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THE EUROPEAN UNION**



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3190th Council meeting

Competitiveness (Internal Market, Industry, Research and Space)

Luxembourg, 10 and 11 October 2012

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Main results of the Council

*The Council agreed on the main elements of the **rules of participation** in projects funded under "**Horizon 2020**", the next research and innovation framework programme for the years 2014-2020. It also agreed on the arrangements for incorporating the **European Institute of Innovation and Technology** in the Horizon 2020 programme.*

*The Council held a policy debate on the next steps towards the completion and implementation of the **European Research Area**.*

*The Council held a debate focused on reinforcing **European industrial policy** and its contribution to growth and economic recovery. They also considered specific measures in support of the **construction sector** and the **cultural and creative sectors**. In addition, it adopted conclusions on **key enabling technologies**, which are of particular importance for the innovativeness and competitiveness of industry, including in areas such as nanotechnology, biotechnology and advanced materials. The conclusions also give the green light for launching a **European innovation partnership for raw materials**.*

*The Council pledged to intensify efforts in order to speed up the process for the adoption of the twelve measures included in the "**Single Market Act I**" package for growth, competitiveness and social progress.*

*In the field of consumer protection, the Council endorsed the **European Consumer Agenda** for the coming years.*

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- Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
- Documents for which references are given in the text are available on the Council's Internet site (<http://www.consilium.europa.eu>).
- Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's Internet site or may be obtained from the Press Office.

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Vice-President

Member

Member

Member

ITEMS DEBATED**Horizon 2020: research and innovation programme for 2014-2020*****-Rules for participation in projects funded under Horizon 2020***

The Council reached agreement on a partial general approach¹ on a draft regulation laying down the terms and conditions for participation in research projects funded under Horizon 2020 ([14846/12](#)). Participants may be research associations, universities, undertakings, industry consortia, etc.

The draft regulation also lays down the rules governing the exploitation, dissemination and protection of results of the research projects.

The agreement paves the way for starting negotiations with the European Parliament with a view to a first-reading agreement.

Ministers discussed in public deliberation, on the basis of a Presidency proposal, outstanding issues such as the best way to achieve the highest level of simplification, especially for the benefit of participating organisations; the funding model to be used for the reimbursement of research activities, and the possibility of widening participation by reinforcing the attractiveness of researchers' careers across the EU.

Under the agreement, a simplified system consisting of a single reimbursement rate for eligible costs per research project would apply to all activities within a research project and to all participants. The reimbursement would reach a maximum of 100 % of the total eligible costs of a project, with a ceiling of 70 % for close-to-market actions and programme co-funded actions. A flat rate of 25% of the total direct eligible costs will be reimbursed to cover indirect costs. A "bonus +" scheme was included in the agreement whereby eligible personnel costs can include supplementary payments made to personnel up to € 8 000 per person per year.

¹ A partial general approach is an agreement on the essential elements of a legal act, pending the opinion of the European Parliament and the relevant discussions on the EU's multi-annual budget.

Some of these issues were also addressed at an informal preparatory meeting on 20 July, where research ministers agreed on the need for substantial simplification of the rules for participation and dissemination under Horizon 2020 in order to attract the best researchers and innovators¹.

Once approved, this set of common rules will also apply to participation in projects managed by the European Institute of Innovation and Technology (EIT).

-European Institute of Innovation and Technology

The Council reached agreement on a partial general approach on a draft regulation amending the rules of the European Institute of Innovation and Technology (EIT) ([14851/12](#)).

The agreement paves the way to start negotiations with the European Parliament with a view to a first-reading agreement.

The draft regulation will enable the EIT to be an integral part of Horizon 2020.

The EIT, which was set up in March 2008, will continue to reinforce the innovation capacity of the EU and its member states and contribute to the general objective of Horizon 2020, mainly by integrating the "knowledge triangle" of higher education, research and innovation. This integration takes place primarily via the Knowledge and Innovation Communities (KICs), which bring together organisations on a long-term basis in order to respond to major societal challenges.

Under Horizon 2020, the EIT would receive a financial contribution of € 3.1 billion for the period from 2014 to 2020.

On 8 and 9 November, a conference is scheduled to be held in Larnaca, Cyprus, titled "*EIT Stakeholders Conference – Addressing Societal Challenges through the EIT*" (<http://www.facebook.com/ConfEITCy>).

¹ <http://www.cy2012.eu/index.php/en/file/Sm7rFRmoNSr2nxXo9+AUZw==>

Horizon 2020 - state of play

On 31 May 2012, the Council reached agreement on a partial general approach on the "**Horizon 2020**" framework programme ([10663/12](#)). Horizon 2020 will replace the EU's 7th research framework programme (FP7), which runs until the end of 2013.

On that occasion, the Council also took note of a report ([10219/12](#)) on the progress made concerning the other three parts of the package: the specific programme implementing Horizon 2020, the rules of participation in research projects and the Euratom programme on nuclear research activities.

The new framework for research is expected to eliminate fragmentation in this field and to ensure more coherence. Horizon 2020 will build upon the current FP7 concept, the Competitiveness and Innovation Programme and the EIT.

Compared with FP7, Horizon 2020 has a number of new features that gear it to promote growth and tackle societal challenges.

The Commission presented the various components of Horizon 2020 on 30 November 2011:

http://ec.europa.eu/research/horizon2020/index_en.cfm

It is proposed that € 80 billion be allocated for the 2014-2020 period, thus making Horizon 2020 the world's largest research programme.

European Research Area

The Council held a policy debate on the key elements that should lead to the achievement and implementation of the European Research Area (ERA) ([13983/12](#)).

The outcome of the debate will feed into draft conclusions on the ERA to be submitted for approval by the Council at the December Competitiveness Council.

The debate followed a presentation by the Commission of its communication "A reinforced European Research Area partnership for excellence and growth" ([12848/12](#)), published on 17 July 2012, together with the communication "Towards better access to scientific information: Boosting the benefits of public investments in research" ([12847/12](#)) and a recommendation on access to and preservation of scientific information ([13983/12](#)).

Some delegations expressed their agreement on the approach taken by the Commission as well as the priorities listed in the communications.

Close monitoring of the implementation of every aspect will be required to ensure achievement of the ERA's goals.

Over the years, progress has been made towards the creation of the ERA through instruments such as the successive multi-annual research framework programmes, joint programming initiatives and research infrastructure consortia. Nevertheless, progress has been uneven in different dimensions of ERA as well as across member states.

In February 2011, the European Council called for the completion of the ERA by 2014: "Europe needs a unified research area to attract talent and investment. Remaining gaps must therefore be addressed rapidly and the ERA completed by 2014 to create a genuine single market for knowledge, research and innovation. In particular, efforts should be made to improve the mobility and career prospects of researchers, the mobility of graduate students and the attractiveness of Europe for foreign researchers."

A conference on the future of the ERA will be organized in Nicosia, Cyprus, on 14 November¹.

¹ <http://www.cy2012.eu/index.php/en/political-calendar/areas/competitiveness/presidency-conference-completing-the-european-research-area-in-the-context-of-the-innovation-union>

Industrial policy and its contribution to growth and economic recovery

Ministers exchanged views on an update of **European industrial policy** and its contribution to growth and economic recovery. They also considered specific measures in support of the **construction sector** and of **cultural and creative sectors**.

The Council adopted conclusions on **key enabling technologies** ([14887/12](#)), which are of particular importance for the innovativeness and competitiveness of industry and the whole economy, including in areas such as nanotechnology, biotechnology and advanced materials. The conclusions also give the green light for launching a **European innovation partnership for raw materials**.

- Update of the industrial policy flagship initiative

Following a presentation by the Commission of its "Industrial policy communication update: A contribution to growth and economic recovery" issued on 10 October¹, Ministers underlined the importance of speeding up actions in strategic sectors with a strong potential for underpinning competitiveness and job creation.

The outcome of the discussion will feed into the preparation of Council conclusions on industrial policy to be submitted for approval at the December Competitiveness Council meeting.

The debate focused on four pillars which need urgent attention as a result of the economic crisis:

- stimulate investments in innovative and new technologies;
- allow EU companies to derive maximum benefit from the internal market and international markets;
- improve access to finance; and
- increase investment in people and skills.

A number of promising new markets were also identified that can contribute to a strong, innovative and competitive manufacturing industry and restore the growth path of the EU economy.

¹ http://ec.europa.eu/enterprise/policies/industrial-competitiveness/index_en.htm

- Construction sector

Ministers addressed the situation of the construction sector in the various countries and focused on the measures put in place or envisaged in support of the sector at national level.

They welcomed the action plan drawn up by the Commission to promote construction as a driving force for the creation of jobs ([13186/12](#)).

The action plan contained in the strategy for the sustainable competitiveness of the construction sector and its enterprises, issued on 31 July 2012, focuses on five key objectives: stimulating favourable investment conditions; improving human- capital; improving resource efficiency; strengthening the internal market; and fostering the global competitiveness of EU companies.

The strategy also puts emphasis on appropriate programmes for repair, maintenance and renovation projects and relevant fiscal and financial instruments and credit mechanisms for renovation pursuing ambitious sustainability targets.

The construction industry is a major economic operator. Overall, it generates almost 10 % of GDP and provides 20 million direct jobs, mainly in micro- and small enterprises.

- Cultural and creative sectors

Following a presentation by the Commission on its communication on "Cultural and creative sectors for creative growth in the EU" ([14256/12](#)), published on 26 September 2012, ministers considered possible measures in support of these sectors.

Emphasis was laid on the economic significance of cultural and creative sectors and their role in employment and growth creation as well as in contributing to an environment conducive to innovation.

A number of initiatives were highlighted in order to promote these sectors.

The communication sets out a multi-layered strategy for helping these sectors to adapt to the changing environment and unleash their potential to contribute to growth.

Cultural and creative sectors (such as architecture, archives and libraries, artistic crafts, audio-visual, cultural heritage, fashion design, music, publishing, etc.), play an important role in the European economy and culture. They account for 3.3% of GDP and 3% of total employment in the EU. However, their importance is even greater if one takes account of other sectors which rely on cultural and creative input.

- Key enabling technologies / Innovation partnership on raw materials

The Council exchanged views on key enabling technologies (KETs) and endorsed, by means of conclusions, the strategy contained in the Commission communication entitled "A European strategy for KETs - A bridge to growth and jobs" of 2 July 2012 ([12093/12](#)).

Micro and nano-electronics, nanotechnology, photonics, advanced materials, industrial biotechnology and advanced manufacturing technologies have been identified as the EU's KETs.

The strategy for KETs aims to keep pace with the EU's main international competitors, contributing to sustainable growth and job creation in the EU while addressing today's major societal and environmental challenges.

The conclusions also gives the green light for launching a European innovation partnership for raw materials ([7247/12](#)). European Innovation Partnerships is a novel concept designed to provide a framework for bringing together stakeholders across policy areas in order to integrate or initiate supply and demand side measures across the whole innovation cycle.

Single Market Act

The Council took note of the state of play of the twelve measures included in the "Single Market Act I" and held a debate on the way forward ([14463/12](#)).

Each one of these measures, to be adopted in co-legislation by the European Parliament and the Council, are currently at a different stage of the legislative process.

These twelve instruments of growth, competitiveness and social progress range from worker mobility, SME finance and consumer protection to digital content, public procurement and trans-European networks. Their aim is to reduce barriers and to improve efficiency for everyone in the single market: businesses, citizens, consumers and workers.

The Council confirmed that, given the current economic crisis and the social challenges ahead, the single market remains one of the most important assets for growth and job creation and sustained efforts are therefore required in order to accelerate the adoption of all twelve key actions as a matter of priority.

Furthermore, once adopted, a timely and correct transposition and implementation of all the new measures should be ensured across member states, so that their benefits can be reaped rapidly by citizens and businesses.

Ministers also welcomed the second wave of new priority proposals presented by the Commission on 3 October 2012 under the "Single Market Act II"¹, which will supplement the first set of measures, aiming at the completion of the single market by increasing confidence and stimulating growth and job creation.

The presidency announced its intention to submit draft conclusions on the Single Market II package at the Competitiveness Council in December.

The 20th anniversary of the creation of the single market will be celebrated during the "Single Market Week" from 15 to 20 October 2012 with events taking place in many cities across the EU: <http://www.singlemarket20.eu/en>

European Consumer Agenda

The Council approved a resolution on the European consumer agenda for the coming years ([14464/12](#)).

The resolution endorses the Commission's vision on consumer policy, which was set out in the communication of 22 May 2012 entitled "A European Consumer Agenda - Boosting confidence and growth" ([10420/12](#) + [ADD 1](#)).

¹ http://ec.europa.eu/internal_market/smact/docs/single-market-act2_en.pdf

Other business

- Research infrastructures

During the working lunch on 10 October, ministers exchanged views on the role of the European Strategic Forum for Research Infrastructures (ESFRI) as well as the follow-up of implementation of ESFRI projects, with the attendance of Mrs Geoghean-Quinn, commissioner in charge of research and innovation, and Mrs Beatrix Vierkorn-Rudolph, chair of the ESFRI.

- European steel industry

The Council took note of a report by the Commission on the outcome of a high-level roundtable on the situation and perspectives of the European steel industry which was held in Brussels on 19 September ([14420/12](#)).

At that meeting, which gathered industry and trade union representatives, eleven areas of particular importance were identified for the competitiveness of the steel sector: (i) international competition (including protectionism and unfair trade practices), (ii) access to raw materials, (iii) extra costs due to legislation, (iv) implementation of EU climate policy, (v) EU climate policy objectives beyond 2020, (vi) energy costs, (vii) EU resource-efficiency policy, (viii) skills shortages, (ix) possible adaptations of capacities, (x) research and innovation and (xi) demand-side measures stimulating recovery in the key sectors.

Several delegations supported the initiative to convene the next high-level roundtable next November and expressed their readiness to actively contribute to the efforts to preserve and enhance the competitiveness of the steel sector in Europe.

- European Tourism Forum (Nicosia, 25-26 October)

The Council took note of preparations concerning the 11th European Tourism Forum that will take place in Nicosia, Cyprus, on 25 and 26 October ([14385/12](#)).

- State aid for film industries

The Council took note of information by the German delegation regarding a draft Commission communication on state aid for films and other audiovisual works

(http://ec.europa.eu/competition/consultations/2011_state_aid_films/index_en.html).

- Competitiveness Council working methods

Over the working lunch on 11 October, the ministers for competitiveness exchanged views on ways to improve the Competitiveness Council's working methods, notably with a view to enhancing the efficiency of the proceedings concerning the monitoring of policies related to the European Growth Agenda.

OTHER ITEMS APPROVED**RESEARCH****Algeria - Brazil - Scientific and technological cooperation agreements**

The Council adopted a decision aimed at concluding a scientific and technological cooperation agreement with Algeria ([17318/11](#)).

It also approved the renewal of the EU-Brazil scientific and technological cooperation agreement for an additional period of five years ([10475/12](#)).

COMPANY LAW**Directive on coordination of safeguards - Updated version**

The Council approved a recast of an existing directive (77/91/EEC) on coordination of safeguards which, for the protection of the interests of members and others, are required by member states of companies within the meaning of the EU treaty, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent (*PE-CONS* [50/12](#) and [14263/12 ADD1](#)).

The directive aims to coordinate national provisions relating to the formation and to the maintenance of public limited liability companies.

ENERGY**Energy Community - 10th Ministerial Council**

The Council adopted a decision establishing the European Union position in view of the meeting of the Ministerial Council of the Energy Community, which will take place on 18 October 2012 in Budva (Montenegro) and endorsed the agenda.

http://www.energy-community.org/portal/page/portal/ENC_HOME