



**COUNCIL OF
THE EUROPEAN UNION**

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Subject : Outcome of proceedings of the Industry and Energy Council on 6 and 7 June 2002
(**Industry**)
– Council conclusions

The conclusions on Industry adopted at the Industry and Energy Council on 6 and 7 June 2002 are annexed hereto:

ANNEX I: Council Conclusions on Competitiveness
ANNEX II: Council Conclusions on the impact of the e-economy on the competitiveness of European enterprises
ANNEX III: Council Conclusions on the contribution of enterprise policy to sustainable development
ANNEX IV: Council Conclusions on biotechnology

**COUNCIL CONCLUSIONS
ON COMPETITIVENESS**

THE COUNCIL OF THE EUROPEAN UNION,

1. RECALLING

- the conclusions of the Lisbon, Stockholm and Barcelona European Councils on the strategy for making the EU the world's most competitive and dynamic knowledge-based economy, capable of sustainable economic growth with more and better jobs and greater social cohesion, by 2010;
- the conclusions of the Göteborg European Council, adding an environmental dimension to the Lisbon strategy and embedding sustainable development in EU policies;
- the European Charter for Small Enterprises which calls for the creation of the best possible environment for small enterprises;¹
- the Council Decision on a multiannual programme for enterprises and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs) (2001-2005);²

2. WELCOMES the Commission's communication "Productivity: The Key to Competitiveness of European Economies and Enterprises", based on two recent Commission competitiveness reports, which clearly underlines the need for actions to strengthen productivity growth and overall economic performance in the EU;

3. RECOGNISES

- that as productivity growth is the principal source of long-term economic growth and prosperity, it is essential to strengthen the main factors which determine productivity performance, such as innovation, research and development (R&D) especially by the private sector with the aim of approaching 3% of GDP by 2010, new technologies as well as investment and diffusion of information and communication technologies (ICT);
- that sustainability of growth requires the inclusion in productivity of the concept of environmental productivity or "eco-efficiency";

¹ 9367/00.

² OJ L 333, 29.12.2000.

- that greater competition and further liberalisation in markets constitute important elements for a more competitive cost base for enterprises in compliance with the principles of general economic interest;
 - the importance of services in EU economies, especially in creating jobs, the need to improve their record of innovation and the need to complete the single market in services as soon as possible;
 - the particular needs of SMEs for adequate access to finance and the impact of globalisation and new regulations on the financial environment;
 - that, in the framework of the Lisbon strategy, EU economies also need to be enabled to respond to adverse shocks, through a stronger entrepreneurial performance to sustain growth, which implies that further reforms across Member States are implemented and that favourable framework conditions for enterprise growth are put in place;
 - that while the average duration of schooling in the EU has been permanently rising in comparison with its main competitors, the growth of medium- and high-skill employment in the EU has outstripped the growth of the supply of employees with those attainment levels, thus creating the conditions for the emergence of skill gaps;
 - the complementary nature of competition and enterprise policies as well as the necessity to continuously find and develop synergies;
4. STRESSES the importance and the progress made with regard to de-coupling economic growth from environmental degradation;
5. WELCOMES the Commission's intention to submit before the 2003 Spring European Council, according to the Barcelona European Council conclusions, a green paper on entrepreneurship which should raise public awareness of the importance of this area;
6. INVITES Member States to
- promote entrepreneurship by improving the environment in which enterprises develop and grow, in particular by improving the cooperation between enterprises and the education and training systems and enterprises improving skills and developing an adequate framework for emerging spin-offs;
 - improve the environment in which enterprises, especially small enterprises, develop and grow, in particular by increasing their access to information, support services and venture capital;
 - improve the links between the education and training systems and the labour market, and to raise standards in education, vocational training and life-long learning to the highest quality to create a more knowledge-based economy;

- ensure that the supply of high skills meets the demand, thus promoting the creation of new and better jobs and of a labour market which operates more efficiently;
- encourage productivity growth in both the traditional manufacturing sector and capital- and knowledge-intensive industries, through measures to foster its enterprises' capabilities in terms of investment, innovation, R&D and diffusion of ICT;
- review the factors that inhibit productivity growth in the service sector and to ensure favourable conditions for innovation and ICT diffusion in this sector removing obstacles to productivity and employment growth, including barriers to entry particularly for small enterprises;

7. INVITES the Commission to

- continue its work on promoting productivity growth, including on its determinants and measurement methods, and to increase competitiveness and innovation by further developing enterprise policy and entrepreneurship especially for SMEs as well as initiatives that address market failures;
- continue to ensure coherence between enterprise policy and other Community policies;
- promote initiatives that enhance labour mobility across EU borders, promote the development of human capital and work for the establishment of a genuine European labour market;
- continue to ensure that Community rules support the Lisbon agenda, including in the area of state aid by considering with Member States the case for a block exemption on R&D;
- report to the Council on the reasons for the apparent uneven diffusion of new technologies across the Member States and its role in differential productivity performance;

8. INVITES the Member States and the Commission, each within its own field of responsibility to

- pursue an enterprise policy conducive to the growth and sustainable development of industry and services, paying particular attention to the needs of small enterprises;
- improve the environment for EU enterprises, promote further reduction of the legislative burden on SMEs in order to facilitate the creation of new businesses, and continue to cooperate on the elaboration of quantitative targets in enterprise policy according to the open method of coordination;
- develop and diffuse labour market skills in order to match the demand for labour, thereby avoiding skill imbalances that could inhibit economic growth;
- identify and remove obstacles to productivity growth in the service sector, in particular obstacles to innovation and ICT;

- pursue the implementation of the internal market strategy for services, including any necessary concrete actions, with a view to ultimately creating a genuine internal market in services;
 - ensure a balanced approach by taking due account of competition and enterprise considerations when framing strategies to secure economic growth.
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**COUNCIL CONCLUSIONS ON THE IMPACT
OF THE E-ECONOMY ON THE COMPETITIVENESS
OF EUROPEAN ENTERPRISES**

THE COUNCIL OF THE EUROPEAN UNION,

1. HAVING REGARD TO

- the Commission Action Plan "eEurope 2002: An Information Society for all" as endorsed by the Feira European Council of 19 and 20 June 2000¹;
- the European Charter for Small Enterprises²;
the Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions: "Helping SMEs to Go Digital"³;
- the Council Resolution of 28 January 2002 on a common approach and specific actions in the area of network and information security;
- the Communication from the Commission to the Council and the European Parliament: "The impact of the e-Economy on European enterprises: economic analysis and policy implications"⁴;
- the Council conclusions on entrepreneurship, ICT and e-business as factors for competitiveness of 14 and 15 May 2001 and on the implementation of the Lisbon objectives in the field of enterprise policy of 4 and 5 December 2001⁵;
- the conclusions of the Barcelona European Council of 15 and 16 March 2002⁶;

2. WHEREAS although the Information and Communication Technology (ICT) sector has undergone a difficult period in 2001, rapid development and efficient use of ICT constitutes an important part of the European Union's strategic goal for the decade set by the Lisbon Summit in 2000, i.e. to become the world's most dynamic and competitive knowledge-based economy capable of sustainable economic growth with more and better jobs and greater social cohesion;

3. TAKING INTO ACCOUNT that the European Union must accelerate structural reforms and implement the actions required by the Lisbon strategy;

¹ 9546/00.
² 9367/00.
³ 7432/01.
⁴ 14748/01.
⁵ 14798/01.
⁶ SN 100/02.

4. RECOGNISING THAT

- the e-economy is not confined to a single business sector but has important implications for European competitiveness, which depends largely upon the spread of ICT and the Internet into all fields of human endeavour, economic, social and cultural;
- the main benefits of the e-economy are still to come and e-economy development needs both dynamic markets and entrepreneurship as well as a favourable business environment;
- the public sector, in its internal administration and when acting with businesses and citizens, should set an example in the use of ICT;
- investment in ICT must be part of a coherent strategic framework sensitive to enterprise and employee needs and underpinned by increasing investment in human capital;
- the benefits must be made visible through analysis and best practices in order to encourage enterprises to invest in ICT;
- new opportunities must be explored and exploited, such as the development of online services and e-content applications and products, which are of high importance for a more widespread use of ICT;
- small enterprises face particular problems regarding the use of ICT, networking and quality skills in ICT, e-business and management;

5. NOTING THAT the eEurope Go Digital initiative constituted a first policy response at EU-level for helping Small and Medium-sized Enterprises (SMEs) to make use of ICT and seize the opportunities of the e-economy;

6. WELCOMES the presentation of the 2005 eEurope Action Plan by the Commission and EMPHAZISES the need to ensure its consistent implementation with a view to further promoting European competitiveness taking into account the experience gained from the eEurope 2002 Action Plan;

7. INVITES THE MEMBER STATES TO accelerate the provision of efficient interactive e-government services for businesses;

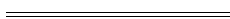
8. INVITES THE MEMBER STATES AND THE COMMISSION TO

- intensify dialogue, exchange experience regularly, identify specific goals for e-business policies and share best practices;
- fully use the existing European information networks for SMEs, as well as *inter alia* representative organisations, chambers of commerce and technological centres to provide legislative and technical information and disseminate good e-business practice including management aspects;

- integrate systematically in a consistent manner the "e-dimension" into all policies and legislation relevant for competitiveness, examine the economic and practical impact of the regulatory framework and other initiatives on e-business and identify factors that prevent enterprises from using ICT in all business processes, not only in buying and selling goods and services on line;
- encourage the private sector to act in partnership so as to make their full contribution to work in the area of e-business;
- ensure that efficient coordination mechanisms exist both at national and European level and set specific goals for policies and actions in support of e-business in line with eEurope 2005;
- encourage the development of online services and e-content applications and products;
- foster measures to encourage the use of ICT especially by SMEs in all business processes and in those sectors which currently do not make full use of them, including traditional sectors;
- facilitate contacts between private and public actors for analysing and forecasting the demand for ICT and e-business-skills (e-skills) and foster public-private partnerships to develop e-skills for industry-related sectors and promote lifelong learning in this area;
- further encourage the development of standards and codes of conduct in the European Union and promote their practical use, notably in support of open electronic marketplaces, secure e-business solutions, electronic signatures, electronic public procurement and electronic payment systems;

9. INVITES THE COMMISSION TO

- review relevant legislation including industrial product legislation and, if appropriate, present proposals to the Council with a view to ensuring that it is supportive of e-business and take this objective into consideration when proposing new legislation;
- further analyse the impact of the ICT and the Internet on growth, productivity, profitability and the competitiveness of enterprises and develop relevant indicators;
- assess the impact of the eEurope 2002 Action Plan on the competitiveness of enterprises in the European Union;
- benchmark policies aimed at further enhancing enterprises' performance in the e-economy and monitor and follow-up the achievements and progress made;
- pursue the vigorous implementation of the Go Digital initiative, especially with a view to accelerating the communication and marketing of sources of advice and information for business;
- continue to report annually in cooperation with the Member States on progress achieved through *inter alia* the Charter for Small Enterprises.



**COUNCIL CONCLUSIONS ON THE CONTRIBUTION
OF ENTERPRISE POLICY TO
SUSTAINABLE DEVELOPMENT**

THE COUNCIL OF THE EUROPEAN UNION,

1. RECALLING

- the conclusions of the Cardiff, Vienna, Cologne and Helsinki European Councils, concerning the integration of sustainable development into all Community policies;
- the conclusions of the Lisbon and Stockholm European Councils concerning further action in priority areas with a view to making the EU the world's most competitive and dynamic knowledge-based economy, capable of sustainable economic growth with more and better jobs and greater social cohesion;
- the Council report of 9 November 1999 on the integration of sustainable development into the industry policy of the European Union;
- the Council conclusions of 14 and 15 May 2001 on a strategy for the integration of sustainable development into the enterprise policy of the European Union;
- the adoption of an EU Strategy for Sustainable Development by the Göteborg European Council on 15 and 16 June 2001, which adds an environmental dimension to the Lisbon process, complemented by an external dimension;
- the conclusions of the Barcelona European Council on 15 and 16 March 2002 during which a thorough revision of the Lisbon process was made and commitments undertaken in order to foster the Lisbon Strategy;

2. CONSIDERING that enterprise policy has a central role to play in ensuring the integration and the balance between the economic, social and environmental dimensions of sustainable development and this requires:

- high and stable levels of economic growth, which provide essential additional resources that are needed in order to tackle environmental pressures of economic activities and to reinforce the social cohesion of EU societies in a sustainable way;
- paying specific attention to EU competitiveness, as an essential driver of investment, economic growth and employment, especially in periods of economic slow-down;
- ensuring that legislative proposals do not hamper the competitiveness of European industry and risk entailing geographical displacement of investments to third countries with a lower level of environmental and social protection;

- efforts and incentives to make sure that production and consumption patterns will be brought in line with the requirements of a sustainable economy;
- striving for an increased level of environmental and social protection in other parts of the world and particularly in those countries which are Europe's main competitors;
- harvesting the potential offered by integrating sustainable development approaches into business practice in order to step-up innovation and strengthen competitiveness;
- recognising the importance of corporate social and environmental responsibility as a way to safeguard high environmental and social protection and as a strategic investment tool in the business strategies of companies, including in developing countries;
- fully exploiting the advantages offered by the use of voluntary approaches and market-based instruments, where properly designed, in order to reach sustainable development goals;
- establishing efficient appraisal and assessment methods to ensure that major policy initiatives strike the right balance between the three pillars of sustainable development;
- stepping up current efforts to simplify and modernise legislation and administrative procedures having an effect on business, taking into account the sometimes higher costs incurred by small and medium-sized enterprises (SMEs) in complying with environmental legislation, following the Action Plan on Better Regulation;
- taking advantage of the challenges and outstanding opportunities that new technologies create for Europe's competitiveness potential. Also, the need for a balanced approach to sustainable growth which makes use of existing synergies and promotes the diversity of technological choices for the benefit of public understanding and confidence;
- developing a comprehensive and balanced range of policies and measures to ensure that obligations of the EU and its Member States under the Kyoto Protocol in relation to the reduction of greenhouse gas emissions can be met without damaging the competitiveness of enterprises;

3. WELCOMES the actions already undertaken to strengthen the contribution of enterprise policy to sustainable development, in response to the Council conclusions of 14 and 15 May 2001, and particularly:

- the regular exchange of views on sustainable development and on proposals that directly affect the competitiveness of European industry held by the Industry Ministers and by the Directors-General of national ministries in the framework of the Commission's Enterprise Policy Group;
- the launch of a "Best" Project, as part of the Multiannual Programme for enterprises and entrepreneurship (2001-2005), which will examine Member States' initiatives to promote environmental management systems in SMEs and other projects including on "Responsible Entrepreneurship" with a view to increasing knowledge of SMEs' good practices in the area of Corporate Social Responsibility;

- the Communication on Impact Assessment recently adopted by the Commission and to be submitted to the Sevilla European Council, which aims at more consistent policy proposals, based on a careful examination of relevant costs and benefits and stresses that it should be fully operational before the end of 2002;
- the Action Plan on simplifying and improving the regulatory environment and the Communication on General principles and minimum standards for consultation, recently adopted by the Commission and to be submitted to the Sevilla European Council;
- the Commission's work on the impact of electrical and electronic equipment on the environment in dialogue with all relevant stakeholders;
- the Commission's report on environmental technologies and ongoing work in developing an action plan for tackling obstacles to their take up in order to generate growth and employment in a knowledge-based economy;
- the analysis presented in the Commission's Competitiveness Report 2002 regarding the link between sustainable development and competitiveness and the work on indicators related to the environmental performance of EU industry;
- the follow-up to the Commission's Communication "Promoting sustainable development in the non-energy extractive industry", and particularly the identification of a set of indicators on sustainability for these industries, the regular exchange of views with stakeholders on the safe operation of mining activities and the ongoing initiatives on mining waste management;
- the work carried out on the promotion of sustainable development in various sectors, such as tourism and construction;

4. **UNDERLINES** the overall contribution of EU enterprises to sustainable development goals and particularly:

- the progress made by EU industry in terms of increased resource efficiency and emission reductions and the de-coupling of economic growth from environmental degradation, encouraging further efforts in that area;
- the environmental performance of EU industry at an international level, which compares favorably to that of its major competitors;
- the major contribution of industrial and other commercial applications of frontier technologies, *inter alia* by using biotechnology to protect and remedy the environment and opening up the prospect of more sustainable and resource-efficient production processes and products;

5. **RECALLS** its invitation to the Commission to report every second year on the progress made on the contribution of enterprise policy to sustainable development. The first report should be prepared before the end of 2002 as part of the reporting process under the Multiannual Programme for enterprises and entrepreneurship (2001-2005);

6. CALLS ON MEMBER STATES AND THE COMMISSION, each within its own field of responsibility to work further on the contribution of enterprise policy to sustainable development, notably in the following areas:

Sustainable use of natural resources and waste management

- to ensure that industry-related concerns are fully taken into account in the "Thematic Strategies on Sustainable Management and Use of Resources and Waste Recycling" planned in the forthcoming 6th Environmental Action Programme;
- to promote the use of Life Cycle approaches by industry and the identification of best practices in their application as a contribution to the "Integrated Product Policy" strategy and catalyse further initiatives in this area in dialogue with all relevant stakeholders;
- to further encourage the use of Renewable Raw Materials in manufacturing industry, including organic farming products, building on the results of the work on the "Current situation and future prospects of EU industry using renewable raw materials" developed by the Commission in cooperation with the main stakeholders concerned;
- to continue to develop pro-active measures aiming at the sustainable development of extractive industries and to promote the exchange of best practices with candidate countries, which rely heavily on these sectors for their economic development;
- to work further on Life Cycle Assessment and Inventory schemes aiming at evaluating the environmental impact of construction products and to continue work on "sustainable construction" with experts from Member States, industry and the Commission, particularly on Whole Life Costing of the built environment;

Chemicals (substances and preparations)

- to ensure that the planned new legislation on chemicals, based on a high level of protection of health and environment promotes innovation, safeguards the competitiveness of the EU industries concerned and doesn't impose excessive costs, testing requirements and burdensome administrative procedures, in comparison with its main competitors. The outcome of the Commission's impact assessment should be used to ensure that the proposed new regime is implemented in the most cost effective way by the use of existing test data for any further risk analysis and that it focuses resources on the chemicals of highest concern, without harm to downstream users of chemicals, many of which are SMEs;
- to ensure that innovation is promoted by a significant reduction in the obstacles to the development of new, safer and more sustainable chemicals and that arrangements are consistent with WTO and other international obligations;
- to ensure that the new system should be monitored in order to allow adjustments in the approach;

Innovation

- to promote innovation to bring about the development and use of environmentally sound technologies, products and services that can improve efficiency in the use of resources and reduce emissions, while improving the competitiveness of EU industry, bearing in mind the special needs of SMEs. Also, to provide a supportive regulatory framework that gives incentives to develop and invest in environmental technologies *inter alia* in the framework of the forthcoming 6th Research Framework Programme;
- to promote research and innovative approaches to the recovery, recycling and reuse of materials used in industry;

Standardisation

- to further encourage the development of European standards that support sustainable development, taking into account the important role they play for economic and social development as well as for the protection of the environment, promoting the participation of all relevant stakeholders;

Indicators

- to finalise work on indicators to monitor the integration of sustainable development and enterprise policy, with a view to their inclusion in the Enterprise Policy Scoreboard;

Voluntary actions

- to encourage the use of market based and voluntary instruments, where appropriate, by identifying the strengths and weaknesses of different policy instruments and the conditions for their use;
- to gain more in-depth understanding of the business approach to Corporate Social and Environmental Responsibility and sustainable business practices;
- to encourage more widespread voluntary environmental reporting in order to improve transparency and provide information for benchmarking business performance on sustainable development;
- to promote the use of management tools with a view to improving the sustainable performance of enterprises;

Policy initiatives

- to examine on a regular basis notably in the framework of the Enterprise Policy Group and to contribute to the decision-making process on proposals and policy initiatives that significantly affect the competitiveness of European enterprises, and which could endanger the economic pillar of sustainable development. An effective impact assessment process is an essential prerequisite to the successful outcome of this task;
- to explore how public policies and business strategies contribute to key components of sustainable development such as innovation, job creation and competitiveness;

7. UNDERTAKES to evaluate on a regular basis whether the balance between the three pillars of sustainable development is maintained, in particular in terms of ensuring the competitiveness of European enterprises, and to draw appropriate conclusions in relation to any corrective action required.

COUNCIL CONCLUSIONS ON BIOTECHNOLOGY

THE COUNCIL OF THE EUROPEAN UNION,

1. RECALLS that the Stockholm European Council invited the Commission and the Council to examine measures required to utilise the full potential of biotechnology and to strengthen the European biotechnology sector's competitiveness, as a contribution to the objective set at the Lisbon European Council for EU enterprises' competitiveness;
2. REFERS to the process of thorough reflection that has been conducted since then by the European institutions, as well as the consultation process initiated by the Commission ¹ to collect the views of a broad representation of stakeholders;
3. RECOGNISES the Commission Communication "Life sciences and biotechnology: a strategy for Europe" ² as a useful basis for a balanced, coherent and effective framework that is necessary to enable the Union to exploit the full potential of biotechnology while taking due account of societal values and concerns;
4. UNDERLINES the need for a comprehensive approach that addresses all issues relevant to the responsible development of biotechnology in Europe;
5. REFERS to the need for greater coherence of the many policies that are pursued at Community, national and regional level that affect the development of biotechnology in Europe;
6. INVITES the Commission, in accordance with the Barcelona European Council's conclusions, to cooperate closely with the Council establishing an operational road-map of practical measures based on the Commission Communication for a Strategy and Action Plan, focussing on the measures of the greatest importance, clarifying the various actors' responsibilities and setting a timetable for their implementation in order to allow the Council to have an in-depth discussion on this issue during the second half of 2002.

¹ 11755/01.

² 6415/02.