



**COUNCIL OF
THE EUROPEAN UNION**



9671/07 (Presse 108)

**PROVISIONAL VERSION (only
items discussed on 21 May)**

PRESS RELEASE

2801st Council meeting

Competitiveness (Internal Market, Industry and Research)

Brussels, 21 and 22 May 2007

President **Mr Michael GLOS**
Federal Minister for Economic Affairs and Technology
Ms Brigitte ZYPRIES
Federal Minister of Justice
Ms Annette SCHAVAN
Federal Minister of Education and Research
Mr Peter HINTZE
Parliamentary State Secretary, Ministry of Economy and
Technology

of Germany

P R E S S

Main results of the Council

*The Council reached a political agreement on a directive on **credit agreements for consumers**.*

*The Council adopted conclusions on **industrial policy**.*

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- Documents for which references are given in the text are available on the Council's Internet site (<http://www.consilium.europa.eu>).
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PARTICIPANTS

The governments of the Member States and the European Commission were represented as follows:

Belgium:

Mr Marc VERWILGHEN

Minister for Economic Affairs, Energy, Foreign Trade and Scientific Policy

Ms Fientje MOERMAN

Vice-Minister-President of the Flemish Government and Flemish Minister for Economic Affairs, Enterprise, Science, Innovation and Foreign Trade

Bulgaria:

Ms Nina RADEVA

Deputy Minister for Economy and Energy

Mr Daniel VALTCHEV

Deputy Prime Minister and Minister for Education and Science

Czech Republic:

Mr Martin TLAPA

Deputy Minister for Industry and Trade

Mr Marek MORA

Deputy Minister for Education, Youth and Sport with responsibility for the European Integration and International Relations Section

Denmark:

Mr Bendt BENDTSEN

Minister for Economic Affairs, Trade and Industry

Mr Helge SANDER

Minister for Science, Technology and Development

Germany:

Mr Michael GLOS

Federal Minister for Economic Affairs and Technology

Ms Brigitte ZYPRIES

Federal Minister for Justice

Ms Annette SCHAVAN

Federal Minister for Education and Research

Mr Peter FRANKENBERG

Minister for Science, Research and the Arts, Baden-Württemberg

Mr Peter HINTZE

Parliamentary State Secretary, Federal Ministry of Economic Affairs and Technology

Estonia:

Mr Juhan PARTS

Minister for Economic Affairs and Communications

Ireland:

Mr Kenneth THOMPSON

Deputy Permanent Representative

Greece:

Mr Ioannis TSOUKALAS

Secretary General

Mr Spyros PAPADOPOULOS

Secretary General

Spain:

Ms Mercedes CABRERA CALVO-SOTELO

Minister for Education and Science

Mr Alberto NAVARRO GONZÁLES

State Secretary for the European Union

France:

Mr Jean-Pierre JOUYET

Minister of State, Ministry of Foreign and European Affairs

Italy:

Ms Emma BONINO

Minister without portfolio, Minister for European Policy and International Trade

Mr Fabio MUSSI

Minister for Universities and Research

Cyprus:

Mr Antonis MICHAELIDES

Minister for Commerce, Industry and Tourism

Latvia:

Mr Jurijs STRODS

Minister for Economic Affairs

Ms Baiba RIVŽA

Minister for Education and Science

Lithuania:

Mr Vytas NAVICKAS

Minister for the Economy

Ms Virginija BŪDIENĖ

Deputy Minister for Education and Science

Luxembourg:

Mr Jeannot KRECKÉ

Mr François BILTGEN

Minister for Economic Affairs and Foreign Trade,
Minister for Sport
Minister for Labour and Employment, Minister for
Culture, Higher Education and Research, Minister for
Religious Affairs

Hungary:

Mr Géza EGYED

Mr László HERCZOG

State Secretary with special responsibility, Ministry of
Economic Affairs and Transport
State Secretary with special responsibility, Ministry of
Social Affairs and Labour

Malta:

Mr Censu GALEA

Minister for Competitiveness and Communications

Netherlands:

Ms Maria Josephina Arnoldina van der HOEVEN

Minister for Economic Affairs

Austria:

Mr Martin BARTENSTEIN

Mr Johannes HAHN

Mr Erwin BUCHINGER

Ms Christa KRANZL

Federal Minister for Economic Affairs and Labour
Federal Minister for Science and Research
Federal Minister of Social Affairs and Consumer
Protection
State Secretary at the Federal Ministry for Transport,
Innovation and Technology

Poland:

Mr Piotr Grzegorz WOŹNIAK

Mr Stefan JURGA

Mr Marcin KOROLEC

Minister for Economic Affairs
State Secretary, Ministry of Science and Higher Education
Deputy Minister for Economic Affairs, Deputy State
Secretary, Ministry of Economic Affairs

Portugal:

Mr Manuel PINHO

Mr José MARIANO GAGO

Minister for Economic Affairs and Innovation
Minister for Science, Technology and Higher Education

Romania:

Mr Eugen TAPU NAZARE

Mr Anton ANTON

State Secretary, Ministry of Economy and Commerce
State Secretary for Research, President of the National
Authority for Scientific Research, Ministry of Education
and Research

Slovenia:

Mr Andrej VIZJAK

Mr Jure ZUPAN

Minister for the Economy
Minister for Higher Education, Science and Technology

Slovakia:

Mr Jozef HABÁNIK

Mr Ivan RYBÁRIK

State Secretary at the Ministry of Education
State Secretary at the Ministry of the Economy

Finland:

Mr Mauri PEKKARINEN

Minister for Trade and Industry

Sweden:

Ms Maud OLOFSSON

Mr Göran HÄGGLUND

Mr Hans JEPPSON

Deputy Prime Minister and Minister for Industry and
Regional Development
State Secretary, Ministry of Enterprise, Energy and
Communications
State Secretary to the Minister for Trade

United Kingdom:

Mr Malcolm WICKS

Minister of State for Energy

Commission:

Mr Günter VERHEUGEN

Mr Janez POTOČNIK

Ms Meglena KUNEVA

Vice President

Member

Member

ITEMS DEBATED

BETTER REGULATION

The Council took note of a Presidency progress report on the Better Regulation agenda (9164/07).

The Better Regulation agenda aims at improving the quality and form of the regulatory environment in order to strengthen the EU competitiveness. It currently covers simplification of legislative texts, reduction of administrative burdens and preparation and examination of impact assessments on most legislative proposals.

Since the last progress report in December 2006 and thanks to the impulse given by the German presidency in cooperation with the Commission, many positive developments have taken place. In particular, the adoption and launch at the Spring European Council 2007 of the Action Plan for reducing administrative burdens¹ that includes the commitment to reduce the administrative burdens arising from EU legislation by 25% by 2012.

¹ See Spring European Council 2007 conclusions (doc. 7224/07, para 21-26) and the Commission's Communication (5924/07)

FREE MOVEMENT OF GOODS

Mutual recognition

In public debate, the Council took note of a Presidency report on a draft Regulation¹ laying down procedures relating to the application of certain technical rules to products lawfully marketed in another Member State ("Mutual Recognition").

The proposal aims at suppressing obstacles to the free movement of goods by sorting out some of the problems encountered in the implementation on the "mutual recognition principle" in the non-harmonised area of goods. The mutual recognition principle entails that Member States of destination cannot forbid the sale on their territories of products lawfully marketed in another Member State and which are not subject to Community harmonisation.

In particular, this draft Regulation lays down the procedure that national authorities have to follow when they intend to impose a national technical rule (i.e. in cases when mutual recognition is not being applied for any reason). It also transfers the "burden of the proof" from the economic operator to the administration, and provides for the establishment of Product Contact Points in Member States, whose main task is to provide information on the technical rules applicable, or to refer the persons interested to the competent authorities/organisations.

The report prepared by the German Presidency takes stock of progress achieved so far and identifies the main outstanding issues that will need to be addressed in coming months. The Presidency notes that broad consensus has been achieved on several important provisions. At the same time, a number of issues remain open and will require further careful examination and consideration.

¹ With the adoption of the proposal, the Council Decision 3052/95/EC establishing a procedure for the exchange of information on national measures derogating from the principle of the free movement of goods within the Community (OJ L 321, 30.12.1995, p. 1.) will have to be repealed.

Revision of the "New Approach"

In public debate, the Council took note of a Presidency progress report on:

- a draft regulation setting out the requirements for accreditation, market surveillance and controls of products entering the community market;
- a draft decision setting out a common framework for the marketing of products.

The aim of these proposals is to review, update and strengthen the "New Approach" which was established in the 1980s. The "New Approach" put into place a system which enabled the Commission to mandate the drawing up of technical specifications by recognised European standardisation organisations. The process allows the Commission to control the resulting European standards both before they are adopted and after. However, a number of shortcomings were identified and the Commission proposed a review of the system.

In particular, the draft regulation sets out a general framework for accreditation at national and European levels and aims at ensuring that market surveillance is carried out in a coherent manner throughout the EU. The proposal for a Decision on a common framework for the marketing of products is intended to provide common principles and reference provisions for the revision of sectoral legislation.

INDUSTRIAL POLICY - Council conclusions

The Council adopted the following conclusions:

"THE COUNCIL OF THE EUROPEAN UNION,

1. HAVING REGARD to the Commission *communication* on an integrated approach for industrial policy of 5 October 2005¹; HAVING REGARD to its conclusions on industrial policy² and on innovation policy³; HAVING REGARD to the Conclusions of the European Council of 8/9 March 2007;
2. EMPHASISES the great importance of a strong and dynamic *industrial basis* for a high degree of prosperity and a high level of employment in Europe; therefore CONFIRMS the important role of *industrial policy* for achieving the goals of the Lisbon Agenda; POINTS in this context to the current economic upswing which is receiving considerable impetus from the growth in industrial production and related business services, business investment and exports of goods;
3. NOTES with satisfaction that the industrial policy initiatives initiated at *Community level* as set out in the latest Communication on Industrial Policy have made good progress and provided important experience for further work. CONSIDERS that the challenges presented by globalisation require further efforts to reinforce competitiveness so that European industry can continue to make use of the opportunities provided by growing international markets, grow in a sustained manner, increase its employment level and at the same time take account of social and environmental goals and concerns about climate change.; CALLS ON the *Member States* to provide appropriate accompanying measures for the Community initiatives in the framework of national reform agendas;
4. UNDERLINES the fact that differing circumstances in the various sectors of industry and different industrial structures in the Member States call for differentiated policy action; SUPPORTS the Commission's *integrated approach for industrial policy*, with close linkages between horizontal and sectoral initiatives;

¹ Communication from the Commission: Implementing the Community Lisbon Programme: A policy framework to strengthen EU manufacturing - towards amore integrated approach for industrial policy doc. 13143/05; COM(2005) 474 final.

² doc. 8799/06.

³ doc. 16253/06.

5. CALLS ON the Commission to implement the conclusions of the European Council of 8/9 March 2007 in a timely manner and, in so doing, to take account of the following factors that are important for the competitiveness of industry:
- *Environmental, energy and industrial policies* require an integrated approach in order to attain the ambitious goals, inter alia with regard to concerns about climate change, and should be mutually supportive. Over the coming years suitable initiatives will increasingly have to be developed which contribute towards ensuring coherence, identifying win-win situations and finding solutions in order to guarantee the international competitiveness of European enterprises and to promote the penetration of sustainable, environmentally friendly and safe technologies and products on the European and global markets. The Commission is called upon to submit appropriate proposals, taking into account the work of the High Level Group on Competitiveness, Energy and the Environment ¹;
 - The *better regulation* agenda must be taken forward decisively while maintaining the close linkage with sectoral initiatives. As a contribution to the work on legislative simplification, analyses of the regulatory environment should, based on the experiences with the work of the High-Level Group CARS 21 on the automotive sector, also be considered for other sectors. In further developing the system of impact assessments, international reality checks must also be taken into account ;
 - Fresh impetus must be given to the *internal market* for goods, while guaranteeing a high level of safety and environmental, consumer and health protection, by more effective implementation of the principle of mutual recognition and by improving the mechanisms and rules in the harmonised area;
 - In addition to strengthening the *multilateral trade system* on the basis of the WTO and the EU's priority goal of concluding the Doha Round with an ambitious and balanced outcome across all areas of negotiations, bilateral and regional free trade agreements should be taken forward rapidly in order to guarantee a level playing-field for European enterprises; effective market access for European enterprises particularly to fast-growing, emerging markets must be improved;

¹ This Group was set up by the Commission late in 2005.

- In the field of *research, development and innovation*, the complementarity and synergy of the various European support programmes must be ensured. The innovation strategy should be taken forward in order to ensure Europe's competitiveness, particularly on highly dynamic markets. Investment in more promising technologies, also including energy-saving, renewable and other environmental technologies, will make an essential contribution here;

6. CONSIDERS that further *action is needed* and therefore:

- INVITES the Commission – in view of the importance of innovation and of the effective *protection of intellectual property rights* – to put forward an integrated approach for better utilisation and protection of intellectual property rights as well as for combating counterfeiting and product piracy in the framework of trade, innovation, standardisation and patent policies as well as of the trans-Atlantic economic partnership;
- REQUESTS the Commission to develop a coherent political approach with regard to *raw materials supplies* for industry, including all relevant areas of policy (foreign affairs, trade, environmental, development and research and innovation policy) and to identify appropriate measures for cost-effective, reliable and environmentally friendly access to and exploitation of natural resources, secondary raw materials and recyclable waste, especially concerning third-country markets;
- In view of ongoing structural changes and the increasing need for qualified workforces in various sectors, CALLS ON the Commission and the Member States, within their respective areas of competence, to endeavour to create a sufficient supply of qualified labour and, in so doing, to take into account both the improvement of *sector-related and cross-sectoral qualifications* and the necessary adaptability; in this context life-long learning is crucial; WELCOMES in this context the Commission's intention to adopt a Communication on a long-term e-skills strategy and INTENDS to examine it by the end of 2007;

- INVITES the Commission and European Standardisation Organisations (ESOs) to engage in the review of the European standardisation system in order to enhance its openness, effectiveness and responsiveness to emerging industrial needs;
7. WELCOMES the positive results of the sectoral initiatives concerning the automotive industry, biotechnology, shipbuilding¹ as well as ICT recently submitted by the Commission; INVITES the Commission, on the basis of a systematic analysis of the competitiveness of the industrial sectors and industry-related services, to deliver the announced sectoral and horizontal initiatives and to bring forward where appropriate new industrial policy initiatives;
8. WELCOMES the Commission's intention to report comprehensively in a new communication on industrial policy on the results of the horizontal and sectoral initiatives and to introduce new initiatives that take account of the framework conditions that have changed since 2005;

¹ Communication from the Commission A Competitive Automotive Regulatory Framework for the 21st Century; Commission's position on the CARS 21 High Level Group Final Report; a contribution to the EU's Growth and Jobs Strategy - doc. 5746/07, Communication from the Commission on the mid term review of the Strategy on Life Sciences and Biotechnology - doc. 8343/07 + ADD1; Commission Working document - "LeaderSHIP 2015"- Progress Report - doc. 9130/07 + ADD1 ; Commission Staff Working Paper - Follow-up of the Recommendations of the Task Force on ICT Sector Competitiveness and ICT Uptake- doc. 8691/07 + ADD 1.

For the automotive industry:

HAVING REGARD to the Commission's communication "A Competitive Automotive Regulatory Framework for the 21st Century (CARS 21)" of 13 February 2007¹; HAVING REGARD to its Conclusion on an energy policy for Europe of 15 February 2007² and on the contribution of the transport sector to the Lisbon strategy of 19 February 2007³; HAVING REGARD to the Conclusions of the European Council of 8/9 March 2007, and to the European Council (2007-2009) Action Plan for an Energy Policy for Europe (EPE) annexed to these conclusions, which inter alia set climate and energy commitments and call for an energy-efficient and environmentally sustainable transport system and set a 10% binding minimum target to be achieved by all Member States for the share of biofuels in overall EU transport petrol and diesel consumption by 2020, to be introduced in a cost-efficient way;

9. EMPHASISES the enormous importance of the EU automotive industry for growth, jobs and prosperity in Europe which can not be taken for granted but requires further efforts to strengthen its international competitiveness;
10. UNDERLINES the fact that, in the EU, the automotive value chain provides approximately 12 million jobs, including manufacturers, suppliers, the services and repair market, which often consist of small- and medium-sized enterprises, and also provides jobs to other sectors, such as, for example, research and development, innovation, services and trade;
11. NOTES that the challenges posed by environmental and safety performance of vehicles are constantly increasing and that international competition in the automotive sector is becoming increasingly intense; the resultant increase in cost pressure on manufacturers and parts suppliers can lead to structural change and to a weakening of the EU as a production site;
12. EMPHASISES the need to formulate the framework conditions for the EU automotive industry in such a way that it can successfully face up to the increased competition on the global market and to avoid to burden them excessively with regulatory measures and to ensure that it provides opportunities for EU enterprises to take the lead in innovative new technologies;

¹ Doc. 5746/07 COMPET 23 ECO 13 ENV 55 ENT 11 TRANS 22 ENER 41 RECH 24
- COM(2007) 22 final.

² Doc. 6271/07 (Presse 24)

³ Doc. 6044/07 (Presse 19)

13. REGARDS the recommendations contained in the final report of the CARS 21 High Level Group as a good starting point for achieving this objective; WELCOMES the Commission's communication on the CARS 21 report and invites it to implement speedily and coherently the proposals and initiatives contained therein for improving the regulatory framework for the EU automotive industry, once their impact is assessed, so as to achieve as much progress as possible in implementing them by the time of the interim review in 2009;
14. CALLS ON the Commission to give priority to those proposals and initiatives which can be expected to have the biggest impact on improving the European regulatory framework for the automotive industry and, in particular, securing its international competitiveness also with regard to initiatives in the areas of environmental protection and road safety;
15. UNDERLINES the significance of a stable, long-term, proportionate, coherent and consistent regulatory framework for the successful development of the EU automotive industry and CALLS ON the Commission to incorporate into Community policies the principles of Better Regulation developed by the CARS 21 High Level Group:
 - adoption of an integrated approach, which involves all stakeholders, to developing and implementing measures to tackle environmental and safety challenges;
 - legislative measures regarding the policy towards cars must be formulated on a long-term and technologically neutral basis;
 - all relevant stakeholders are to be consulted at an early stage and extensively on all initiatives and draft legislation affecting the car sector and the results are to be appropriately reflected in decision-making;
 - thorough impact assessments of all new proposals are to be submitted at an early stage. The framework conditions for the EU automotive industry must, as part of a stringent competitiveness test, also be compared with the framework conditions in major competing countries;
 - new vehicles should continue to be accessible to different consumer groups if environmental and safety improvements are to be achieved through a continuous fleet renewal process;
 - the programme for simplification of the regulatory framework must continue to be implemented speedily, focusing on the needs of the car sector;

16. SUPPORTS the Commission's proposals to reduce the car manufacturers' administrative burden by replacing EU Directives with UN/ECE Regulations and by introducing the instrument of self-testing and virtual testing, under strict surveillance of type-approval authorities;
17. SINGLES OUT the proposal for a new Framework Directive for the type approval of motor vehicles as an appropriate measure for further improving the efficiency of the internal market; POINTS to the ongoing examination of the proposal for a Directive on the legal protection of designs, which contains provisions on spare-parts;
18. UNDERLINES the contribution which the Community's financial instruments (e.g. EIB, Structural Funds) can make to accompany a structural change in the car sector and REQUESTS that they are used in a targeted manner and in accordance with the prevailing rules of these instruments;
19. CALLS ON the Commission, in the context of bilateral free trade agreements, to give priority to countries with a high market potential, to ensure reciprocity, to assess the impacts of such agreements, to ensure that non-tariff barriers to trade are abolished, to combat uncompetitive practices in third countries which are detrimental to the EU automotive industry and to guarantee effective protection of intellectual property rights;
20. CALLS ON the Commission, in the framework of the 7th research framework programme, to intensify its efforts to promote innovative and highly efficient propulsion technologies and systems, alternative fuels, intelligent and safe motor vehicles and to set the course in good time for best technologies and for future clean, low-carbon or carbon-free technologies;
21. SUPPORTS the measures proposed by the Commission to improve safety on European roads on the basis of an integrated approach; CALLS ON the Commission, the Member States and other stakeholders to implement these measures to achieve the Community's objectives in a cost-effective manner;
22. CALLS ON the Commission to come forward with a proposal for Euro VI emission limit values for heavy-duty vehicles this year at the latest in order to give the automotive industry sufficient lead time for its implementation;
23. SUPPORTS an integrated approach as proposed by the Commission, for reducing CO₂ emissions from motor vehicles; UNDERLINES that all the players must make their contribution to reducing emissions harmful to the climate and UNDERLINES the opportunity for a regulatory framework which is cost-effective, ensures affordable mobility and contributes to preserving the global competitiveness of the automotive industry;

24. CALLS ON the Commission to configure the planned framework for attaining the target for average CO₂ emissions from the fleet of new cars sold in the EU on the basis of a thorough impact assessment in a way that is as neutral as possible from the point of view of competition, and which is socially equitable and sustainable. It should be framed in such a way as to ensure that all manufacturers continue their efforts to make their whole vehicle production more environmentally friendly in a cost-effective way;
25. INVITES the Member States, and where appropriate, the Commission, in connection with developing a CO₂ strategy in the automotive sector, to examine to what extent, in addition to the automotive industry's possibilities for CO₂ reduction and the potential in the field of biofuels, contributions by other players both on demand and supply side or via other measures (e.g. CO₂-based vehicle tax and other fiscal measures, traffic infrastructure and management, driving behaviour, renewal of the vehicle fleet, stimulation of public transport) can also be enhanced;
26. CALLS on the Commission, in concert with the Member States and the stakeholders, to implement the measures identified in the CARS 21 Communication in order to give predictability and planning certainty to the automotive industry, which is necessary because of its long lead times; INVITES the Commission to update its long-term roadmap taking into account the results of the interim review in 2009;

For the Life Sciences and Biotechnology Sector:

RECALLING that the European Strategy on Life Sciences and Biotechnology¹ aims at facilitating the development of biotechnology applications and represents an important step towards a competitive and sustainable European Knowledge-Based Bio-Economy, in accordance with the objectives of the renewed Lisbon strategy;

RECOGNISING that life sciences and biotechnology is a key enabling technology with a significant impact on many economic sectors as evidenced by the *Bio4EU* study²; thus enhancing Europe's overall competitiveness and accelerating changes, thus contributing to the modernisation of European industry;

¹ OJ C 55 (2.03.2002), p.3.

² The "Bio4EU" study can be found on <http://bio4eu.jrc.es>.

RECOGNISING that life sciences and biotechnology is crucial to the discovery and development of diagnostics, medicines, vaccines and advanced therapies that are of considerable benefit to the quality of life of citizens in Europe, to the competitiveness of European health care sector, and to address global health issues;

ACKNOWLEDGING the potential that life sciences and biotechnology offer for eco-efficient innovation, in particular in the food and nutrition, feed, chemical, paper and pulp, textile, and energy sectors;

NOTING that the European biotechnology industry consists mostly of SMEs and needs favourable framework conditions as well as highly skilled human resources to improve its growth and innovation capabilities;

NOTING that the uptake of biotechnology depends upon its societal and market acceptance;

27. WELCOMES the Communication from the Commission “on the mid-term review of the Strategy on Life Sciences and Biotechnology”¹ and agrees with the broad lines of its analysis; in this context RECALLS the importance of an integrated approach addressing the economic, societal and environmental issues involved; STRESSES the role of the public sector in particular in driving innovation;
28. SUPPORTS the Commission’s proposal to establish a harmonised cost-effective collection of relevant data and statistics to monitor the economic, social and environmental impact of life sciences and biotechnology in order to enable an informed societal debate and better co-operation between all actors concerned;
29. SUPPORTS the Commission’s proposal to develop schemes to promote bio-based applications, including bio-energy, inter alia through encouraging the establishment of integrated pilot plants to demonstrate the potential of such applications and facilitate their uptake on the market; INVITES the Commission to propose further steps for the creation of lead markets and other measures to enhance market demand for eco-efficient bio-based products, in order to exploit the positive environmental impact of bio-based products;
30. WELCOMES that the Seventh Framework Programme for Research and Development will play an important role in building a European Knowledge-Based Bio-Economy, thereby promoting the competitiveness and sustainability of European life sciences and biotechnology; WELCOMES the Commission's intention to come forward with proposals on the establishment of Joint Technology Initiatives which include, among others, application areas of biotechnology;

¹ doc. 8343/07 + ADD1.

31. SUPPORTS the Commission's proposals to foster competitiveness especially of SMEs by facilitating knowledge transfer between the science base and industry; to consider specific incentives for Young Innovative Companies; to improve access to finance; to promote the use of public funds to leverage more private co-financing for research and innovation; and to support the integration of Biotechnology clusters and regional networks;
32. STRESSES that modern biotechnology has a significant economic and environmental potential for European agriculture and forestry, including for non-food or non-feed applications, such as industrial transformation and molecular farming, provided that these can be used safely for the environment and human health, based on results of sound scientific studies, in an economically viable form and in the respect of the consumers' right to make an informed choice and of all modes of agricultural production;
33. SUPPORTS the Commission's approach to improve the implementation of the legislation and improve policy coordination, especially on cross-cutting issues; ENCOURAGES the Commission and the Member States to reinforce the existing networks to monitor and ensure a coherent implementation of the Strategy and address regulatory obstacles to competitiveness;
34. ENCOURAGES a strong commitment of the Member States to contribute actively to the implementation of the Refocused Life Sciences and Biotechnology Action Plan and to carry out actions in a timely manner, where they play a central role;
35. INVITES the Commission to report on the progress made on the implementation of the Refocused Life Sciences and Biotechnology Action Plan;

For the Information and Communication Technologies Sector:

36. TAKES NOTE of the report and recommendations of the ICT Task Force published on 27 November 2006 and the Commission Staff Working Paper¹ concerning the follow-up of the report's recommendations in the framework of industrial policy;
37. RECOGNISES the importance of the ICT sector for growth, competitiveness and a further successful development of an inclusive information society in Europe and NOTES with interest the latest developments regarding next-generation networks, interoperability, increasing consumer confidence in the digital environment, sector-specific e-Business support policies and Member States' efforts in the areas of innovation, investment and financing;

¹ doc. 8691/07+ ADD 1 - SEC(2007) 526.

38. ENCOURAGES the Commission and the Member States to continue their activities to promote entrepreneurship and associated skills, develop a long-term e-skills strategy for improving competitiveness, employability and lifelong learning, and support the uptake of eBusiness practices by SMEs, including sharing experiences and exchanging best practices via the European eBusiness Support Network (eBSN); NOTES in this context the importance of the ICT Policy Support programme within the Competitiveness and Innovation Programme (CIP);
39. MAINTAINS its view that consolidating the internal market for ICT and knowledge-intensive services merits special attention; and thus WELCOMES the Commission's ongoing review of the regulatory framework for electronic communications, and the forthcoming review of the Universal Service provision under i2010;
40. INVITES the Commission to push forward, in conjunction with the European Standardisation Organisations (ESOs) and all other stakeholders, the review of the European ICT standardisation system in order to enhance its openness, effectiveness and responsiveness to emerging industrial and societal needs;
41. RECOGNISES that ICT is a key driver and enabler of innovation and, in full coherence with the 2006 conclusions on "Strategic priorities for innovation action at EU level"¹, CALLS for the timely development of a new strategy for intellectual and industrial property and for the follow-up of the developing strategies on public procurement, JTIs (Joint Technology Initiatives) and lead markets in order to remove bottlenecks to and realise the potential for the competitiveness of the ICT sector;

For the Shipbuilding Sector:

42. NOTES that *European shipbuilding* has developed into a modern and competitive branch of industry, which also provides an *impetus* to many supplier and service sectors for growth and jobs in many parts of the Community;
EMPHASISES nevertheless that the global build-up of production capacities, especially in Asia, and the foreseeable increase in competition intensity on global shipbuilding markets, call for further efforts - compatible with competition rules - to strengthen *competitiveness* and to address *structural change*;

¹ doc. 16253/06.

43. EMPHASISES that the Commission *communication* on the LeaderSHIP 2015 initiative¹, which sets an example through its new, integral approach for other sectoral initiatives, provides a suitable political framework for action;

WELCOMES the progress report submitted by the Commission² on the implementation of the LeaderSHIP 2015 recommendations and the further steps envisaged therein;

44. CALLS ON the Commission, in view of distortions of competition to exploit all possibilities for creating a *level playing field*, such as bilateral free trade agreements, agreements in the framework of the OECD or other international organisations as well as initiatives for IPR protection;

45. RECOGNISES the importance that a refund guarantee scheme may have for the competitiveness of European shipbuilding industry.

INVITES the Commission in cooperation with the EIB, therefore, to examine the possibility to submit a proposal for the setting up of a European system of performance guarantees for ship financing operating alongside national guarantee systems.";

46. TAKES NOTE of the Commission's intention to present an internal market package for defence products in the autumn of 2007, which may also have important effects on the framework conditions for naval shipbuilding;

47. CALLS ON the Commission, in view of the importance of *research, development and innovation* for the competitiveness of European shipbuilding, to intensify the continuation of current activities both in the framework of the 7th research framework programme (in particular waterborne TP) and with regard to sector-specific instruments, as well as to ensure good coordination of aid programmes;

ASKS the Member States to implement vigorously the instruments for *promoting shipbuilding research, development and innovation* in their national programmes, where appropriate; INVITES the shipbuilding industry to make use of these instruments in a systematic manner and thus to strengthen its innovation capacity;

¹ doc. 15288/03 - Commission Communication „LeaderSHIP 2015” COM(2003) 717 final.

² doc. 9130/07 +ADD1- COM (2007) 220 final.

48. In view of securing access to a skilled workforce, TAKES NOTE of the ongoing social dialogue committee work on future training and recruitment requirements and CALLS ON the Commission to take account of this work in any new initiative in the field of maritime skills;
49. INVITES the shipbuilding industry to continuously improve the environmental friendliness of the maritime economy through innovative products and thus to exploit its market opportunities by adopting a global pioneering role;

WELCOMES the efforts to promote seaworthy and environmentally-friendly ships, in particular with regard to international agreements on minimum standards;

EMPHASISES the need for due account to be taken of the requirements of manufacturing industry in the formulation of technical provisions (including IMO)."

EU CONSUMER POLICY STRATEGY

The Council took note of information from the Presidency on the EU Consumer Policy Strategy 2007-2013 and held a brief exchange of views with Ms. Meglena Kuneva, Commissioner in charge of Consumer Protection Affairs.

On 16 March 2007, the Commission adopted a Communication on "EU Consumer Policy strategy 2007-2013: Empowering consumers, enhancing their welfare, effectively protecting them" (7503/07). In response to that Communication, the internal bodies of the Council under the impulse of the German Presidency, have prepared a draft Council Resolution which will be submitted for adoption to the Employment, Social Policy, Health and Consumer Affairs Council at its meeting of 30/31 May.

CREDIT AGREEMENTS FOR CONSUMERS

In public deliberation, the Council reached, by qualified majority¹, a political agreement on the Commission's modified proposal for a directive on credit agreements for consumers (13193/05). The Council will adopt its common position at one of its forthcoming meetings after finalisation of the text and forward it to the European Parliament for a second reading in the framework of the codecision procedure.

The revised directive aims at harmonising certain aspects of the laws, regulations and administrative procedures of the Member States concerning agreements covering credit for consumers.

The existing Consumer Credit Directive (87/102/EEC) is based on minimum harmonisation. Since its adoption, Member States have adopted measures exceeding the Directive's provisions by differing degrees according to needs at national level. These differences in national legislation are considered as obstacles to the internal market. Consequently, in September 2002 the Commission proposed a Directive with a view to achieving full harmonisation. In the light of the European Parliament's first-reading opinion of April 2004, the Commission presented a modified proposal first in October 2004 which did not contain a global text and then in October 2005.

The Council agreed on a compromise package put forward by the Presidency that safeguards the added value of this legislative text for the internal market and consumer protection. Negotiations within the Council have been focussed in the following five main areas: 1) standard information for advertising, 2) pre-contractual information and contractual information to be included in credit agreements, 3) right of withdrawal, 4) early repayment of the credit and the creditor's right to compensation and 5) the calculation of the annual percentage rate of charge (APR).

The key features of the Council's agreement are:

- *Pre-contractual and contractual information*

One of the key concerns of the draft Directive is that consumers are able to make, on the basis of pre-contractual and contractual information, an informed decision regarding the conclusion of a credit agreement. The compromise solution lies in improved structuring of the pre-contractual and contractual information. As regards pre-contractual information, it should be provided on a standard form in all EU Member States. This standardisation would make it easier for consumers to compare different offers.

¹ The Dutch and Greek delegations voted against and the Belgian and Luxembourg delegations abstained.

- *Right of withdrawal*

As a general principle, the consumer will have a period of fourteen calendar days to withdraw from the credit agreement without giving any reason. The text further specifies the conditions for using this right. The Council has introduced a new provision in order to clarify the relationship of this right to other Directives.

- *Early repayment*

Directive 87/102/EEC¹ makes provision for a right to early repayment, but not for the right of compensation to the creditor in such an event. The Commission included the right of compensation to the creditor in case of early repayment in its proposal.

The Council's compromise text grants creditors a limited right to compensation for early repayment of the credit (0.5 % or 1 % of the amount of credit repaid early). This compensation should, however, apply only for fixed interest rate credits and, where the reference interest rate is lower at the time of the early repayment than at the time of conclusion of the credit agreement. The reference interest rate is now defined in the compromise text as the interest rate that the European Central Bank or the central banks of the Member States apply to their most recent main refinancing operation. Furthermore, Member States will have the right to provide that the compensation for the early repayment can be claimed by the creditor only on the condition that the amount of repayment within 12 months exceeds a threshold defined by Member States. When fixing the threshold, which should not be higher than EUR 10,000 Member States will take into account, for instance, the average amount of consumer credits in their market.

- *Indication of the annual percentage rate of charge*

In Article 9 (contractual information) the creditors are now obliged to indicate the annual percentage rate of charge. Articles 4 (advertising information) and 6 (pre-contractual information) require that both the borrowing rate plus charges and the annual percentage rate of charge (on the basis of the assumption that the duration of the overdraft is 7 days and 3 months respectively) are indicated.

- *Information to the Commission about national measures*

In order to enhance the transparency and information to consumers and credit providers, a new article has been inserted. It provides for an obligation on the Member States to inform the Commission about national measures taken in case of making use of regulatory choices provided for in the draft Directive. The Commission would make such an information public.

¹ OJ L 42, 12.2.1987 p.48.

OTHER BUSINESS

The Council took note of the information provided by the presidency on:

- the outcome of the Würzburg informal Council on "The Internal Market in Global Competition";
- the state of play of the proposal for a directive on improving the effectiveness of review procedures concerning the award of public contracts;
- the proposal for a directive amending directive 2003/87/EC so as to include aviation activities in the scheme for greenhouse gas emission allowance trading within the Community;
- the proposal for a directive laying down rules on nominal quantities for pre-packed products;
- the European Conference "Innovation and Market Access through Standardisation" (Berlin, 26-27 March 2007).
- the 4th European Conference on Craft Industries (Stuttgart, 16-17 April 2007) (9095/07).
- the European Conference on Tourism (Berlin/Potsdam, 15-16 May 2007).
- the GMES (Global Monitoring for Environment and Security) Conference (Munich, 17 April 2007)

The Council took note of the information provided by Mr Günther Verheugen, Commission vice-president, concerning the Regulation on a globally harmonised system of classification and labelling.

At the request of the Luxembourg delegation, supported by other delegations, the Council took note of the impact of the proposal for a Regulation on the law applicable to contractual obligation (ROME I) (9670/07).

At the request of the Polish delegation, the Council took note of the information on Poland's proposal to organize the exhibition EXPO 2012 in Wrocław (9552/07).

The Council took note of the information provided by the Italian delegation Milan's candidacy to host Expo 2015 with the theme of "Feeding the Planet, Energy for Life". (9738/07)

The Council took note of the information provided by the Portuguese delegation on the work programme of the incoming presidency.

OTHER ITEMS APPROVED

INTERNAL MARKET

Financial Perspectives of the Office for Harmonisation in the Internal Market - Council conclusions

The Council adopted the following conclusions:

"THE COUNCIL OF THE EUROPEAN UNION,

1. TAKES NOTE of the Communication from the Commission to the European Parliament and the Council entitled "The Financial Perspectives of the Office for Harmonisation in the Internal Market (Trade Marks and Designs)"¹;
2. EMPHASISES that the establishment of the Office for Harmonisation in the Internal Market (Trade Marks and Designs)² has been a great success; since the beginning of its operation in 1996 OHIM has contributed substantially to strengthening the competitiveness of the European Union; the success of the Community trade mark proves the value to business of Community wide trade mark rights which are efficiently administered and granted, are effectively enforceable and give legal certainty to all stakeholders throughout Europe;
3. NOTES that the work of OHIM has been very well received by all stake holders; consequently, the number of trademark applications and registrations at OHIM has exceeded the most optimistic predictions; as a result, OHIM has experienced annual budget surpluses which, by the end of 2006, resulted in cumulative cash reserves of more than € 200 million despite a reduction of the applicable fees which took effect in 2005;
4. UNDERLINES that the high quality of OHIM's work which contributes to the broad acceptance by all stakeholders cannot be taken for granted but requires further efforts to preserve and even improve OHIM's performance and NOTES the need for Community-wide trademark and designs databases;
5. RECALLS that the Regulation requires that the revenue and expenditure shown in the budget of OHIM shall be in balance, and that the amounts of the fees charged by OHIM shall be fixed at such a level as to ensure that the resulting revenue is in principle sufficient for the budget of the Office to be balanced;

¹ 5390/07 PI 1.

² Hereinafter referred to as „OHIM“.

6. RECOGNIZES that lower fees may facilitate access by users, including SMEs, to the Community trademark system and EMPHASIZES that the accumulated fees paid by the users should not disproportionately exceed the overall costs of the Community trade mark system;
7. RECALLS that the Community trademark system is designed to coexist with the national trade mark systems of Member States which continue to be necessary for those undertakings which do not want protection of their trade marks at Community level;
8. NOTES the importance of the complementary work of national trade mark offices of Member States and CALLS on OHIM to enlarge its cooperation with national offices in the interest of the overall functioning of the Community trademark system;
9. RECOGNISES that it is now over a decade since the introduction of the Community Trade Mark Regulations and the establishment of OHIM, and under the principles of better regulation, EMPHASIZES the need for an overall assessment of the functioning of the Community trade mark system;
10. CALLS on the Commission to:
 - immediately propose a reduction of the fees charged by OHIM, in particular of the fees for the application, registration and renewal of Community trade marks; the proposal should be accompanied by a comprehensive impact assessment;
 - start work on a comprehensive study on the overall functioning of the Community trade mark system to be completed as a matter of priority; any future discussions on the fees policy should take into account the results of this study;

The study should in particular:

- analyze the use of certain criteria which could facilitate further adaptations of Community trade mark fees and possible ways of their application in the Comitology procedure; these criteria should in particular contribute to a long term balance of the OHIM's budget, ensure a continuous high quality of OHIM's performance, and take account of OHIM's cooperation with the trade mark offices of Member States; the criteria should respect the principles of prudence and sound financial management; in addition these criteria should keep the fee system reliable and transparent for users and its future adaptations predictable;

- evaluate the existing framework of cooperation of OHIM and national trade mark offices, with a view to intensifying and broadening the existing instruments of cooperation in the interest of the overall functioning of the Community trade mark system;
- explore possible instruments to finance such cooperation, including the establishment of a cooperation fund, if necessary by means of amending Regulation (EC) No 40/94;
- assess the coexistence of the Community trade mark system and national trade marks, including the territorial requirements for genuine use of Community trade marks;
- evaluate the effects of the Community trade mark system on the overall functioning of national trade mark systems, as well as the contributions of national trade mark offices to the overall functioning of the Community trade mark system;
- evaluate the effects of the recent reforms;
- evaluate the effects of the Community trade mark system on its users, in particular on SMEs and start-up enterprises, and in particular with regard to competitiveness and innovation."

STATISTICS

Business registers for statistical purposes*

The Council adopted a common position on a draft regulation updating EU rules on business registers for statistical purposes (7656/07 + ADD1 and 9011/07 ADD1). The common position will be forwarded to the European Parliament under the co-decision procedure.

The main objectives of the draft regulation are:

- to register on a mandatory basis, all the enterprises, their local units and the corresponding legal units carrying out economic activities contributing to gross domestic product; and
- to cover all financial links and enterprise groups and to exchange data on multinational groups and their constituent units between EU member states and the Commission (Eurostat).

In addition, the proposal aims at an harmonisation between all member states by adopting a common methodology.

The draft regulation, which updates the existing business registers regulation dating back to 1993, takes into account requirements that have emerged in recent years following:

- the globalisation of the economy, requiring to collect information on enterprise groups;
- the integration of activities of different sectors;
- the evolution of the single market, requiring the improvement of statistical comparability.

COMMON FOREIGN AND SECURITY POLICY

Annual report on Common Foreign and Security Policy

The Council approved an annual report for presentation to the European Parliament on the main aspects and basic choices of the EU's Common Foreign and Security Policy (CFSP), including the financial implications for the general budget of the EU (6992/1/07).

The report provides a description of CFSP activities (including common positions, joint actions and implementing decisions), whilst also referring to other areas, and also looks at the prospects for future action.

The recapitulative lists of CFSP instruments (declarations, démarches, reports of Heads of Mission and political dialogue meetings) are published in a separate document, to be issued twice a year. The information covering 2006 is contained in document 6233/07.

The following items relating to CFSP matters are available on the Council's Internet website (<http://consilium.europa.eu>): list of CFSP legislative acts, declarations, information on EU special representatives, the calendar of CFSP activities, including political dialogue meetings with third countries, as well as basic texts on the EU's military structures.

EXTERNAL RELATIONS

Association agreement with Chile

The Council adopted a Decision on a Community position with the EU-Chile Association Committee on the establishment of a list of arbitrators as required by the Association Agreement EU-Chile.

TRADE POLICY

EU/Mexico joint committee - Concept of "originating products"

The Council approved a position to be adopted by the Community within the EU-Mexico joint committee relating to an annex to decision no 2/2000 of the EU-Mexico Joint Council concerning the definition of the concept of "originating products" and methods of administrative cooperation.

The annex III to that decision will be modified to take account of amendments to the rules of origin for the products originating in the territory of the EU and Mexico.

AGRICULTURE

Classification of wood in the rough

The Council adopted a decision repealing Council directive 68/89/EEC on the approximation of the laws of the Member States concerning the classification of wood in the rough with effect from 31 December 2008 (*PE-CONS 3605/07*).

The directive 68/89/EEC is repealed as the methods of measurement and classification provided for by directive 68/89/EEC differ from the methods of measurement and classification currently applied in transactions between undertakings in the forestry sector and forest-based industries and have been found not to be suitable for market needs. Consequently, after 31 December 2008 the mark "EEC classified" will no longer be available for use in marketing.

FISHERIES

Compensation scheme to EU outermost regions

The Council adopted a regulation renewing until 2013 the compensation system to fishery products from EU outermost regions, with a view to maintaining competitiveness with similar products from other Community regions.

The regulation is aimed at continuing to provide compensation measures, for the period 2007 to 2013, for the additional costs incurred in the marketing of certain fishery products from the Azores, Madeira, the Canary islands, Guiana and Réunion.

The compensation system was first introduced in 1992 in order to compensate additional difficulties in marketing fishery products from these regions, resulting mainly from transport costs to continental Europe.

The total annual amount of compensation will not exceed for Azores and Madeira EUR 4.2 million; for the Canary Islands EUR 5.8 millions; and for the French Guiana and Réunion EUR 4.8 millions.

³ OJ L 32, 6.2.1968, p. 12.

The compensation will be granted in accordance with the common fisheries policy rules, to producers, owners and operators who incur additional costs in the marketing of fishery products from these regions.

Each member state concerned will determine for its regions the list and the quantities of fishery products eligible for compensation.

ENVIRONMENT

Life + *

On 14 May 2007, the Council adopted by written procedure the text agreed in the Conciliation Committee concerning the regulation aimed at establishing a financial instrument for the environment (LIFE+) (*PE-CONS 3611/07*).

For further details, please see doc. *8017/07*.

TRANSPARENCY

Public access to documents

The Council adopted the reply to confirmatory application 10/c/01/07, the Danish, German and Portuguese delegations voting against (*9127/07*).
