



COMPETITIVENESS COUNCIL

Brussels, 29 February 2016

The Council session will be devoted to internal market and industrial policy, under the chairmanship of **Henk Kamp**, Dutch Minister for Economic Affairs.

The session will start at 9.00 with a review of current trends in the **real economy**, by carrying out a "**competitiveness check-up**", which will focus on how to **best help SMEs scale up and create jobs**.

Subsequently, ministers will hold a debate on the **single market strategy for services and goods**, in particular where it concerns the single market for services, after which the Council will be invited to adopt conclusions focusing on key areas for creating growth and jobs: support for SMEs, start-ups and innovative businesses, releasing the untapped potential in services and the efficient implementation, compliance and enforcement of internal market rules.

The Council will continue with the examination and monitoring of the **global competitiveness of European industry**. There will be a focus on energy-intensive industries, with particular attention paid to the difficult situation of the **steel industry**.

During a working lunch, ministers will exchange views on the implementation of country-specific recommendations aiming to tackle barriers to **growth and investment in the services sector**.

After lunch, ministers will kick-start discussions on the **circular economy** package. The purpose is to identify the priorities of the action plan with a view to providing input for the preparation of the planned conclusions of the Environment Council in June.

The Council will then take note of information from the Commission on a new proposal aimed at ensuring the **cross-border portability of online content** services in the internal market.

After this, the Commission will inform ministers about the "**privacy shield**" **agreement** recently achieved with the United States on establishing a new framework for transatlantic data flows.

In the field of patents, the Council will take stock of the progress made towards setting up the **unified patent system** and the presidency will draw attention to the impact of recent decisions on the **patentability of plant material** obtained through conventional breeding methods.

Press conference: Monday 29 February at the end of the meeting (+/- 17.45)

Press conferences and public events by video streaming: <http://video.consilium.europa.eu>

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

Competitiveness check-up: helping SMEs scale up and create jobs

The "competitiveness check-up" will allow ministers to put forward priorities and respond to urgent issues and developments in the real economy.

The ministerial exchange of views will focus on how to best support SMEs and start-ups in creating jobs and scaling up. The debate will take place on the basis of a presentation by the Commission.

The competitiveness check-up exercise was launched last year. It established a new and regular working method aimed at improving the role of the Competitiveness Council as regards the analysis of horizontal and sectoral economic issues as well as the monitoring of competitiveness mainstreaming.

In practice, it is based on a presentation by the Commission of the latest figures and trends related to micro-economic issues, with ministers being invited to respond and provide input on possible implications for EU companies and citizens.

The Netherlands presidency is committed to further improving the competitiveness check-up initiated under the Luxembourg presidency.

Competitiveness mainstreaming: the circular economy action plan

"Competitiveness mainstreaming" allows ministers to discuss the competitiveness of the European economy with regards to legislative packages that are not directly under the remit of the Competitiveness Council. It was launched last year as part of the "competitiveness check-up" exercise.

In the framework of competitiveness mainstreaming, the ministerial policy debate in the Competitiveness Council will focus on the circular economy action plan, for which the Environment Council is primarily responsible. It will be the first time that ministers have debated the [circular economy](#) since the Commission's action plan was presented on 2 December 2015.

The transition towards a circular economy - as opposed to a linear economic model - represents a major and ambitious systemic change. It seeks to simultaneously increase the competitiveness of the economy and better protect the environment.

To this end, the action plan on circular economy sets out measures to improve the sustainability of resources throughout the lifecycle of a product. Businesses and consumers will be key players in driving this process forward.

In a circular economy the value of products and materials is maintained for as long as possible, waste and resource use are minimised, and when a product reaches the end of its life its resources are kept within the economy, to be recycled and create further value.

The plan contains a [roadmap](#) of new initiatives which includes a review of current EU legislation on waste, as well as targeted actions aimed at removing barriers in specific sectors or material streams such as plastics, food waste, raw materials, construction materials and bio-based products. Moreover, it includes projects to support innovation and investment.

The Netherlands presidency has planned debates on the circular economy package at the Competitiveness Council on 29 February and the Environment Council on 4 March. The purpose of these debates is to identify the pre-conditions and priorities of the action plan with a view to preparing Council conclusions that will be submitted for approval by the Environment Council next June.

In order to structure the debate, the presidency will present a [reflection paper](#) and will invite ministers to express views on the priorities that will contribute to unlocking the potential of the circular economy for job creation and economic growth.

Ministers will also be invited to identify which challenges of the new strategy should be most urgently addressed and how the action plan should be implemented.

Steel industry

Ministers will examine the global competitiveness of European industry, with a focus on energy-intensive industries. They will pay particular attention to the difficult situation of the steel industry.

The Netherlands presidency will invite ministers to consider further concrete actions to deal with the current challenges faced by the European steel sector and other ailing energy-intensive industries.

The discussions will take place on the basis of a [background document](#) tabled by the presidency and the Commission outlining the state of play, as well as the outcome of a high-level conference on energy-intensive industries that took place on 15 February 2016.

The conference focused on trade, investments in innovation and competitiveness, including the European Fund for Strategic Investments, and the circular economy strategy. Participants agreed on the need for concrete action to safeguard the global competitiveness of European energy-intensive industries.

The presidency is expected to highlight three key issues that were discussed during the conference:

- The need to accelerate the introduction of anti-dumping measures to address unfair competition from imports.
- The need for more support and financial instruments for innovation, pilot projects and the development of new business models for energy-intensive companies, in the context of energy efficiency and the transition towards a low-carbon economy.
- The need to reduce regulatory costs that hamper competitiveness, in particular for SMEs, as well as the need to establish a global level playing field for energy-intensive industries, mainly by taking into account the ongoing reform of the emissions trading system, the risks of carbon leakage and the implementation of the COP21 climate conference commitments.

The high-level conference was convened as a follow-up to the extraordinary Competitiveness Council on the steel industry of 9 November 2015. At that extraordinary meeting, the presidency drew a set of [conclusions](#) that are subject to regular monitoring.

There is severe pressure on the steel sector causing job losses and closures of steel plants across Europe. Several reasons lie behind the crisis, such as:

- cheap imports of steel from third countries like China and Russia
- high energy costs for manufacturers
- reduced internal demand for steel due to the general economic crisis
- a global excess of production
- a lack of investment in innovation

The Council and Commission are working collectively with industrial associations and trade unions to find solutions to avoid the crisis spreading across the EU and to redress the situation.

EU policies can help to preserve the competitiveness of the European steel industry, which is a world leader in its environmental performance and resource efficiency.

European Semester: barriers to growth and investment in the services sector

During the working lunch, ministers for competitiveness will exchange views together with the Commission on the implementation of country-specific recommendations aiming to tackle barriers to growth and investment in the services sector.

The debate is a part of a broader exercise in which various Council formations are discussing the implementation of country-specific recommendations, focusing on the parts relevant to each formation. The report on this exercise will be forwarded to the spring economic meeting of the European Council.

The [2016 European Semester](#) will conclude in July, with the adoption of country-specific recommendations.

Despite the great value of recommendations arising through the European Semester process, national implementation has so far been uneven and limited in the different EU countries. This is why the [single market strategy](#) calls for a stronger focus on the national implementation of recommendations, particularly in the services sector.

Against this background, and given the responsibility of the Competitiveness Council for developments in the real economy, the presidency will propose, on the basis of a [reflection paper](#), an exchange of views on best practices and challenges in national implementation of relevant recommendations.

In spite of the benefits that the single market brings to companies and consumers, too many significant economic barriers remain, notably in the area of services.

Removing the remaining regulatory and non-regulatory barriers in the single market for goods and services was identified as a priority in the 2015 Annual Growth Survey².

Single market strategy for goods and services

Following a debate on the new [single market strategy](#) for goods and services, with a specific focus on the single market for services, the Council will be invited to adopt conclusions on this strategy.

The conclusions will focus on three key areas of the strategy which are particularly crucial for creating growth and jobs:

1. support for SMEs, start-ups and innovative businesses
2. improvement of services markets
3. efficient implementation, compliance and enforcement of existing rules

² The European Semester cycle starts in November with the publication of the Commission's Annual Growth Survey, which sets out general economic and social priorities for the EU and provides member states with policy guidance for the following year.

OTHER BUSINESS

The Council will take note of information on several subjects, including:

- **Portability of digital content**

In a public session, the Council will take note of information from the Commission on a new proposal aimed at ensuring the cross-border portability of online content services in the internal market.

The [proposal](#) was submitted to the Council and the European Parliament in December 2015. It is among the first initiatives of the Digital Single Market Strategy put forward with the objective of creating an internal market for digital content and services.

- **Unified patent system**

The Council will take note of a [report](#) on the progress made towards setting up the unified patent system and the situation concerning ratification of the Unified Patent Court agreement.

- **Patentability of plant material**

The presidency will draw attention to concerns raised, inter alia within the Agriculture Council as well as the European Parliament, by recent decisions of the European Patent Office on the patentability of plant material obtained through conventional breeding methods, and the impact of these decisions on the so-called "breeder's exemption" ([6030/16](#)).

The breeder's exemption of the Community plant variety rights system enables breeders to use any plant variety, whether protected by a Community plant variety right or not, for the creation of new plant varieties.

- **EU-US privacy shield agreement**

The Commission will brief the Council about the "privacy shield" agreement recently achieved with the United States on establishing a new framework for transatlantic data flows. This agreement will replace the safe harbour arrangement which was declared invalid by the Court of Justice on 6 October 2015.