Preparation for the European Council meeting, 19-20 March 2009

2008/2590(RSP) - 05/03/2009

The Council adopted a “key issues paper” on competitiveness as well as conclusions on the review of the single market, in preparation for the next Spring European Summit.

Confronted with an international financial crisis and an exceptionally strong economic downturn, the European Union and Member States are showing their determination to act in a concerted, ambitious and comprehensive manner in order to restore confidence and the growth path, as demonstrated by the European Economic Recovery Plan agreed by the European Council in December 2008.

In this context, the European Union and Member States should take **short-term measures** in response to their specific circumstances and reflecting their different scope for action within a common and co-ordinated framework. The short-term measures should improve the economic conditions for business and should also be in line with the medium- and long-term objectives of the Lisbon Strategy. They should also contribute to the creation of more jobs.

In order to boost confidence among citizens and businesses, a clear commitment in the spirit of joint ownership to continue implementing Lisbon structural reforms **beyond 2010** is necessary.

Rapid and determined actions are needed to respond to the economic downturn, in particular on **the following five axes**:

(1) Removing barriers and achieving a fully operational and modern internal market:

- achieve an **open, flexible and fully functioning internal market** by removing existing barriers to fundamental freedoms and avoiding the creation of new ones;
- strengthen **competition** throughout the economy and in particular in the European Union network industries (in particular energy, transport and telecommunications);
- implement the **Services Directive** by the December-2009 deadline;
- boost the performance of the **internal market in retailing** by focussing on eliminating factors that make business-to-consumers cross-border transactions more difficult;
- **five years after** launching the fifth enlargement, eliminate remaining transitional arrangements which create market distortions, as soon as possible and in accordance with the Treaties.

(2) Putting into effect the Action Programme on reduction of administrative burden on businesses: the Council calls upon the Commission to continue giving priority to making new simplification proposals. Rapid adoption by the Council and the European Parliament of more than fifty simplification proposals that are still pending is a priority.

The Council calls for this work to progress quickly and for enhanced Community efforts from all Community institutions to guarantee achieving the agreed **25% reduction of administrative burdens** arising from EU legislation with the aim of some impacts felt by business by 2010, and impacts **across all key sectors by 2012** at the latest. It recalls the need to address regularly and effectively the assessment of administrative burdens in the Commission’s impact assessments for new proposals, in particular for SMEs.

(3) Improving the framework conditions for industry, with special focus on innovation and SME competitiveness:

- ensure an **easy and timely access to finance** for businesses, especially SMEs. There is a need for increased and more effective funding for investment and infrastructure, both in response to the short-term economic crisis and in order to increase medium- and long-term productivity;
- **reduce the energy dependency** of the European Union, enhancing measures for improving energy efficiency and embarking on a cost-effective emissions-reduction strategy using appropriate economic incentives;
- the Commission is called upon to: (i) move forward with its **initiatives** on Green Cars, European Energy-efficient Buildings, and Factories for the Future before mid-2009; (ii) present possible options how to encourage in a coordinated manner European car-fleet renewal in order to reduce CO2 emissions and fuel consumption and to increase safety;
- the Commission and Member States should work together in conjunction with businesses to promote the availability and quality of **skilled workers** and **vocational education and training**, including training for entrepreneurship, technical education and natural sciences;
- **encourage systematically all forms of innovation**: (i) the output of the research and innovation process should better respond to market and to user needs; (ii) efforts should be pursued with a view to achieving excellent, world-class European clusters; (iii) EU efforts to create a Community patent and a Patent Litigation System must be intensified; (iv) implementation of the Commission's Industrial Property Rights Strategy should be pursued;
- the adoption of an ambitious **European Innovation Plan** in 2009 that encompasses the main technologies of the future, including, inter alia, space technologies and technologies relevant to sustainable development;
- in parallel to the development of the GNSS (EGNOS and GALILEO systems) and GMES programmes, the European efforts for developing adequate EU instruments and funding schemes for space related research and for the operations of sustainable space-based applications, as well as the improvement of regulatory framework, have to be pursued;
- the specific research and innovation needs, constraints and opportunities of different types of **SMEs** need to be better targeted;
- work with a view to **extending broadband networks** should be promoted both at Member State and at European Union level.

(4) Enhancing the level and the quality of investment into knowledge and research:

- higher, more effective and efficient investments in **education**, re-emphasising the continuing relevance of the Barcelona 3% overall RTD investment target for the European Union;
- European cooperation within the **"knowledge triangle"** needs to be developed by encouraging universities, research institutes and industry to step up their cooperation, including the optimal use of intellectual property. The European Institute for Innovation and Technology (EIT) is expected to play an important role in this context;
- the role of frontier-research needs to be reinforced and the five current **European Research Area (ERA)** initiatives (research infrastructures, joint programming, researchers' partnership, international science and technology cooperation and knowledge-sharing) should be further developed in governance and implementation;
- develop **excellent research infrastructures** throughout Europe on a voluntary basis and in full respect of the subsidiarity principle;
- implement the European partnership in the area of international scientific and technological cooperation **with third countries**;
- career perspectives and **mobility of researchers** should be enhanced;
- the **regional research and innovation capacity** needs to be broadened through concrete investment measures, in close coordination with innovation-cluster policy. It is also important to allocate an appropriate share of the Structural Funds for R&D and innovation-related investments;
- the **evaluation and monitoring** of R&D and innovation activities need to be strengthened at appropriate levels.

(5) External Dimension of Competitiveness: avoiding the trap of **protectionism** and overregulation, Europe needs to take full advantage of the new realities of the emerging international economic system, diversify relations and develop new opportunities for mutually beneficial partnerships around the globe.

Achieving an ambitious, balanced and comprehensive result in the negotiations on the **Doha Round** with all WTO members should be a priority. Relations with the BRIC economies (**Brazil, Russia, India and China**) and other important actors should be intensified. The EU neighbourhood policy offers important economic potential. The opportunities for strengthening the **transatlantic partnership** need to be explored at the highest political level and the potential for bilateral Free Trade Agreements should be energetically exploited.

Lastly, the European Union should aim at creating progressively the **future fair and integrated global carbon market** and avoid increase of heterogeneity of climate policies around the globe by ensuring an ambitious and comprehensive deal on climate change at Copenhagen.