



Mr Michael Glos

Federal Minister of Economics and Technology
President of the Competitiveness Council
Federal Ministry of Economics and Technology
Postal Address: 11019 Berlin
Germany

14 May 2007

Subject: Competitiveness Council, 21-22 May 2007

Dear President,

The European economy is stronger than it has ever been since the launch of the Lisbon strategy in 2000, with robust growth, dynamic job creation, strong investment and low inflation. While we can certainly be pleased about this outcome we also need to avoid missing the opportunities it offers to address the challenges ahead.

Member states should use the windfalls of good economic times to consolidate public finances and progress with structural reforms. Initiatives are taking place in virtually all member states but varying degrees of commitment are observed across countries and policy areas, and implementation is slow. As usual in an economic recovery, there is today a distinctive risk that difficulties become less apparent, hence leading to reduced political incentives to move the reform agenda forward.

In the better regulation agenda, BUSINESSEUROPE calls for concrete results to boost confidence in the project. Progress on simplification is too slow and, so far, European companies have felt no real relief on the ground. The Council and European Parliament should improve inter-institutional working methods to ensure that better regulation proposals are dealt with rapidly.

BUSINESSEUROPE attaches great importance to the package of legislation on the Internal Market, particularly, the proposal facilitating the enforcement of mutual recognition is crucial to achieve the full benefits of free movement.

The business community fully agrees with the objectives of European Research Area (ERA) and considers the Commission Green Paper to be a milestone on this issue. As regards the European Institute for Technology, business participation is essential for its success and will be encouraged if the EIT has a clear structure and is under the supervision of an independent Governing Board.



Finally, regarding climate change and energy challenges, BUSINESSEUROPE would like to reiterate its request that the Competitiveness Council cooperates formally with the Environment and Energy Councils on these issues. It is indispensable that the competitiveness aspects are duly considered when policy orientations are formulated to reach the ambitious goals set by the European Council in March.

You will find our comments on further items on the agenda annexed to this letter. I also take this opportunity to thank you for your efforts to advance the competitiveness agenda during your six-month presidency, and for actively maintaining close relations with the business community.

Yours sincerely,

Ernest-Antoine Seillière

**BUSINESSEUROPE comments on items to be debated at the Competitiveness Council meeting on 21-22 May 2007:*****Better regulation and reduction of administrative costs***

The Member States should also stress the need for an effective process for impact assessments for all proposals with significant business impacts to avoid situations where the legislator cannot properly assess the consequences of legislative proposals such as in the case of the proposal on consumer credit.

On impact assessment, independence in the process of measuring administrative costs at EU and national level would make a positive contribution towards a real alleviation of administrative burdens. The Council and the European Parliament should also make further progress with respect to systematic impact assessments on their amendments to Commission proposals.

Mutual recognition, accreditation and market surveillance

The package of legislation brought forward in February by the Commission represents an important step towards improving the free movement of goods in the Internal Market. The proposals for mutual recognition, accreditation and market surveillance in particular are further steps towards improving public trust in the Internal Market. Inadequate enforcement and widely divergent application have to date prevented the full benefits of free movement from being achieved. BUSINESSEUROPE believes that with this package of proposals the appropriate steps are being proposed to remedy this situation.

Financial Perspectives of the Office of the Harmonisation in the Internal Market

BUSINESSEUROPE strongly supports the Commission communication on the OHIM financial perspectives, which aims to address the substantial accumulated surplus at OHIM in a way beneficial to users. A well-functioning and efficient trademark protection system at both Community and national level is vital for trademark owners. Trademark owners expect to pay fees that reflect the fair and reasonable costs involved in obtaining appropriate protection for their intellectual property rights. The Commission proposes a method of regular and automatic review of trademark fees due to OHIM. We are convinced that this approach can provide an effective solution and give OHIM the flexibility required to operate within a secure and reasonable financial framework.

EU Consumer Policy Strategy

BUSINESSEUROPE agrees with the objective of the EU Consumer Strategy 2007-2013 which seeks to highlight the role of EU consumer policy in reinforcing and improving the functioning of the internal market and implementing the better regulation agenda. This is why the right balance between the competitiveness of enterprises and an appropriate level of consumer protection should be sought when any consumer protection proposals are envisaged. The two interests are compatible and must be taken into account in internal market policy-making.

***Joint Technology Initiatives***

The Joint Technology Initiatives (JTIs) are a key part of the Seventh Research Framework Programme (FP7). Industry in particular views their successful establishment as vital to its participation in FP7. We believe they can successfully help align fragmented R&D and innovation efforts within the European Research Area (ERA). To this end it is of utmost importance that the first of the JTIs begin to function as soon as possible and we urge Member States to assist the Commission in realising this. We ask that the correct lessons are learnt from the process to date so that future JTIs can be established within a shorter time frame.

Green Paper “The European Research Area – New Perspectives”

BUSINESSEUROPE fully subscribes to the objectives of the ERA, i.e. to bring together collective endeavours and build a research and innovation equivalent of the "common market" for goods and services. We believe that this is an important goal and one consistent with the Lisbon objectives.

The Commission's recently launched Green Paper on the ERA represents a significant milestone to this end. It is necessary at this stage to take stock of progress to date, explore new ideas, take account of new developments, and outline possible new directions. We are supportive of the Commission's initiative.

Communication “Improving knowledge transfer between research institutions and industry across Europe: embracing open innovation”

When it comes to knowledge (technology) transfer between research institutions and industry the question which has consistently been asked is “what can we do to improve it?” There is an obvious need to make better use of the knowledge generated in Europe and in this respect it is hoped that the Commission's communication on the issue will prove to be a step in the right direction.

European Institute of Technology

BUSINESSEUROPE believes that the proposed EIT can be a means of bridging the innovation gap between Europe and its competitors. It can do this by strengthening knowledge transfer and fostering more effective cooperation between academia, research institutes and business. Its success however rests very much on the support and participation of business. This support is more likely with a clear EIT structure, established at the start and with an independent Governing Board in place supervising the functioning of the institute and its constituent parts. Member States should work with the Commission and the Parliament towards realising this.
