

Helsinki, 30th November, 2006

Dear colleagues,

The third and final meeting of the Competitiveness Council during the Finnish Presidency is scheduled for next week, for 4th December 2006. We will be discussing a variety of important topics during the meeting which I expect will last until Monday evening.

The discussions on innovation policy have been extensive throughout the autumn. A lot of effort has been put into this work, and the discussions have led to identifying nine strategic priorities which will set an ambitious agenda for EU level innovation action. My objective is that we, during the meeting, can mark our final agreement to these strategic priorities. The challenge for the EU innovation policy is to find the best policy mix to improve access to innovation financing, to help create a regulatory environment that really spurs innovation, and to stimulate demand for innovation, as well as to enhance the co-operation between businesses, universities and research institutions. The strategic priorities, I believe, will help address all of these challenges, and will, as a package of measures, enable the EU to considerably improve the consistency and continuity of its innovation actions.

The strategic priorities will also be firmly anchored in the Lisbon structures. The Commission has kindly agreed to integrate the priorities as part of the Community Lisbon Programme, and to report on their progress in the Annual Progress Report. The Competitiveness ministers will also have the opportunity to annually monitor progress on the priorities, and if necessary also to update them, as part of the implementation of the Lisbon Strategy.

I would be keen to hear your feedback on all of the strategic priorities, but would suggest focusing, in our policy debate, on two particular issues:

First, regarding patents, my objective would be to identify the extent to which a common view could be agreed on. The issue on how to move forward and in what order seems sensitive and, as I believe, calls for a step-by-step approach. Addressing, one way or another, the issue of dispute resolution would be an important first step. After having responded to proposals for the creation of a single European-wide patent jurisdiction system, we could, as a second step, return to the issue of Community Patent. I would thus propose to discuss particularly how you would see the way ahead for the development of the patent jurisdiction system. The outcome of the discussion should help pave the way for a speedy handling by future Presidencies of the forthcoming Commission Communication on the Patent Strategy.

Second, on the Joint Technology Initiatives (JTIs), it would be essential to move swiftly on these important projects. JTIs are about creating technological advantage for Europe, therefore speed is of essence. My objective would be that the Council could strongly indicate its commitment to advance each of the JTIs on their own merits. In this context, the Commission has also agreed to briefly present to us their plans for the JTIs as well as for the implementation of Article 169.

Furthermore, in relation to the item on the Lisbon Strategy and innovation policy, I also intend to give a short overview on the state of play on the discussions concerning the Commission's important proposal on the European Institute of Technology.

Another crucial policy issue is Better Regulation. The Commission has just published the Strategic Review on Better Regulation analysing progress achieved as well as presenting the main challenges ahead. This important contribution will no doubt merit a more detailed discussion at a later stage, but I would intend to start off the work on the strategic review with a discussion at the forthcoming meeting. This would include a presentation by the Commission as well as an exchange of views. Our progress report gives an overview to the Presidency's priority that has been to integrate the use of impact assessment into the work of the preparatory bodies across the Council. We have also prepared questions on simplification and reduction of administrative burden that are intended to help structure the debate.

Although we have made a good degree of progress on the modified proposal for a Directive on credit agreements for consumers, it would seem that, for the moment, there would be no realistic chances to reach a political agreement. Therefore, I would suggest giving a brief report on the state of play. Furthermore, I would ask the Commission to kindly present their assessment on where we stand at the moment on this challenging dossier. Finally, I would not foresee a long policy debate on this agenda item.

Furthermore, we will be taking stock of the progress and hold a policy debate on the proposal for a modernised customs code. The objective of the debate is to give political guidance for further examination of this important proposal. We have prepared a set of questions intended to help structure the debate.

Under any other business, we will hear on the state of play on a number of issues relevant for consumer policy: a common frame of reference, and reviews of both the Consumer Acquis and of the Timeshare Directive. I will also be happy to briefly inform you of the outcome of the EU-US Informal Economic Ministerial Meeting held in Washington on 9th November.

Finally, regarding lunch, I have chosen competitiveness, climate change and energy policy as the topic for discussion. I have asked our UK colleague Malcolm Wicks to present to us the recently published UK Government Report on Economic Effects of Climate Change (Stern Review). This report

established that climate change could cause significant economic damage to societies and economies across the globe. The report however suggested that co-ordinated global action relying on cost-effective instruments could significantly limit global warming, at relatively low cost.

The question, therefore, arises how the European Union could continue to develop an environmental leadership role to generate such global action while safeguarding competitiveness, in line with the Lisbon principles. This is particularly relevant in the context of the development of proposals for a European energy policy and the upcoming discussion on how the fight against climate change should be taken forward after 2012 (post-Kyoto). It is clear that Europe must develop a strategy that promotes environmental sustainability, improves security of energy supply and bolsters competitiveness at the same time. I have asked Vice-President Verheugen to speak on this issue. I have also enclosed a set of questions (see Annex) that are intended to help facilitate the dinner discussion and to provide feedback to the Commission.

Please note that attendance at lunch is limited to one representative per delegation.

I very much look forward to seeing you in Brussels on 4th December.

Yours sincerely,



Mauri Pekkarinen
Minister of Trade and Industry

Encl. Questions on competitiveness, climate change and energy policy

LUNCH QUESTIONS

1. Would ministers agree that unilateral European targets for reducing CO₂ emissions could be useful for facilitating the transition to a low-carbon economy, provided they do not unduly hamper competitiveness? Would ministers agree that more ambitious targets should be considered if commitments from other big emitting countries are also forthcoming?
2. Would ministers agree that emission reductions should be achieved principally in sectors and activities where it is least costly to do so, implying inter alia improvements of the European Union Emissions Trading Scheme (ETS)? Is there a need for specific policy measures in support of energy-intensive industries exposed to international competition?
3. Would ministers agree that pro-active innovation and technology policies are required to support long term emission reductions and adaptation to climate change? What would be priorities for such policies?