

## **Informal Competitiveness Minister Meeting (SME and Industry)**

Lisbon, 20<sup>th</sup> and 21<sup>st</sup> July 2007

### **Presidency Note Outcome of proceedings**

On 20 - 21 July 2007, the EU Ministers responsible for Competitiveness, invited Ministers from Iceland and Liechtenstein and European Commission Vice-president Günter Verheugen met in Lisbon under the chairmanship of the Minister for Economy and Innovation of Portugal, Manuel Pinho.

This informal meeting was dedicated to SME policy and industrial policy, issues of great importance to European companies' competitiveness, in the context of the Lisbon agenda.

On 20 July, at dinner, a debate on the issue "EU growth: cyclic or structural?" took place. Professor Francesco Giavazzi, MIT and Bocconi University, was the keynote speaker.

From the discussion, it emerged that recent economic growth performance by the EU, especially when compared with recent performance of US economy, mainly derived from structural reforms, with a decisive contribution from the Lisbon Agenda, implementation of which needs to be consolidated in the 2008-2010 time frame.

SME policy was the subject of the first session, on the 20<sup>th</sup> July afternoon.

The future interim review on the EU SME Policy, to be presented by the Commission, was the broader framework for the discussion. The Presidency presented a policy paper in order to facilitate the exchange of views, with a particular focus on four main topics:

- Innovation on Financing;
- Better Regulation;
- Internationalization;
- Energy Efficiency;

As case-studies, 4 enterprises of excellence presented their experience, including suggestions on how to reinforce SME competitiveness in the global market.

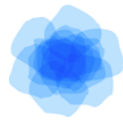
Ministers focused their interventions on the most relevant aspects of SME policy identified on the Presidency paper and on how to free the SMEs full potential for growth and employment, under the "Think Small First" principle.

Ministers identified Innovation on Financing, Internationalization and Better Regulation as key-issues for SME competitiveness. Ministers and Commission Vice-President agreed that support instruments must be further developed and implemented in order to help SMEs to fully exploit innovation, growth and internationalization potential in the world markets and to adapt themselves to growing energy and environmental demands.

Particularly, benchmarking and exchange of best practices regarding financing could be a relevant tool to facilitate the implementation of more robust SMEs policies.

A large consensus was noted on the role of the Competitiveness Council regarding the monitoring of the developments of SME policy. Commission Vice-President urged the Competitiveness Council to evaluate effects of other policies on SME competitiveness.





The Presidency underlined the relevance of today's discussion to Commission preparation of the Interim review and will consider on how to reflect the outcome of the debate on the future draft conclusions to be presented to Competitiveness Council.

Industrial policy was the subject of the second session, on 21<sup>st</sup> July.

In the context of the ongoing interim review of the EU industrial policy, initiated through the Commission's Communication of July 2007, Ministers focused the debate on industry sustainability, as proposed in the policy document presented by the Presidency.

Climate change and energy dependence demand action to fully exploit the inherent technological and economical opportunities. At the same time, they imply changes to consumption and production patterns and a redefinition of the competitive basis of the EU industry.

Ministers took note of a presentation of a study on forest based industries by the consultancy firm McKinsey. This is a sector which faces several challenges, including access to raw materials, and where the EU and its Member States must provide a more integrated approach, covering industrial, energy, environmental and trade policies.

Ministers exchanged views on the three main pillars of a sustainable industrial policy:

- Acceleration of innovation and creation of lead markets;
- Full exploitation of the European internal market for the development in sustainable goods, services and technologies markets;
- "*first mover*" advantage, exporting EU know-how in the low carbon economy to external markets.

Discussed some tools and possible steps towards a low carbon industry and how to further develop Europe's position as a frontrunner in global markets.

Ministers agreed that the promotion of lead market initiatives for low carbon and efficient products and services is an important way of speeding up transition towards a low carbon economy and to put Europe as a frontrunner in global markets and wait for the Commission outcomes on this matter.

They also agreed that a more efficient product policy could be a major contribution for competitiveness and sustainability of European enterprises. In this regard, a common view emerged on the need to make use of public procurement, including towards SMEs, and to promote eco-design, standardization and labelling.

Recognizing that a strategy to promote European industry sustainability must be supported also by EU's external policy, delegations discussed the potential contribution of multi and bilateral sectoral agreements to facilitate the development of export markets for sustainable goods, services and technologies. It was generally felt that such agreements could be instrumental to capitalize *first mover* advantages in the global market.

Finally, Ministers agreed with an Action Plan integrating appropriate instruments for facilitating the promotion of sustainability and competitiveness by European enterprises. They shared the view that such an Action Plan would have to be coordinated with other relevant EU policies and initiatives, especially with those related to SME's.

Presidency strongly welcomes this proposal and encourages the Commission to present it to the Council, as soon as possible.

The Presidency will reflect the outcome of this discussion on the draft Conclusions to be presented to the Competitiveness Council regarding the interim review of the Industrial Policy.

