



Council of the
European Union

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DRAFT MINUTES

COUNCIL OF THE EUROPEAN UNION
(Competitiveness (Internal Market, Industry, Research and Space))

7 and 8 December 2023

MEETING ON THURSDAY 7 DECEMBER 2023

1. Adoption of the agenda

The Council adopted the agenda set out in document 16211/23.

INTERNAL MARKET AND INDUSTRY

Legislative deliberations

(Public deliberation in accordance with Article 16(8) of the Treaty on European Union)

- 2. Regulation on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act)**  16056/23 + ADD 1-4
General approach

The Council reached a general approach as set out in the documents above. Statements by Austria, Germany, Italy and a joint statement by Bulgaria, Croatia, the Czech Republic, Hungary, France, Poland, Romania, Slovakia and Slovenia are annexed to these Council minutes.

- 3. Regulation on prohibiting products made with forced labour on the Union Market**  16052/23
Policy debate

The Council held a policy debate based on questions as set out in the document above.

4. Approval of "A" items

Non-legislative list 16213/23

The Council adopted all "A" items listed in the document above, including all linguistic COR and REV documents presented for adoption.

Any other business

5. a) **Current legislative proposals** 
(Public deliberation in accordance with Article 16(8) of the Treaty on European Union)
- i) **Regulation on Critical raw materials act** 7568/23 + ADD 1
 - ii) **Regulation on short-term accommodation rental services** 14741/22
 - iii) **Regulation establishing a framework for setting ecodesign requirements for sustainable products and repealing Directive 2009/125/EC** 7854/22 + ADD 1
 - iv) **Revision of the Regulation on classification, labelling and packaging of substances and mixtures (CLP)** 16258/22
 - v) **Review of the EU legislation on design protection**
 - a) **Directive on the legal protection of designs (recast)** 15400/22 + ADD 1
 - b) **Regulation amending Council Regulation (EC) No 6/2002 on Community designs** 15390/22 + ADD 1
 - vi) **Other legislative files**
Information from the Presidency

The Council took note of the information provided by the Presidency.

- b) **Communication on Enhancing the European Administrative Space**  15313/23
Information from the Commission

The Council took note of the information provided by the Commission.

- c) **Implementation of the Single Digital Gateway**  16038/23
Information from the Commission

The Council took note of the information provided by the Commission.

- d) **Preparedness for the Digital Services Act enforcement** [2] 16171/23
Information from the Commission

The Council took note of the information provided by the Commission.

- e) **Reducing administrative burdens for companies in unprecedented times** [2] 15612/23
Information from the Danish delegation

The Council took note of the information provided by the Danish delegation.

- f) **Joint initiative on bureaucracy reduction** [2] 16236/23
Information from the French and German delegations

The Council took note of the information provided by the French and German delegations.

- g) **Entry into operation of the Unified Patent Court** [2] 15774/2/23 REV 2
Information from the Austrian, Belgian, Bulgarian, Danish, Estonian, Finnish, French, German, Italian, Latvian, Lithuanian, Luxembourg, Maltese, Portuguese, Slovenian and Swedish delegations

The Council took note of the information provided by the Austrian, Belgian, Bulgarian, Danish, Estonian, Finnish, French, German, Italian, Latvian, Lithuanian, Luxembourg, Maltese, Portuguese, Slovenian and Swedish delegations.

- h) **2023 Report of the SME Envoy Network to the Competitiveness Council** 15791/23
Presentation by the Commission

- i) **Work programme of the incoming Presidency**
Information from the Belgian delegation

MEETING ON FRIDAY 8 DECEMBER 2023

Non-legislative activities

RESEARCH

6. **Conclusions on the impact of Research and Innovation in policymaking** [2] 15118/23 + ADD 1
Approval

The Council approved the text of conclusions as set out in the documents above. A statement by Hungary is annexed to these minutes.

7. **Council Recommendation on a European framework to attract and retain research, innovation and entrepreneurial talents in Europe** [C][2] 15391/23
(*) + ADD 1-2
(Legal basis proposed by the Commission: Article 182(5) and Article 292, first and second sentence, of the TFEU)
Political agreement

The Council reached a political agreement as set out in the documents above. A statement by Hungary is annexed to these minutes.

8. **Research valorisation as a tool for economic and industrial recovery and resilience** [2] 15116/23
Policy debate

The Council held a policy debate based on questions as set out in the document above.

SPACE

9. **Conclusions on “Space traffic management: state of play”** [2] 15231/23
Approval

The Council approved the text of conclusions as set out in the document above.

10. The future EU policy on space in a changing world 15405/23
Exchange of views

Any other business

Research

11. a) **Current legislative proposals**
(Public deliberation in accordance with Article 16(8) of the Treaty on European Union)

Decision amending Decision 2017/1324 as regards the continuation of the Union's participation in the Partnership for Research and Innovation in the Mediterranean Area (PRIMA) under Horizon Europe  11198/23
11206/23 + ADD 1
Information from the Presidency

The Council took note of the information provided by the Presidency.

- b) **Events and activities during the Spanish Presidency**  15578/1/23 REV 1
Information from the Presidency

The Council took note of the information provided by the Presidency.

- c) **ERA Monitoring 2023: 18-months-review of the implementation of the ERA Policy Agenda ('EU level Report')**  15685/23
Information from the Commission

The Council took note of the information provided by the Commission.

- d) **Progress with research assessment reforms and actions**  15690/23
Information from the Commission

The Council took note of the information provided by the Commission.

- e) **Advanced materials for industrial leadership**  15691/23
Information from the Commission

The Council took note of the information provided by the Commission.

- f) **Work programme of the incoming Presidency**
Information from the Belgian delegation

Space

- g) Events and activities during the Spanish Presidency**
Information from the Presidency

[2] 15617/23

The Council took note of the information provided by the Presidency.

- h) Work programme of the incoming Presidency**
Information from the Belgian delegation

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- ①** First reading
- [2]** Public debate proposed by the Presidency (Article 8(2) of the Council's Rules of Procedure)
- C** Item based on a Commission proposal
- (*)** Item on which a vote may be requested
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Statements to the legislative "B" items set out in doc. 16211/23**Ad "B" item 2:****Regulation on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act)**
*General approach***STATEMENT BY AUSTRIA**

“Austria sees the Net Zero Industry Act as a key milestone for accelerating the green transition, strengthening competitiveness and achieving the common European climate neutrality target. We support the objective of this proposal for a Regulation, this being to accelerate the development and expansion of production capacity, particularly for renewable energy in the EU.

Austria cannot and will not support a transformation which is, however, based on nuclear technology and which, moreover, promotes the latter even further and focuses on it as a technology of the future. Nuclear technology is neither sustainable, nor cost-effective, nor safe. Austria therefore strongly regrets that nuclear technology has been included and given equivalent status in the draft General Approach on the Net Zero Industry Act (Articles 3a and 3b) and hopes that this will be changed in negotiations with Parliament.

As regards Chapter III on CO₂ injection capacity, Austria notes that a national ban on CO₂ storage (the Federal Act on the Prohibition of Geological Storage of Carbon Dioxide) is currently in force, and is being evaluated. In this context, appropriate consideration must be given to the non-implementation of Directive 2009/31/EC in Austria.. In any case, the scope of the provisions and objectives set out in Chapter III must not result in a competitive disadvantage for undertakings in those Member States in which national legislation prohibiting CO₂ storage is in force. We are also in favour of a regional extension to the EEA area of eligibility with regard to the CO₂ storage obligation.”

STATEMENT BY GERMANY

“The challenges currently facing the industrial sector in the EU show how important it is for Europe to act together to strengthen the competitiveness of our industry.

Against this background, it is essential for the Net Zero Industry Act to become an efficient and effective instrument for the ramp-up of the production of transformational technologies in the EU before the end of this European legislative term. This sends the right signals for investment in the green transition, improved competitiveness and the climate neutrality of the European Union.

Germany is therefore in favour of issuing the mandate for negotiations with the European Parliament on the basis of the current compromise text, and has demonstrated its ability and willingness to compromise at many levels.

Beyond the substantive issues which are up for discussion today, Germany also sees a further need for improvement in the context of the upcoming negotiations with the Parliament:

- In the definition of net-zero and strategic net-zero technologies [in Articles 3a and 3b], the crucial factor for us is that the technologies directly serve the green transition. We do not believe that the nuclear technologies cited in the text do this.
In this context, the clarifications contained in Article 3b(2) and (3), that the rules are without prejudice to existing EU funding rules and the Member States' competence for energy policy, are essential for the Federal Government. Similarly, Germany welcomes the fact that the more precise wording in Article 10(5) also maintains the Member States' competence for energy policy in the context of net-zero strategic projects.
- In the Federal Government's view, the ramp-up of the production capacities of technologies cited in the Net Zero Industry Act should also be based on a climate-neutral production process for the upstream products. Germany is therefore calling for the inclusion of transformative industrial processes in the scope of net-zero technologies [in Article 3(1), point (ae)]. In our view, the proposed extension of the scope is also consistent with Article 114 TFEU.
- From the perspective of industrial policy and economic security, in general, the application of qualitative criteria can be a key factor in achieving economic resilience and sustainability. However, we must be very careful to ensure that the expansion of renewable energy is not made more expensive or slowed down, and that no bureaucratic burdens are introduced.
- In the Federal Government's view, the threshold for cost differences [in Article 19(6)] which contracting authorities and contracting entities may consider to be disproportionate remains too high. Germany calls for this to be reduced significantly.
In Article 20, we would have greatly preferred a voluntary approach. Moreover, the lowest possible values for the threshold for the cost differences [in Article 20(3)] and for the auction volumes [in Article 20(4)] are critical factors for decision-making in the ongoing negotiations. We oppose any further increase in the values given in the general approach.
- In the Federal Government's view, there is also a need for changes in Chapter V, Enhancing skills for quality job creation. The abstract review of learning programmes [contained in Article 24] must not result in more bureaucracy. It should be ensured that recognition continues to take place on the basis of a case-by-case assessment. The Federal Government also takes a critical view of the development of European occupation profiles [under Article 25(5)], with reference to the limits set in Articles 166 and 165 TFEU.
- The Federal Government continues to regard the scope of the reporting requirements [under Article 31] as too extensive, leading to additional bureaucracy and thus undermining the acceleration to be achieved by the Regulation. The Federal Government therefore maintains its position that the reporting requirements must not lead to an additional burden for Member States or for the business community.

In view of the upcoming negotiations with the European Parliament, we trust that these aspects will be carefully considered and will feed into the negotiations.”

STATEMENT BY ITALY

“Italy welcomes the proposal for a Regulation, which acts on some of the strategic levers to create a favourable climate for investment in strategic sectors, with the objective of establishing a solid industrial base for net-zero technologies.

Italy will engage coherently and responsibly in the next stages of negotiations with the European Parliament (in the hope of a swift adoption of the Regulation), and to that end would like to highlight the aspects we consider priorities in order to arrive at a final text that fully meets the requirements of the green transition and sustainable industry:

I. Financial support

The green and digital transition needs dedicated funds that cannot be exclusively national. Italy therefore proposes introducing an explicit reference to the new Strategic Technologies for Europe Platform (STEP) in the Net-Zero Industry Act, in order to make it clear that there is strong European support in financial terms as well.

II. Scope

Italy supports broad inclusion of zero-emission technologies, in accordance with the principle of technological neutrality. We would highlight the following points:

- There should be an inclusive definition of sustainable fuels.

We therefore propose to expand the list of net-zero technologies to include biofuels, including those used in the transport sector, as an energy source that provides high emission savings and can make a significant contribution to decarbonisation.

- Italy proposes referring to the category of ‘grid technologies’ instead of ‘electricity grid technologies’, in order to broaden the scope to include technologies for gas networks and related technologies.

- It would seem appropriate for net-zero technology integration activities incorporated into complex products (e.g. ships) to also be covered by the Regulation.

- Italy welcomes the inclusion of transformative industrial technologies and transformative industrial processes, and the extension of the scope of the Regulation to include their implementation and installation at existing and new low-emission sites. These play an important role in the transition of energy-intensive industries.

- Italy would also like advanced manufacturing technologies for circularity and material processing to be considered and, in order to also include the possible industrial scenario of processing waste directly, proposes adding an explicit reference to chemical recycling to the text.

III. CO2 injection capacity

Italy welcomes the specific focus on this important technology, recognising its potential as a driver of decarbonisation, and considers it reasonable for achievement of the target to be guaranteed by means of an obligation on oil and gas producers, as provided for in the text thus far.

However, a derogation should be provided for in relation to the timing of the achievement of the annual injection capacity targets due to force majeure.

In addition, Italy has stressed that meeting the EU injection capacity target should be consistently recognised by appropriate provisions on CCS storage projects developed in the context of a joint venture involving licensees and non-licensees. To meet their individual contribution to the EU-wide target of 50Mt of CO₂ injection capacity, it should be provided that companies subject to the contribution should be able to count the injection capacity corresponding to the shares held in a project by another entity involved in a storage project (and not subject to the individual contribution).

Lastly, the Regulation refers to production sites which have been ‘decommissioned or are being decommissioned’, but it would be more appropriate to speak of ‘depleted or becoming depleted’. Indeed, the ‘decommissioning’ of a site involves the removal of existing facilities, whereas in the case of the conversion of sites for the storage of CO₂, it is possible to adapt and therefore utilise certain facilities.

IV. Access to markets

On the chapter on market access, Italy supports the general objective of directing public resources towards ‘Made in Europe’ purchases, promoted through provisions on procurement procedures and auctions for renewables, which, in addition to price criteria, provide for reward mechanisms through the introduction of resilience and sustainability criteria.

However, Italy considers that the chapter as formulated is complex and difficult to apply.

In particular, with regard to auctions for renewables, we propose that for the safeguard clause, which allows the Member State to consider a bid to be disproportionate, the threshold move in the opposite direction, with lower values at the beginning, which could be increased subsequently.

As a first step, pending the establishment and strengthening of a European industry, the value should be low (for example it could be set at 5 %) so as to prevent excessive increases in the price of renewables, and only later, once the European industry has been able to develop, can it be incentivised by a higher value (e.g. 15 %).”

JOINT STATEMENT BY BULGARIA, CROATIA, THE CZECH REPUBLIC, HUNGARY, FRANCE, POLAND, ROMANIA, SLOVAKIA, SLOVENIA

“Bulgaria, Croatia, Czech Republic, Hungary, France, Poland, Romania, Slovakia, Slovenia recall the importance of the principle of technological neutrality and the sovereign right of Member States to determine their energy mix. In this respect, they stress the need for these principles and rights to be duly respected and fully taken into account in European policies. Reiterating that nuclear technologies are an integral part of the European energy transition strategy, they welcome the fact that Article 3b includes nuclear fission technology, including the fuel cycle, as a complement to the other fossil-free technologies needed to achieve the Union's climate and energy security objectives.

Noting that the list of strategic technologies in Article 3b(1) does not prejudice the allocation of EU funding, they point out that in application of these provisions, the rules and procedures relating to financing continue to apply. Thus, all of these technologies can and will continue to be considered for access to EU funding, including for a support by the European Investment Bank.”

Ad "B" item 6:

Conclusions on the impact of Research and Innovation in policymaking
Approval

STATEMENT BY HUNGARY

“Hungary recognises and promotes equality between men and women in accordance with the Fundamental Law of Hungary and the primary law, principles and values of the European Union, as well as commitments and principles stemming from international law. Equality between women and men is enshrined in the Treaties of the European Union as a fundamental value. In line with these and its national legislation, Hungary interprets the term ‘gender’ as a reference to ‘sex’ in the *Council Conclusions on strengthening the role and impact of research and innovation in the policy-making process in the Union*.

Furthermore, Hungary declares that the Commission’s Communication on ‘the European Commission’s Gender Equality Strategy 2020-2025’ mentioned in the *Council Conclusions on strengthening the role and impact of research and innovation in the policy-making process in the Union* should be interpreted with due regard to the national competences and the specific circumstances in each Member State.”

Ad "B" item 7:

Council Recommendation on a European framework to attract and retain research, innovation and entrepreneurial talents in Europe
(Legal basis proposed by the Commission: Article 182(5) and Article 292, first and second sentence, of the TFEU)
Political agreement

STATEMENT BY HUNGARY

“Hungary recognises and promotes equality between men and women in accordance with the Fundamental Law of Hungary and the primary law, principles and values of the European Union, as well as commitments and principles stemming from international law. Equality between women and men is enshrined in the Treaties of the European Union as a fundamental value. In line with these and its national legislation, Hungary interprets the term ‘gender’ as a reference to ‘sex’ in the *Council Recommendation on a European framework to attract and retain research, innovation and entrepreneurial talents in Europe*.

Furthermore, Hungary declares that the Commission’s Communication on ‘the European Commission’s Gender Equality Strategy 2020-2025’ mentioned in the *Council Recommendation on a European framework to attract and retain research, innovation and entrepreneurial talents in Europe* should be interpreted with due regard to the national competences and the specific circumstances in each Member State.”