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**NOTE**

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The Council examined the draft Council conclusions on the future of European competitiveness at its 4063rd meeting held on 28 November 2024. The discussions did not lead to reaching a consensus on the conclusions. The Presidency was, however, in a position to conclude that 25 delegations supported the text in its entirety as annexed to this document.

**PRESIDENCY CONCLUSIONS  
on the future of European competitiveness**

**RECALLING:**

- the conclusions of the European Council at its special meeting on 17 and 18 April 2024, calling for a new European competitiveness deal, anchored in a fully integrated Single Market;
- the Strategic Agenda 2024-2029 agreed on 27 June 2024;
- the conclusions of the European Council of 17 October 2024;
- the Budapest Declaration agreed on 8 November 2024, which is based on the work started by EU Leaders in Versailles, and pursued further in Granada, Brussels and in the Strategic Agenda 2024-2029,

**BUILDING ON:**

- the commitments and calls for action contained in the Council conclusions of 24 May 2024 on “A competitive European industry driving our green, digital and resilient future”, and on “A Single Market for the benefit of all”,

## General framework

1. **we welcome** the report on “The future of European competitiveness”<sup>1</sup>, and **we agree** that competitiveness should be a high priority on the European agenda; **we share** the report’s main diagnosis that, despite its strong assets, the European economic performance is falling behind and, to reverse this trend, the EU’s productivity should be raised in order to reignite competitiveness and support inclusive and sustainable growth while maintaining the European social and economic model, and **we call for** effective and urgent action, drawing upon the recommendations in the report; **we acknowledge** that the green and digital transitions as drivers for growth, innovation and investment significantly contribute to strengthening the EU’s competitiveness;

## Single Market

2. **we underline** that the Single Market is a cornerstone of European competitiveness that should be further deepened, including through harmonisation or, as appropriate, mutual recognition and by removing barriers, especially in the cross-border provision of services and the cross-border movement of goods, including such essential goods as medicines, without prejudice to the responsibilities of the Member States for the definition of their health policy and delivery of health services and medical care, in order to fully unlock its potential for all EU companies to increase their productivity and scale-up, in particular for small and medium-sized enterprises, and to benefit consumers, and **we emphasise** the importance of connectivity in this regard; **we stress** that benefitting from the full scale of the Single Market is a necessary condition for strengthening the competitiveness of businesses; **we acknowledge** the importance of a level playing field in the Single Market, including in the areas of e-commerce and foreign subsidies; **we follow** the issue of territorial supply constraints; **we highlight** that a fully functioning Single Market should be based on the principles of subsidiarity and proportionality;

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<sup>1</sup> Report on “The future of European competitiveness”, delivered by Mario Draghi on 9 September 2024.

3. **we underline** the key role of cohesion policy to stimulate long-term sustainable growth and promote economic, territorial and social convergence in the Single Market; **we point out** that translating innovations into commercial success is a priority; **we emphasise** the vital role of education, training, research and innovation and the contribution of a skilled workforce for the development of a competitive and innovative Single Market, also with regard to the demographic challenges the EU is facing;
4. **we recall** the request by the European Council to the Commission to present a new horizontal strategy for the Single Market by June 2025; **we point out** that this strategy should be prepared by taking into account Member States' views; **we consider** that its focus should primarily be on deepening and modernising the Single Market, that it should draw upon the Letta<sup>2</sup> and Draghi reports, and that it should include a working plan for its implementation with regular monitoring of the progress and a dedicated roadmap with timelines and milestones for concrete actions, especially for services;
5. **we emphasise** that joint efforts at EU and Member States' level towards reducing regulatory, administrative and reporting burdens, simplifying regulation, achieving coherence and predictability, and better implementing in a uniform manner and enforcing existing rules are crucial factors to improve the business environment in the EU; in this regard, **we advocate** for an increased uptake and use of digitalisation and standardisation; **we encourage** the Commission to effectively implement instruments such as “implementation dialogues” and “reality checks” and **we point out** that the “think small first” principle should be applied to all legislation; **we stress** that, in the case of small and medium-sized enterprises and start-ups, it is necessary to go beyond the announced commitment of achieving 25% reduction of reporting requirements without compromising the policy objectives of existing rules; in this regard, **we call on** the Commission to clarify the methodology for achieving the 25% reduction threshold; **we highlight** that the Commission should systematically analyse and stress-test the existing legislation and assess any new measures that have a significant impact with high quality impact assessments;

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<sup>2</sup> Report “Much more than a market” delivered by Enrico Letta in April 2024.

## Industry

6. **we reaffirm** the EU's ambition of sustaining the goals of the green and digital transitions and pursuing the objective of climate neutrality by 2050; **we stress** that all instruments and policies should be harnessed in a comprehensive and coherent manner at EU, national and regional level to reach the objective of increasing competitiveness across the EU; **we consider** that it is essential to focus on strategic priorities and to ensure that these are the common thread through industrial, research and innovation policies, to meet the broader ambitions of the EU; **we underline** the importance of an ambitious, robust, open, sustainable and rules-based trade policy, including new partnerships with third countries, and the need to ensure that EU businesses can compete on fair terms on an international level playing field and that, to this end, the EU should use all available instruments where and when needed, in line with its international commitments;
  
7. **we emphasise** that industry needs a clear and predictable environment and enabling framework conditions at EU and national level so that companies are able and willing to invest for the long run; **we note** that a new industrial strategy is needed for Europe, consisting of measures to close the innovation and skills gaps and achieve European leadership in key emerging technologies, a joint plan for decarbonisation and competitiveness as well as digital sovereignty, notably of cloud services, in an open manner, and heightened focus on security, reducing dependencies and strengthening the EU's strategic autonomy in an open economy and the economic security of the EU; **we acknowledge** that EU, national and regional policies have to be more consistent and better coordinated in a multi-level governance model, where applicable, to ensure a coherent European policy framework;

8. **we welcome** the Commission's plans for making industrial policy and the boosting of European competitiveness an integral part of its agenda for the next legislative mandate and drawing up a new Clean Industrial Deal for competitive industries and quality jobs in the early days of its next political mandate; **we stress** that the Clean Industrial Deal should pursue a holistic approach, have a comprehensive scope and improve the business case for competitiveness and decarbonisation, including through access to affordable energy and critical raw materials, to infrastructure, to finance, to markets, and to skills, simplified permitting procedures where necessary and conditional to an ex ante assessment in line with better regulation requirements, and promoting a level playing field internationally and ensuring it internally;
9. **we recognise** that the EU's high energy costs as compared to third countries are a major obstacle to growth, which hinders the performance not only of the energy-intensive sectors, but of the industry in general, including the spread and uptake of digitalisation and artificial intelligence (AI); therefore **we stress** that increasing the affordability of energy, notably through the reduction of energy prices, is a key condition for improving industrial competitiveness and enabling a just and fair green and digital transition; **we call for** the recently adopted legislation aiming at ensuring a more flexible energy system and a well-functioning, integrated and interconnected internal energy market to be fully implemented, and for urgent measures to be taken to address the situation resulting from high and volatile electricity prices in Europe and their causes while safeguarding the internal level playing field, and for using energy more efficiently; **we stress** the need to continue working on the decarbonisation of the EU's energy mix and the supply of affordable and clean energy to all citizens and businesses, without prejudice to a Member State's right to determine its choice between different energy sources and the general structure of its energy supply; **we advocate** for restoring the competitiveness of energy-intensive industries, including by developing targeted sectoral action plans at EU level;

10. **we reiterate** the importance of effective implementation and enforcement of the regulatory framework that has been put in place, notably the Net-Zero Industry Act and the Critical Raw Materials Act as part of the Green Deal Industrial Plan, as well as the Chips Act, the initiatives deriving from the Circular Economy Action Plan, and the Carbon Border Adjustment Mechanism to prevent carbon leakage and risks of circumvention; **we note** with interest the Commission’s intention to propose an Industrial Decarbonisation Accelerator Act, a Circular Economy Act, a European Biotech Act, a Chemicals Industry Package and the update of the EU Bioeconomy Strategy; **we underline** that circularity and the circular economy provide new business opportunities and reduce the EU’s dependencies with regard to raw materials; **we support** the development of a long-term EU quantum chips plan and a semiconductor strategy complementing the Chips Act; **we take note** of the Commission’s intention to revise the existing legislative framework on public procurement to enhance its strategic role, including by enabling preference to European products in certain strategic sectors and technologies in line with the EU’s international commitments, and by strengthening the security of supply; **we take note** of the Commission’s intention to advance work towards a new harmonised definition for “small mid-cap” companies;
11. **we stress** that the development of AI and advanced manufacturing technologies and their integration into traditional and strategic sectors can lead to productivity gains and high-quality employment prospects; **we consider** that in particular small and medium-sized enterprises require special attention in this regard;
12. **we advocate** for boosting European development and manufacturing capacity, notably of the sectors which can play a significant role in reducing the EU’s strategic dependencies and strengthening the EU’s security of supply; in this context, **we call for** strengthening the industrial and technological base for defence and space across the Union with the objective to enhance industrial competitiveness, standardisation, and interoperability;

13. **we encourage** the development of an EU industrial action plan for the automotive sector including electromobility and the related battery value chain, based on a holistic approach; in this respect, **we consider** the need for a more integrated automotive ecosystem value chain, from materials through components manufacturing to infrastructure and digital technologies such as connected and autonomous driving and software-defined vehicles, as well as the possible support for collaborative research and development or strategic technology projects relevant to the automotive sector, subject to an evidence-based analysis;
14. **we acknowledge** the need for appropriate investments in the EU in order to reach its strategic goals; **we emphasise** that mobilising private and public investment into world-class basic and applied research, enhancing knowledge valorisation, strengthening the innovation performance of companies, particularly small and medium-sized enterprises, in all Member States, and translating innovations into commercial success are priorities for closing the innovation gap both with our global competitors and within the EU; **we point out** that companies and research performing organisations need adequate funding along the different stages of investment, from research to market, and notably in the crucial scale-up phase, and that a special focus should be devoted to the needs of small and medium-sized enterprises in access to finance; **we stress** the importance of combining public and private funding to leverage investments via de-risking and risk-sharing mechanisms in cooperation with the European Investment Bank Group and other financial institutions, building on the lessons learned from the InvestEU programme; **we underline** the urgency of further deepening and improving the functioning of the Capital Markets Union; **we note** that public funding should be simplified and better coordinated across different sources; **we highlight** the need to increase investment in connectivity, including transport and digital infrastructures, energy grids and storage, and in clean technology manufacturing;



15. **we consider** that the funds devoted to boosting the competitiveness in Europe, including of clean technologies, should be prioritised and better coordinated; **we take note** of the Commission’s intention to propose to set up a new European Competitiveness Fund, which is planned to be used to invest in key strategic technologies to boost the EU’s innovation, competitiveness and resilience; **we affirm** that Important Projects of Common European Interest (IPCEIs) are a key instrument for strengthening European competitiveness, particularly by driving breakthrough innovations in critical industrial sectors, and **we emphasise** the need for a continued improvement of the IPCEI framework to further streamline and accelerate the entire process and make it easier for companies of all sizes to participate in IPCEIs; also **we note** the Commission’s plan to develop a Competitiveness Coordination Tool to improve coordination to better target investment and other policy priorities; **we consider** that EU financing should contribute to the development and manufacturing of these key strategic technologies in Europe, by using EU funds to leverage and de-risk private investments, and through a simpler EU funding system covering the entire investment journey; **we underline** the importance of effective State aid rules and their implementation, supporting synergies with EU objectives and funding, contributing to the green and digital transitions and to the reduction of strategic dependencies, and boosting the competitiveness of European businesses while preserving the level playing field and the integrity and cohesion of the Single Market;
16. **we recall** that these conclusions are without prejudice to the negotiations on the post-2027 multiannual financial framework.