



Brussels, 22 February 2008

BACKGROUND¹
COMPETITIVENESS COUNCIL
Monday 25 February in Brussels

*The Council meeting will take place on 25 February in the Justus Lipsius building in Brussels. It will be chaired by Slovenian ministers **Mr Andrej Vizjak**, Minister for Economy and **Mrs Mojca Kucler Dolinar**, Minister of Higher Education, Science and Technology.*

*Monday morning, starting at 9.30, the Council is called upon to conduct a policy debate on the **Lisbon economic reform process** and to adopt a **key issues paper** on competitiveness and innovation, which will be submitted to the spring summit of the European Council. The Council is also due to adopt conclusions on the **single market review**.*

Over lunch ministers will discuss on two different topics: the micro-economic reforms of the integrated guidelines for growth and employment for 2008-10, and the competitiveness aspects of the climate change and energy challenges.

*In the afternoon, research ministers will hold an exchange of views on the **strategic energy technology plan (SET-plan)**.*

*Finally the Council is likely to reach an agreement on the essential elements for the launching of a **fuel cells and hydrogen joint technology initiative**.*

The Presidency will give press conferences at the end of each session.

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

* * *

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

COMPETITIVENESS ITEMS (morning)

Preparation of the European Council

- Key issues paper on competitiveness and innovation

The Council is due to adopt a key issues paper on the main messages to be conveyed to the spring meeting of the European Council (13 and 14 March) as regards European competitiveness and innovation.

The key issues paper addresses the main challenges to be faced during the second cycle (2008-2010) of the renewed Lisbon strategy for growth and jobs, and the need to continue to implement reforms in the field of the competitiveness and innovation policies.

The Competitiveness Council is one of a number of Council configurations contributing key issues papers to the European Council.

The document examines the following issues:

- Investment in knowledge, research and innovation;
- Unlocking business potential, especially of small and middle-size enterprises (SMEs);
- Transforming Europe into a sustainable economy;
- Encourage European success in the global marketplace.

- Lisbon economic reform process

Prior to adopting the key issues paper, the Council is called upon to conduct a policy debate on the Lisbon economic reform process in the perspective of the new policy-making cycle.

During the debate, ministers will be invited to provide their own national perspective as a complement to the key issues paper, and to address the following leading questions (6198/08) elaborated by the presidency:

1. How could national reform efforts best be enhanced through Community level actions? What role should the Competitiveness Council play in ensuring the delivery of the key competitiveness-related priorities of the Community Lisbon Programme?
2. Where do you see the results of the implementation of the road-based innovation strategy and what are the main innovation issues that need to be addressed over the coming year at EU level?
3. What concrete measures would deliver the most significant economic benefits to SMEs, through the better regulation initiative and Small Business Act initiative? What steps are necessary to ensure faster adoption by the Council of simplification and administrative burden reduction proposals?

On 12 December 2007, the Commission submitted to the Council its Strategic report on the renewed Lisbon strategy for growth and jobs entitled: "Launching the new cycle (2008-2010) - Keeping up the pace of change", together with the other components of the so-called "Lisbon package"².

² Doc. 16714/07 (strategic report) + ADD 1 (assessment of national reform programmes) + ADD 2 (companion

Single market review

The Council is due adopt conclusions on the review of the EU's single market strategy (6287/08).

These will enable the European Council, at its meeting on 13 and 14 March, to establish priorities for action aimed at better realising the single market's potential and better responding to new challenges.

The draft Council conclusions, which are based on the Commission communication "A single market for 21st century Europe" (15651/07), emphasise that the core focus of the new measures should be the single market's role as a vehicle for growth. Consumer confidence and improved partnerships between member states, the European Parliament and the Commission will be essential to the successful implementation of the single market strategy.

The single market, launched in 1993 and a key factor in a whole range of EU policies, now needs to deliver better results for citizens, consumers and SMEs, take better advantage of globalisation and open new frontiers for knowledge and innovation, whilst encompassing a strong social and environmental dimension.

The communication concluded the review initiated in 2006 and it is part of a package containing five working papers on:

- the single market: [review of achievements](#);
- [instruments for a modernised single market policy](#);
- implementing the new methodology for product market and sector monitoring: [results of a first sector screening](#);
- [the external dimension of the single market review](#);
- [initiatives in the area of retail financial services](#).

At its meeting on 14 December, the European Council stated the single market to have been an undisputed success and to remain a pre-requisite for growth and prosperity in the EU. Recalling conclusions adopted by the Competitiveness Council on 22 November, the European Council called for an integrated approach to European competitiveness, using a sustainable industrial policy combined with innovation and skills, whilst developing the single market's external dimension in order to ensure a level playing field.

The Ecofin Council also adopted conclusions on this issue on 22 January (5372/08, page 10).

RESEARCH ITEMS (afternoon)

EU strategic energy technology action plan

The Council will hold an exchange of views on the strategic energy technologies action plan (SET-plan).

The exchange of views might primarily focus on energy-related research aspects as well as on the impact of the plan on the competitiveness of European industry.

To facilitate and structure the debate, the Presidency has sent out three leading questions to the ministers with the request to focus the debate on three aspects of SET-plan:

- (1) how to achieve effective coordination of energy-related research in order to deliver faster and better results;
- (2) which other mechanisms in the area of energy research could be exploited to accelerate the development and deployment of new technologies; and
- (3) how should the member states contribute to the governance structure of the SET-plan to ensure effective coordination and political guidance.

Conclusions on the SET-plan will be adopted at the Transport, Telecommunications and Energy Council meeting on 28 February, with a view to providing an input to the next spring European Council.

The conclusions are based in a Commission communication (*15458/07*) presented last year in response to an invitation made by the 2007 spring European Council, where it was recognised the need to strengthen energy research, in particular to accelerate the competitiveness of sustainable energies, notably renewables, and low carbon technologies and the further development of energy efficiency technologies.

Joint Technology Initiative on fuel cells and hydrogen

The Council is likely to reach an agreement on a general approach³ for the setting up of a fuel cells and hydrogen joint technology initiative (JTI) (*6115/08*).

This JTI is aimed at coordinating European research efforts by providing a framework encouraging large companies and SMEs throughout the EU to collaborate between themselves together with other stakeholders within the fuel cells and hydrogen field.

Major specific objectives of the initiative include:

- enabling market breakthrough of fuel cell and hydrogen technologies, thereby enabling commercial market forces to drive the substantial public benefits;
- placing Europe at the forefront of fuel cell and hydrogen technologies worldwide;
- reaching the critical mass of research effort to give confidence to industry, public and private investors, decision-makers and other stakeholders to embark on a long-term programme;
- leveraging further industrial, national and regional investment in research and technological development.

³ A general approach is an agreement on the essential elements of a legal act, pending the opinion of the European Parliament.

This JTI is a research programme that aims, over the next six years, to speed up the development of fuel cells and hydrogen technologies in Europe thereby enabling their commercialisation between 2010 and 2020. The EU would contribute EUR 470 million and the private sector is expected to raise a similar amount.

In the light of climate change and the need for significant cumulative greenhouse gases and pollutant reductions fuel cells and hydrogen have the potential to become a viable alternative to traditional energy solutions. Fuel cells are very quiet, highly efficient, energy converters which offer flexibility to the ways we produce and consume energy as they can be operated on hydrogen and other fuels such as natural gas, ethanol and methanol. When operated on hydrogen, fuel cells are genuinely clean energy technologies since their only exhaust product is steam. Pollution reduction and energy efficiency are not the only potential benefits from fuel cells and hydrogen. A widespread and cost effective use of hydrogen would contribute to remedy energy shortage and insecurity. Furthermore it would stabilise energy prices as hydrogen can be produced from any primary energy source, and as such can introduce diversity into the transport related energy consumption, where oil currently accounts for 98% of the total consumption. It can be used in fuel cells or it can be burned either to provide heat or to drive turbines or internal combustion engines for motive and electrical power.

Currently the fuel cell and hydrogen technologies are not commercially available and further research and technical development is needed before they can be taken into use.

JTIs were introduced in EU's Seventh Framework Programme for research (2007-13) as a way of creating public-private partnerships in research at European level.

The first four JTIs were adopted in December 2007 (*see press release 16183/07, p. 27*).

ANY OTHER BUSINESS

The Council will take note of information regarding the following items:

(a) ***Emissions of CO₂ from cars***

The presidency will inform on the state of play of this draft regulation (5089/08) which will be the subject of a policy debate at the next Environment Council meeting on 3 March.

(b) ***Defence package***

- (i) Communication on a strategy for a stronger and more competitive European defence industry
- (ii) Draft directive on simplifying terms and conditions of transfers of defence-related products within the Community
- (iii) Draft directive on the coordination of procedures for the award of certain public works contracts, public supply contracts and public service contracts in the fields of defence and security

The Commission will make a presentation of this legislative package.

- (c) **Consumer markets scoreboard**
The Council will take note of a presentation by commissioner Kuneva on the initiative for creating a consumer scoreboard.
The consumer scoreboard will be a new policy tool to evaluate, on the basis of 5 main indicators (prices, consumer complaints, possibility of switching providers, consumer satisfaction and safety), whether consumer markets function properly. It would be integrated into the single market scoreboard.
- (d) **Internal market scoreboard**
The Council will take note of a presentation by commissioner McCreevy on the latest data regarding transposition and implementation of internal market directives into national law (http://ec.europa.eu/internal_market/score/index_en.htm).
- (e) **Conference on innovation and cluster**
Information from the Presidency on the conference that was held on 22 and 23 January in Stockholm (6440/08).
- (f) **Research programme on quality of life for older people** through the use of new technologies ("Ambient Assisted Living" programme).
Information from the Presidency on the state of play.
- (g) Draft decision on the participation by the Community in a research programme aimed at supporting **research and development of SMEs** (Eurostars programme)
The Council will take note of a progress report (5881/08).
- (h) **Better regulation**
The Commission will briefly present the Second Strategic Report on Better Regulation, which has been adopted at the end of January. The Report assesses progress made in all areas of better regulation initiative (simplification, impact assessment, reduction of administrative burdens, consultations with stakeholders and proposes further orientation in these fields.
- (i) **Climate-Energy legislative package**
The Council will take stock of information provided by the presidency on the handling this issue in the Council. The package will be the subject of a policy debate at the next Environment Council meeting as well the TTE Council meeting.
-