

Brussels, 20 June 2025  
(OR. en)

10606/25  
ADD 1

COMPET 590	DRS 61
IND 213	FIN 730
MI 440	ENER 287
RECH 291	ENV 577
POLCOM 131	CODEC 876
COH 112	CLIMA 224
ANTICI 69	INDEF 65
SIMPL 61	MAP 25
ECOFIN 854	CYBER 182
EF 213	

#### 'I' ITEM NOTE

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From:	Presidency/General Secretariat of the Council
To:	Permanent Representatives Committee (Part 2)
Subject:	Presidency report on actions to strengthen the Union's competitiveness - Executive Summary <i>- Information from the Presidency</i>

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Delegations will find attached the executive summary of the Presidency report on actions to strengthen the Union's competitiveness.

**Presidency report on actions to strengthen the Union's competitiveness - Executive Summary**

- The Polish Presidency took place in the pivotal phase at the beginning of a new institutional cycle in the EU. Debates on competitiveness in the first half of 2025 have been anchored in the overarching priority of the Polish Presidency which was to strengthen European security. Enhancing long-term competitiveness is a crucial condition to achieve this goal. That is why the Polish Presidency adopted an integrated approach to competitiveness which required aligning policies across traditionally siloed areas, and emphasized pragmatism, as well as the active engagement of business stakeholders. Ahead of the European Council on 25-26 June, the report provides an overview of progress on the competitiveness agenda achieved under the Polish Presidency as well as suggests the next steps.
- The Polish Presidency focused on simplifying regulations, reinforcing the foundations of the Single Market, developing a strong industrial policy, strengthening Europe's resilience and energy security and promoting capital markets integration. The Polish Presidency strived to harness trade policy to ensure fair competition and strengthen supply chains.
- Establishing a business-friendly regulatory framework has been one of the top priorities for the Polish Presidency. Work focused on simplifying the existing legal acquis, particularly through the swift procedure of the Omnibus packages, including by already striking deals on some proposals, and on identifying regulations that should be subject to simplification initiatives soon. The Polish Presidency also explored ways to avoid overregulation in new legislation by consistently adhering to the Better Regulation principles and by utilising digital tools.

- The Polish Presidency gave priority to reinforcing the foundations of the Single Market, particularly regarding the free movement of services. The Polish Presidency views the results of actions taken in this area as a significant breakthrough in the long-standing impasse in the services sector. Most Member States support a sectoral approach to repairing the services market, which shall be implemented by designating priority areas for action. Adoption of the general approach on the Regulation on e-declaration for posting of workers was the first step towards implementing the new Single Market Strategy.
- The debates during the Polish Presidency have demonstrated a consensus among Member States regarding the crucial role of cohesion policy, highlighting its added value in accelerating the diffusion of innovation and enhancing cross-sectoral cooperation across EU value chains and borders.
- Facing the challenge of high, volatile, and divergent energy prices in the EU, a crucial element of the Presidency were also deliberations on a joint roadmap for decarbonisation and industrial competitiveness, of which energy security is an essential aspect. We have strived to deliver a more pragmatic and flexible approach to achieving the EU's decarbonisation goals with technological neutrality as an overarching principle. The preservation of the competitiveness of energy-intensive industries (EIIs) is essential for the EU's security and sovereignty in the geopolitical context. Ministers agreed that the next step should encompass further strengthening of the Carbon Border Adjustment Mechanism (CBAM), i.e. by expanding its scope to a broader range of products and supporting exporters covered by the Emission Trading Scheme (ETS). In the context of the upcoming revision of the ETS Directive, we should address the issue of mechanisms to stabilise allowance prices as well as consider slowing down the phase out of free ETS allowances for EII.. We have received a clear call from most of the Member States for safeguarding the level playing field as regards equal development opportunities for clean industries across all Member States, including access to financial instruments and balanced state aid framework.

- Ministers also agreed that industry and trade policy objectives should be better aligned. The Polish Presidency in EU trade policy focused on strengthening the EU's economic security and competitiveness. Progress in negotiations and the acceleration of works on trade agreements with India, Indonesia and Thailand has been achieved.
  - Moreover, the EU must continue its efforts to strengthen defence and address defence capabilities. The Presidency brokered a mandate for negotiations with the European parliament on the European Defence Industry Program (EDIP), paving the way for trilogues. The Council reaffirmed the strategic importance of developing an innovative, robust, resilient, and globally competitive semiconductor ecosystem in the European Union. The Presidency also oversaw the adoption of initiatives that develop a comprehensive and horizontal approach to cybersecurity, contributing to EU's digital competitiveness.
  - Finally, the Polish Presidency held also a debate on EU Startups and Scaleups Strategy and the AI Factories initiative, with a view to establishing a startup-friendly ecosystem with harmonised regulations, enhanced access to risk financing, talents and by ensuring open and affordable access to supercomputing resources, as well as providing mentoring, technical and legal support, and networking opportunities.
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