of EU insolvency rules, the deployment of high-speed broadband and the review of the product safety directive.

The Council looks forward to rapidly examining them, in close co-operation with the European Parliament and the Commission, in order to allow their adoption by the end of the current parliamentary cycle at the latest so as to bring new impetus to the internal market.

³ http://ec.europa.eu/internal_market/smact/docs/single-market-act2_en.pdf

The Council adopted conclusions on the Single Market II last December ([16617/12](#)). In the conclusions, the Council highlights the necessity for the single market to rest upon a strong economic and social basis.

All these instruments of growth, competitiveness and social progress will contribute to reducing barriers and to improving efficiency on the single market for businesses, citizens, consumers and workers.

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

“Entrepreneurship 2020” action plan

The Council will hold a policy debate on an action plan drawn up by the Commission aimed at boosting the entrepreneurial spirit in Europe ("Entrepreneurship 2020").

The debate will be based on the Commission communication "Entrepreneurship 2020 action plan - Reigniting the entrepreneurial spirit in Europe", issued on 9 January ([5292/13](#)).

In order to structure the debate, the Presidency will put forward a discussion note on the current state of play in relation to entrepreneurship policy in the EU ([5862/13](#)). The Presidency will invite delegations to provide guidance on the following key elements:

1. How will the Entrepreneurship 2020 action plan influence entrepreneurship policy development in member states (national strategies and reforms) and how will it interact with other EU programmes?
2. What pillar contains the most important areas of action for the entrepreneurial culture and entrepreneurs in your country?
3. Are there specific initiatives within member states, aimed at increasing and promoting entrepreneurship, that have shown positive results?

The action plan is built on three pillars:

Pillar I - Entrepreneurial education and training to support growth and business creation, to give young people the necessary entrepreneurial knowledge and skills and educate the future generations of entrepreneurs.

Pillar II - Creating an environment where entrepreneurs can flourish and grow; where the public administration effectively helps entrepreneurs or reduces obstacles to business.

Pillar III - Promoting role models and reaching out to specific groups whose entrepreneurial potential is not being tapped to its fullest extent or who are not reached by traditional outreach for business.

Ministers for competitiveness had preliminary discussions at an informal meeting on 19 July 2012, focusing on aspects such as the difference that entrepreneurship education can make for young people and for society as a whole, the role of women as a source of unexploited economic growth, and the importance of a second chance for honest failed entrepreneurs.

A recent survey shows that since 2000, the share of Europeans preferring entrepreneurship to being an employee has dropped: while in 2009 for 45% of Europeans entrepreneurship was their first choice, now this percentage is down to 37%⁴. By contrast in the USA and China this proportion is much higher: 51% and 56% respectively.

Chemical substances: review of the REACH system

The Council will hold a policy debate on the review of the “REACH system”. REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) is a legislative framework on chemicals of the European Union, which entered into force on 1st June 2007.

The Commission has finished the 5-year review of REACH, which is presented in 3 documents:

- a general report on REACH ([5864/13](#));
- a communication on the regulatory review on nanomaterials ([14869/12](#)), and
- a roadmap on substances of very high concern ([5867/13](#)).

The Presidency will seize the opportunity to propose a discussion on the main findings of the Commission report. To this end, the Presidency has prepared the following set of questions ([5863/13](#)) that will serve as a basis for the ministerial debate:

- To what extent do the general conclusions of the Commission with regard to the achievements of REACH objectives align with member states’ perspectives?
- Will the consequent implementation of REACH tools such as substance evaluation, along with an adaptation of the REACH annexes and the development of further guidance, provide a clear basis to improve risk management of nanomaterials?
- Do delegations agree with the Commission plan of assessing potential candidates for substances of very high concern? What is the scope for enhanced cooperation between the member states, the Commission and the European Chemicals Agency (ECHA⁵) in the framework of the proposed roadmap?

The general report on the REACH review examines the overall operation of REACH and the attainment of its objectives: a high level of protection of human health and the environment, including the promotion of alternative methods for assessment of hazards of substances, as well as the free circulation of substances on the internal market while enhancing competitiveness and innovation.

⁴ http://ec.europa.eu/public_opinion/flash/fl_354_en.pdf

⁵ <http://echa.europa.eu/>

Nanotechnology is delivering major advances today and has the potential to allow technological breakthroughs and rekindle economic growth. The Commission's communication on the second regulatory review on nanomaterials assesses the adequacy and implementation of EU legislation for nanomaterials and includes plans to improve EU law to ensure the safe use of nanomaterials. The communication underlines nanomaterials' diverse nature and types, ranging from everyday materials that have been used safely for decades (e.g., in tyres or as anticoagulants in food) to highly sophisticated industrial materials and tumour therapies. There is an increasing body of information on the hazard properties of nanomaterials, which are difficult to generalise and justify case-by-case risk assessments.

The roadmap for the identification of substances of very high concern was developed in discussion with national competent authorities. It addresses this part of the regulatory work within the restrictions and authorisations processes. The plan recognises a need for increased collaboration and effectiveness in processing candidates for substances of very high concern – paving a way for these subjects to be covered by the authorisation scheme within REACH.

The Commission's reports conclude that the REACH system works well and has achieved the objectives expected after five years of operation. However, it has identified a number of areas requiring improvements and it makes recommendations on how to achieve this.

EU-ESA (European Space Agency) cooperation

Without discussion, the Council will be invited to approve conclusions on ways to better develop the relationship between the EU and the European Space Agency (<http://www.esa.int>).

European space policy governance is based on three main actors: the EU, the ESA and their respective member states. The EU competence in space established by the entry into force of the Lisbon Treaty on 1 December 2009 strengthens the political dimension of space in Europe. The EU's enhanced role in European space policy goes hand in hand with increased interaction among these three actors based on the complementarity of their roles and responsibilities.

In its conclusions of 31 May 2011 "Towards a space strategy for the EU that benefits its citizens", the Council stated that space industrial policy should be drawn up, in close cooperation with the ESA and the member states, to promote a competitive space industry in Europe. It also emphasized that space activities and applications constitute a significant and concrete contribution to the Europe 2020 strategy for the creation of growth and the promotion of new job opportunities.

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Unified Patent Court agreement

In the margins of the Council, the signing ceremony of the international agreement for establishing the Unified Patent Court (UPC) will take place on 19 February.

The UPC will ensure the uniform applicability of patent law throughout the territories of the signatory countries. This way the occurrence of multiple court cases with regard to the same patent in different member countries will be avoided. This will also prevent contradictory court rulings on the same issues. It will also reduce costs of patent litigation.

The UPC will be a court common to the contracting member states and thus subject to the same obligations under Union law as any national court. It will be an international agreement concluded outside the EU institutional framework ([16351/12](#) + [COR 1](#)).

The ratification process of the agreement by national parliaments will start after the signing. At least 13 member states will have to ratify the agreement for it to enter into force.

All the necessary decisions (designation of committees, budget, appointment of judges and president, recruitment of staff, facilities, etc.) should be adopted in a timely manner so as to enable the first registration of a European patent title with unitary effect in spring 2014.

The UPC is the third element of the “patent package”. The two regulations establishing enhanced cooperation for unitary patent protection and its translation arrangements were adopted on 17 December 2012⁶ (see press release: [17824/12](#)).

The establishment of a unitary patent system valid across the EU will contribute to an increase in patent activity, especially for small- and medium-sized enterprises. It will also contribute significantly to lowering the costs associated with obtaining a patent in the EU.

⁶ The two regulations are published in the Official Journal of the EU L 361 of 31 December 2012:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:361:FULL:EN:PDF>