



Brussels, 28 May 2008

**BACKGROUND NOTE <sup>1</sup>**  
**COMPETITIVENESS COUNCIL**  
**(Internal Market, Industry and Research)**

**29 and 30 May in Brussels**

The Council is scheduled for two days, 29 and 30 May, in the Justus Lipsius building, in Brussels. Internal market and industry related agenda items will be dealt with on Thursday 29 (starting at 9.30), under the chair of Mr **Andrej Vizjak**, Minister for Economy and Mr **Gregor Virant**, Minister of Public Administration of Slovenia.

The research items will be taken on Friday 30 (starting at 10.00), under the chair of Mrs **Mojca Kucler Dolinar**, Minister of Higher Education, Science and Technology of Slovenia.

On the first day, the Council will be invited to hold a policy debate on **competitiveness and innovation of the European industry** and to adopt conclusions.

The Council is expected to adopt conclusions on the review of the “**better regulation**” initiative for reduction of administrative burdens in the EU. This will be also the main topic for discussion at the ministerial lunch, with the participation of Mr **Stoiber**, chair of the Commission’s high-level group on better regulation.

In the afternoon, the Council will hold an exchange of views on a future litigation system in Europe for **Community patents**, following the presentation of a Presidency progress report.

On the second day, the Council is expected to adopt a regulation for the launching of a **fuel cells and hydrogen joint technology initiative**.

It will adopt a resolution on **the management of intellectual property in knowledge transfer** activities and a code of practice for universities and public research organisations.

Furthermore, the Council is due to adopt conclusions on **European research infrastructures and on an integrated model for research careers**.

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<sup>1</sup> This note has been drawn up under the responsibility of the press office.

At the end of a public debate on the completion of the **European Research Area** the Council will adopt conclusions on this subject.

At an informal dinner on 29 May, EU ministers will discuss on the future location of the **European Institute of Innovation and Technology** (EIT).

The Presidency plans to organise two press conferences on Thursday 29/5, one in the afternoon (on industry and better regulation items) and another at the end of the Council session (on patents); and one press conference early afternoon on Friday 30/5 on research items.

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

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## **INTERNAL MARKET AND INDUSTRY ITEMS**

### **Competitiveness and innovation of the European industry**

The Council will be invited to adopt conclusions on a fresh impetus for competitiveness and innovation of European industry after holding a policy debate.

The draft conclusions have been drafted on the basis of the following Commission's communications:

(a) *A lead market initiative for Europe* ([5121/08](#)).

This initiative identifies six initial markets with high potential for innovation: e-health, protective textiles, sustainable construction, recycling, bio-based products and renewable energies.

(b) *Removing obstacles to cross-border investments by venture capital funds* ([5120/08](#)).

The Commission's assessment, shared by the member states, is that the fragmentation of the EU's venture capital markets along national lines limits the supply of early-stage capital for innovative small and middle sized enterprises.

(c) *An increased contribution from standardization to innovation in Europe* ([8049/08](#))

This communication focuses on a greater contribution from standardisation to innovation and competitiveness. It identifies the most important challenges faced, presents concrete objectives for standardisation and the use of standards, and consolidates on-going efforts and proposed measures to be launched both by relevant stakeholders and by the Commission.

(d) *Pre-commercial public procurement* ([16741/07](#)).

This communication addresses the concept of "pre-commercial procurement" which concerns the research and development phase before commercialisation.

(e) *Competitiveness of the metals industries* ([7146/08](#)).

This communication assesses the competitiveness of these industries and makes recommendations on the way forward. As an intrinsically high energy intensive sector, the metals industries are directly influenced by the Community policies on energy and climate change.

(f) *Innovative and sustainable forest-based industries in the EU* ([7154/08](#)).

Forest-based industries in the EU are generally competitive, having a very good technical and commercial performance. However, the sector is facing a number of challenges, in particular as regards the access to raw materials, the need to reduce greenhouse gas emissions, innovation, trade and information of forest-based products.

(g) *Strategy for a stronger European defence industry* ([16682/07](#)).

The strategy designed in this communication is aimed at creating better conditions for Europe's defence industry to prepare for future challenges by increasing its competitiveness, promoting innovation, creating a fairer market place and preserving and creating high quality jobs.

The conclusions will contain a clear signal in favour of competitiveness, innovation and sustainable economic growth, including in strategic industrial sectors, in order to promote better employment, prosperity and security.

The conclusions will recall the December 2006 Council conclusions on a broad-based innovation strategy ([16253/06](#)); the integrated conclusions of November 2007 ([15683/07](#)) and the conclusions of the last Spring European Council ([7652/08](#)).

## **Review of the “better regulation” initiative in the EU**

The Council is expected to adopt conclusions on the second strategic review of the better regulation initiative (9491/08).

The conclusions will state the agreement of the Council with the Commission’s analysis on the second strategic review on better regulation of 30 January 2008, the progress made so far and the general direction for future work (6077/08).

The conclusions will call for further specific action in the areas of:

- impact assessments;
- simplification of existing EU legislation; and
- administrative burden reduction, with a view to improving the competitiveness of business, particularly of small and middle-sized enterprises (SMEs). The conclusions will stress that administrative burdens on EU member states' administrations should not be increased.

The Council will reaffirm its intention to monitor progress in all areas of better regulation with a view to reporting to the Spring European Council.

"Better regulation" continues to be a major priority for the Slovenian Presidency, and a cornerstone for contributing to enhance the competitiveness of European enterprises and to make EU legislation easier to apply and more effective.

## **Intellectual property: Enhancing the patent system in Europe**

The Council will take note of a Presidency report (9473/08) and will hold an exchange of views on key aspects for the future development of a patent system in the EU.

The exchange of views will be conducted on the basis of a progress report elaborated by the Presidency, based on the Commission communication "Enhancing the patent system in Europe" of 3 April 2007 (8302/07).

The report takes stock of the Slovenian Presidency's aim to move from the general debate on the architecture and main features for the creation of a patents litigation system in the EU, to a more detailed discussion of the future legal instrument.

Building on the work of previous presidencies, the report reflects the progress achieved so far by EU expert representatives under the Slovenian Presidency. Discussions within the Council at experts level covered aspects related to the patent jurisdiction and the Community patent.

In the current state of play, while some delegations would prefer to keep progress on patent litigation separate from that on the Community patent, others are of the opinion that consensus should be reached on both areas simultaneously.

**As regards the patent jurisdiction**, discussions focused on striking the widest possible agreement of delegations on the main features of a single EU patent jurisdiction.

The Presidency presented a draft agreement on the European Union Patent Judiciary (9124/08) dealing with the main outstanding issues, namely: the language of proceedings, the splitting of jurisdiction between the central and local/regional divisions in proceedings relating to invalidity claims, the modalities of control by the Court of Justice, the budgetary arrangements and the transitional period.

**As regards the Community patent**, the Presidency submitted a working document (8928/08) elaborating on compromise solutions on two main outstanding issues: translations and distribution of fees. In addition, a revised version of the proposal for a regulation on the Community patent aligned to the text of the future legal instrument for the patent litigation system was submitted (9465/08).

Progress reports were also submitted to the Permanent Representatives Committee in June 2007 (10710/1/07) and to the Competitiveness Council in November 2007.

## RESEARCH ITEMS

### **Joint Technology Initiative on fuel cells and hydrogen**

The Council is likely to adopt a regulation for the setting up of a fuel cells and hydrogen joint technology initiative (JTI) (8541/08).

On 25 February, the Council reached an agreement on the main aspects of this initiative.

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.

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*).

### **Management of intellectual property in knowledge transfer activities**

Following a presentation by the Commission, the Council is expected to adopt a resolution on the management of intellectual property in knowledge transfer activities and a Code of practice for universities and other public research organisations ("IP Charter Initiative").

The resolution will endorse the Commission's recommendation and the Code of practice, in order to give greater visibility to these voluntary instruments.

The draft text proposes to set in motion a procedure for evaluating the implementation of the Commission's recommendation, and to enable its possible amendment at a later stage, in the light of the feedback received from stakeholders and lessons learned.

The text, which is not legally binding, is intended to be a valuable start of a process for greater awareness to intellectual property management issues at European level.

The project dates back to an initiative by the German Presidency in early 2007, inviting the Commission to submit a proposal – the so-called IP Charter initiative.

### **European research infrastructures and their regional dimension**

The Council is due to adopt conclusions expressing the state of discussions following the Conference on European research infrastructures held last March in Brdo, Slovenia.

The conclusions will reiterate the need for excellent research infrastructures in order to develop the European Research Area. Such structures will enable globally competitive European research, contribute to a dynamic and sustainable regional development and strengthen the innovative potential in regions.

The Council will emphasise the importance of e-infrastructures as an integrating mechanism between EU member states and regions. It will recognise the need to increase investment in research and to combine both public and private resources. Furthermore the Council takes into consideration the need for more synergy between research, educational and cohesion policies.

The conclusions will address the need for regions, member states and the Commission in order to strengthen and coordinate their efforts. They will underline the importance of strategic planning and prioritisation in creating research and innovation friendly systems and environments. Considering regions to be drivers in the development of a knowledge based society, the Council recommends that implementation be based on cross-border, transnational and inter-regional cooperation.

In particular, the conclusions will invite member states and regions to continue developing regional partner facilities.

These conclusions, based on the European Council conclusions of March 2008, are also intended to contribute to the development of the European Research Area.

### **Research and scientific careers - towards an integrated model**

The Council will adopt conclusions on a family-friendly integrated model for research careers.

The conclusions are intended to contribute developing an integrated model of scientific careers based on an appropriate policy mix ensuring family-friendly environment for researchers.

They will constitute an important input to the strategic debate about future orientations of the European Research Area and the design of the future Eighth Community research framework programme to be adopted in 2013, and even to activities beyond that date.

The conclusions are inspired by the workshop on "family-friendly scientific careers" organised by the Presidency in February 2008, by the Commission's work on enhancing the role of women in science over the last years, and by the Council conclusions on the future of science and technology in Europe adopted under the Portuguese Presidency (14693/07).

### **Realisation of the European Research Area: the Ljubljana process**

During a public debate, the Council will hold an exchange of views and will adopt conclusions on the "Ljubljana process", towards the completion of the European Research Area (ERA).

Ministers will be invited to present the most important contributions that their countries intend to make in the near future within the Ljubljana process .

The conclusions will reflect the political commitment of the Slovenian Presidency, the six upcoming EU presidencies and the Commission, to work together in a spirit of partnership with a view to finding and pursuing new perspectives for the ERA, by using a light, flexible and effective system of governance based on the "open method of coordination"<sup>2</sup>.

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<sup>2</sup> [http://europa.eu/scadplus/glossary/open\\_method\\_coordination\\_en.htm](http://europa.eu/scadplus/glossary/open_method_coordination_en.htm)



The adoption of these conclusions will mark the formal launch of the Ljubljana process towards the full realisation of the ERA, which follows the agreement reached last April at the informal ministerial meeting in Brdo, Slovenia, with a view to moving forward the implementation of the ERA.

At this meeting, participants held a debate on their vision for the ERA and highlighted its main features: the mobility of researchers and attractive careers for them, modern universities and research organisations ensuring global excellence (i.e. a researcher- and enterprise-friendly research environment) as well as a coordinated strategy for international cooperation in the area of science and technology. Ministers also stressed that the common vision should be upgraded as soon as possible with a view to framing policy and action plans to put it into practice.

Furthermore, they agreed that the ERA will be achieved only through improved political management, encompassing policies on research, education and innovation and involving all other actors, administrations, academic institutions, business and civil society. Thus, member states agreed to endeavor to intensively exchange examples of good practice, create new models and apply them in national research policies, in line with the open method of coordination.

In April 2007, the Commission submitted to the Council its Green Paper on the ERA new perspectives (8322/07), which proposed for debate a vision of the ERA based on six dimensions: realising a single labour market for researchers; developing world-class research infrastructures; strengthening research institutions; sharing knowledge; optimising research programmes and priorities; and opening to the world through international cooperation in science and technology. In November 2007, the Council held an in-depth discussion on the Green Paper and adopted conclusions on the future of science and technology in Europe (14693/07).

In a wide-ranging public consultation on the Commission's Green Paper (8159/08), a large majority of stakeholders underlined the urgency of moving forward with implementation of the ERA.

### **European Institute of Innovation and Technology**

At an informal dinner on 29 May, EU ministers will examine the candidacies for the future site of the European Institute of Innovation and Technology (EIT).

Five candidacies have been presented with a view to locating the institute in:

- Bratislava and Vienna, a joint candidacy presented by Austria and Slovakia;
- Budapest, Hungary;
- Jena, Germany;
- Sant Cugat del Vallès, Spain; or
- Wrocław, Poland.

A common agreement on the location of the EIT would allow, on 30 May, the convocation in the margins of the Council of an intergovernmental conference with a view to formalising the decision. If a consensus cannot be reached, then the decision will be postponed for further examination.

## **Monitoring and evaluation of EU research framework programmes**

Without discussion, the Council will adopt conclusions aimed at improving procedures for evaluating the EU's research framework programmes.

The draft conclusions are based on the results of an audit carried out by the EU Court of Auditors (5136/08) covering the Commission's monitoring and evaluation activities during the last three programming periods from 1995 to 2006 (4th, 5th and 6th framework programmes).

Framework programmes are the largest public source of research funding in the EU. The 7th framework programme amounts to EUR 7,200 million per year between 2007 and 2013.

## **OTHER BUSINESSES**

The Council will take note of information items, including:

### **Proposal for a directive on the safety of toys**

The Commission will make a presentation on this proposal. It was submitted to the Council and the European Parliament early this year and has already been dealt with at experts level in the Council at several meetings.

### **Small Business Act for Europe Initiative**

The Commission will inform the Council about the stage of preparation of this initiative, which will be presented soon.

### **Communication from the Commission on better careers and more mobility: a European partnership for researchers**

Information from the Commission

This will be one of the initiatives in implementation of the Green Paper on the future orientations of the European Research Area. It will build upon the Charter for European researchers and the Code of conduct adopted by the Council in 2006.

### **Informal meeting of Competitiveness ministers at Brdo, Slovenia, 15-16 April**

The Presidency will inform the Council on the outcome of the meeting.

### **Proposal for a programme aimed at enhancing the quality of life of older people through the use of new information and communication technologies (“AAL programme”)**

### **Proposal for a decision on the participation of the Community in a programme aimed at supporting research and development performing small and middle-sized enterprises (“Eurostars joint programme”)**

The Presidency will inform on the state of play of these two proposals on research and development programmes.

### **Code of conduct for responsible nanosciences and nanotechnologies research**

The Commission will present a proposal issued last February recommending to the adoption of a code of conduct to govern research in this field. The recommendation is based around seven general principles and invites EU member states to take concrete action for the safe development and use of nanotechnologies, involving universities, research institutes and companies.

### **CO2 emissions for cars**

Information by the Presidency on the state of play (9850/08).

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