Council of the European Union

PRESS

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BACKGROUND[1]
Brussels, 11 March 2025

Competitiveness Council (Internal market and industry)
Brussels, 12 March 2025

This one-day council will start at 09:30 and is expected to end at around 19:00.

The meeting will be chaired by Krzysztof Paszyk, Polish minister for economic development and technology. Ministers for industry and the internal market will hold four policy debates on:

1. For a more competitive European industry – the competitiveness compass and the clean industrial deal
2. Towards a horizontal strategy for a modernised Single Market: a need for an action plan for services
3. The Omnibus simplification packages
4. A competitive and decarbonised EU industry in the context of the CBAM

During lunch, ministers will have an exchange of views on the Commission's communication 'A comprehensive EU toolbox for safe and sustainable e-commerce'.

The last points in the agenda are four AOBs: the first on the internal market, the second on industrial policy, the third on chemical industry and the fourth on the automotive industry action plan.

The Council will conclude with a press conference led by Krzysztof Paszyk, Polish Minister for Economic Development and Technology, and Stéphane Séjourné, the Commission's executive vice-president for prosperity and industrial strategy.

Chair: Krzysztof Paszyk, Polish Minister for Economic Development and Technology

Press conference: Wednesday 12 March at +/- 19.00 (Justus Lipsius press room)

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Competitiveness Council (Internal market and industry) – meeting page

Press conferences and public events by video streaming

Video coverage in broadcast quality (MPEG4) and photo gallery

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[1] This note has been drawn up under the responsibility of the Press Office.

For a more competitive European industry – Competitiveness compass and clean industrial deal – policy debate

Ministers will exchange views on the topic 'For a more competitive European industry – Competitiveness compass and clean industrial deal'.

The manufacturing sector is responsible for 20% of the EU's GDP and 25% of its jobs. The competitiveness of European industry and businesses is currently under stress owing to high energy prices, technological competition and rising geopolitical tensions (including dependencies that endanger supply chains). The European Council, in its conclusions of April 2024, invited the Commission to develop a new European competitiveness deal. This was later strengthened by the Budapest declaration on the new European competitiveness deal, adopted by EU leaders in November 2024.

The competitiveness compass, presented on 29 January, is the Commission's blueprint to boost the EU's competitiveness. The compass builds on many of the recommendations of the report "The future of European competitiveness" by former president of the ECB and former Italian prime minister Mario Draghi, which was presented in September 2024.

The Compass aims to address the three main imperatives (or pillars) identified in the Draghi report: closing the innovation gap with the US and China; joining the decarbonisation roadmap to increase competitiveness; and reducing dependencies and increasing security. The Compass also identifies five horizontal enablers of competitiveness: reducing the regulatory burden; making the most of the single market; financing instruments (including the creation of a savings and investments union); promoting skills, jobs and social fairness; and finally, the introduction of a competitiveness coordinating tool. The Compass proposes a detailed action plan with legislative and non-legislative measures to achieve its objectives, including several "flagship" actions for each of the three pillars and for the five enablers of competitiveness.

On 26 February, the Commission presented the main flagship action of the compass' second pillar: the clean industrial deal (CID). The purpose of the CID is to promote the EU as an attractive location for industry, including energy-intensive industries (EIIs), and to promote clean tech and circular business models to meet the EU's decarbonisation objectives (i.e. to be the first climate-neutral continent by 2050). The CID also aims to strengthen the business case for clean production by developing lead markets and supporting the transition of EIIs such as steel, metals and chemicals. To achieve this goal, the CID proposes several measures including:

- Non-price criteria for public procurement
- Measures to reduce energy costs (i.e. more clean energies, investments in infrastructure and storage, better fiscal treatment)
- Access to finance investments (i.e. de-risking instruments such as InvestEU, important projects of common European interest (IPCEI), or greater involvement of the European Investment bank)
- A new state aid framework
- Better access to raw materials (implementing the critical raw materials act)
- New trade and investment partnerships with third countries
- Skills and labour attractiveness

The debate will be framed by a note prepared by the Polish presidency that explores member states' opinions on the following two points:

- Which initiatives of the CID should be given priority and why? Are they sufficient and adequate to restore the competitiveness of European industry?
- Which measures envisaged in the CID (including the new state aid framework) will ensure a level playing field for innovation and clean-tech production in all EU regions?

Clean industrial deal

Competitiveness compass

Mario Draghi report: The future of European competitiveness

Council conclusions on the future of industrial policy

European Council conclusions (18 April 2024)

Competitiveness compass (background information)

Competitiveness and industry (background information)

Towards a horizontal strategy for a modernised single market: A need for an action plan for services – Policy debate

The next point in the COMPET Council agenda is a political debate on a strategy for the single market with a special focus on an action plan for services. This debate will be public.

The discussion comes after the publication of the 2025 annual single market and competitiveness report (ASMCR), on 29 January, together with the competitiveness compass. The ASMCR is published annually and provides information about the state of the European economy based on 22 key performance indicators. This is the first ASMCR since the publication of the Letta report ("Much more than a market") on the future of the internal market, in April 2024. The ASMCR highlights the fact that approximately 60% of the barriers that services companies face today are of the same type as those identified 20 years ago.

According to the ASMCR, services account for 70% of EU GDP and employment, but the single market for services continues to perform below potential. Trade in cross-border services is less than a third than that in goods. There are several problems that limit the potential of the internal market for services. These include the differences between national rules, the regulations applicable to 5,700 professions (22% of the labour force), the declaration of posted workers, or specific problems in sectors such as construction, retail, and postal services. The International Monetary Fund estimates that the equivalent in percentage terms of the remaining barriers constraining intra-EU trade in the services sector can be compared to tariffs of around 110%.

The Commission plans to present a single market strategy in the second quarter of 2025.

In the definition of its priorities, the Polish presidency stressed the need to deepen the single market and remove barriers to cross-border activity (especially in the services sector), and to strengthen the EU's security and freedom of business. In a paper prepared to frame the discussion, the Polish presidency proposes a target or 30% increase in intra-EU trade in services by 2035.

The discussions will be based on note prepared by the presidency, which invites ministers to give their opinion on two points:

- Actions that should be included in the roadmap for services to achieve change in intra-EU trade in services (i.e. an increase by 30 % in ten years)
- Barriers in the services sector that need to be removed to help EU companies scale up, in areas such as posting of workers, recognition of professional qualifications and permitting

The 2025 Annual Single Market and Competitiveness Report

[Towards a horizontal strategy for a modernised Single Market: A need for an action plan for services – Presidency note]

[Enrico Letta report - Much more than a market]

[Council conclusions on the future of the single market]

[Single market (background information)]

Omnibus simplification packages – policy debate

Ministers are invited to react on the proposed Omnibus simplification packages and to reflect which other areas in the EU acquis than those already covered by the announced omnibuses require urgent simplification measures. This debate will be public.

According to a study carried out by the European Investment Bank, regulatory burden is the key obstacle to long-term investment for two thirds of EU companies The competitiveness compass has identified the need to ensure simpler, lighter and faster EU regulation to deliver greater competitiveness.

The two Omnibus simplification packages that the Commission presented on 26 February are the first of a series of packages to reduce bureaucratic burdens promised in the competitiveness compass. Here the objective is to reduce reporting obligations for all companies by at least 25% and for SMEs by 35%. This reduction should save companies around €37.5 billion annually.

The first Omnibus package proposes measures to amend the reporting burden of legislation related to sustainability. These measures include the corporate sustainability reporting directive (CSRD), the corporate sustainability due diligence directive (CSDDD), the taxonomy regulation and the carbon border adjustment mechanism (CBAM). The second Omnibus proposes amendments to investments legislation, including the InvestEU regulation and the European fund for strategic investments (EFSI) regulation.

The Commission's 2025 work programme includes three more simplification packages:

1. Targeted simplification for small mid-caps
2. A digital simplification package, including on cybersecurity
3. Simplification of common agricultural policy for farmers

The debate will be framed by a note prepared by the Polish presidency that invites member states to express their views on two issues.

- Areas in the EU acquis that require urgent simplification measures to strengthen the EU's competitiveness (other than those included in the announced Omnibuses)
- Performance of the 'Omnibus method' to achieve swift agreement and simplification on the ground. Further measures that can be taken at Council, member state, and Commission levels to ensure the priority of simplification measures:

[Omnibus I simplification package on the European Commission web site]

[Omnibus II simplification package on the European Commission web site]

[Discussion on the Omnibus Simplification Packages – Presidency note]

“A competitive and decarbonised EU industry in the context of the CBAM” – Exchange of views

Ministers will also exchange views on industrial policy in the context of the carbon border adjustment mechanism (CBAM).

The CBAM is a tool designed to: place a fair price on the carbon emissions generated during the production of carbon-intensive goods imported into the EU; encourage cleaner industrial practices in non-EU countries; and prevent the EU’s emissions reduction efforts from being undermined by increased emissions outside its borders. This can occur when production relocates to non-EU countries with less ambitious climate policies or when there is an increase in the import of carbon-intensive products from these countries. The mechanism targets imports from industries with high carbon emissions. It is designed to work alongside the EU’s emissions trading system (EU ETS), effectively mirroring and complementing its approach to regulating emissions for imported goods.

According to a note prepared by the Polish presidency to frame the discussions, the objectives of the CBAM regulation and the other instruments relating to the carbon market must ensure fairness and efficiency, while ensuring balance between environmental and industrial policies. However, the report by Mario Draghi “The future of European competitiveness” identifies risks related to the persistence of carbon leakage and the heavy administrative burden of this measure. The risks of carbon leakage are particularly important for energy intensive industries such as iron, steel, cement, aluminium or chemicals. Draghi calls for a review of the regulation in 2025.

Indeed, in the competitiveness compass, the Commission, has announced the revision of the CBAM to enhance its effectiveness by extending its scope to further sectors. This also covers downstream products (finished goods that are sold by a business to its customers).

In the first simplification Omnibus presented by the Commission on 26 February, the Commission proposes to simplify CBAM rules for small importers, mostly SMEs and individuals (with a threshold exemption of 50 tons). With these changes the Commission expects to cover around 99% of emissions within the CBAM scope, while exempting around 90% of the importers. For companies still affected by CBAM rules, the Omnibus proposes measures to facilitate compliance (i.e. simplifying the permit processes, the calculation of emissions, or the management of CBAM financial liability).

The presidency note invites ministers to give their opinions on the following question:

- How can the EU better strengthen the CBAM in areas such as: reduction of administrative burden, appropriate scope, coverage of downstream products, carbon leakage and support to exporters, preventing circumvention practices and dealing with indirect emissions?

CBAM regulation

Press release on CBAM final adoption

Fit for 55: how does the EU intend to address the emissions outside of the EU? (infographic)

Lunch debate ‘A comprehensive EU toolbox for safe and sustainable e-commerce’ – Exchange of views

During lunch, ministers will exchange views on the communication ‘A comprehensive EU toolbox for safe and sustainable e-commerce’ that was presented by the Commission on 7 February.

E-commerce has become increasingly important. 70% of Europeans regularly buy products online, both from e-shops and marketplaces. In the EU, the import of e-commerce goods directly by consumers has boomed: 4.6 billion low-value items (under 150 €) were imported in 2024, nearly double the 2.4 billion items in 2023 and more than triple the 1.4 billion items in 2022. This equates to about 12 million small items per day. They accounted for 97% of all customs import declarations. 91% of these imports originated from China, with online marketplaces such as Temu and SHEIN experiencing exponential growth in the EU market.

The rapid increase in direct imports to consumers raises significant challenges, especially when products are not compliant with EU law. For example, around half of the fake products seized at EU borders that violated intellectual property rights of SMEs were purchased online. The growing volume of unsafe, counterfeit, or non-compliant products poses serious safety and health risks, harms the environment, and creates unfair competition for legitimate businesses. It also negatively impacts EU competitiveness across sectors and puts an unsustainable strain on authorities.

The communication states that the European Union has a comprehensive legal framework regulating the entire lifecycle of a product imported into the EU and the responsibilities of the actors involved. However, more needs to be done to ensure that EU rules are well applied, and that the enforcement system is effective and resilient and is not overwhelmed by the volumes of low-value goods sold online and flooding the market. The key to keeping the regulatory burden proportionate is speed, coherence and simplification, as well as the use of modern digital tools.

The debate will be framed by a note prepared by the Polish presidency. The note proposed two themes of discussion for the ministers:

1. Coordinated enforcement actions at EU and national level addressing, in the short-term, product safety and consumer protection
2. Long term protection measures for the EU’s industry against imports from economies supported by state aid and with weaker environmental and social rules

A comprehensive EU toolbox for safe and sustainable e-commerce

Any other business (all points will be public)

a) A blueprint for the new horizontal Single Market Strategy

Information point from Czechia, Germany, Estonia, Finland, Croatia, Ireland, Lithuania, Latvia, Malta, the Netherlands, Portugal, Romania, Sweden, Slovenia, Spain and Slovakia

These Member States will provide concrete input for the new horizontal Single Market Strategy to be presented by the European Commission in June 2025 at the latest.

Joint non-paper on a blueprint for the new horizontal Single Market Strategy

b) Revitalising Europe's industrial future: strengthening competitiveness and resilience

Information point from Portugal, Spain, Slovakia and Slovenia

The information paper of these four member states, call for an industrial pillar in the new European competitiveness fund, to foster technological leadership, secure supply chains and ensure that Europe remains a key global industrial player.

Background note for the AOB point on: "Revitalizing Europe's Industrial Future: strengthening competitiveness and resilience"

c) The alarming situation of the European chemicals industry, a strategic sector that needs a dedicated EU critical chemicals act

Information point from Czechia, France, Hungary, the Netherlands, Romania, Slovakia and Spain

Chemicals industry is one of the energy intensive sectors that have most suffered from high energy prizes. The Competitiveness compass announced the release of a chemicals industry package by the end of 2025 to boost the competitiveness of the sector, protect human health and the environment and ensure the supply of critical chemicals. The four delegations that proposed this AOB raise the alarm on the crisis that the chemical sector is currently facing (with a 12% drop in production and the risk of losing 50,000 jobs in the petrochemical industry only) and propose some measures to support the sector.

Briefing note on the alarming situation of the European chemicals industry, a strategic sector that needs a dedicated EU Critical Chemicals Act

d) The automotive industry action plan

Information point from the Commission.

The Commission will make a presentation of the communication "Industrial Action Plan for the European automotive sector" that was made public on 5 March. The automotive industry action plan was one of the deliverables promised in the competitiveness compass. The plan has five pillars: innovation and digitalisation, clean mobility, competitiveness and supply chain resilience, skills and social dimension, and finally, boosting market access, ensuring a level playing field and guaranteeing our economic security.

The automotive industry action plan

EU industrial policy (background information)
Single Market (background information)