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2394th Council meeting

**- ENERGY/INDUSTRY -**

Brussels, 4 and 5 December 2001

President : **Mr Olivier DELEUZE**  
State Secretary for Energy and Sustainable  
Development, attached to the Minister for  
Mobility and Transport

**Mr Serge KUBLA**  
Vice-Minister-President and Minister for  
Economic Affairs, SMEs, Research and New  
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## **PARTICIPANTS**

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

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Vice-Minister-President of the Flemish Government and Flemish Minister for Mobility, Public Works and Energy

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Vice-Minister-President and Minister for Economic Affairs, SMEs, Research and New Technologies (Walloon Region)

Mr Charles PICQUÉ

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### **Denmark :**

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Mr Claus GRUBE

Deputy Permanent Representative

### **Germany :**

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Mr Axel GERLACH

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### **Greece :**

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Minister for Development

### **Spain :**

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### **Luxembourg :**

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### **Netherlands :**

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### **Austria :**

Ms Mares ROSSMANN

State Secretary, Federal Ministry of Economic Affairs and Labour

### **Portugal :**

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Minister for Economic Affairs

### **Finland :**

Mr Kare HALONEN

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### **Sweden :**

Mr Claes ÅNSTRAND

State Secretary at the Ministry of Industry, Employment and Communications

**United Kingdom :**  
Mr Brian WILSON

Ministry of State for Industry and Energy

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**Commission :**  
Ms Loyola de PALACIO  
Mr Erkki LIIKANEN  
Mr Mario MONTI  
Ms Margot WALLSTRÖM

Vice-President

Member

Member

Member

**ENERGY ITEMS****CLIMATE CHANGE – UNITED NATIONS FRAMEWORK CONVENTION**

The Council took note of a report by the Presidency on the outcome of the 7<sup>th</sup> meeting of the Conference of the Parties (COP 7) to the United Nations Framework Convention on Climate Change, held in Marrakesh at the beginning of November.

The Presidency stated that the results obtained at the COP 7 considerably increased the prospects for ratification of the Kyoto Protocol on climate change before the World Summit on Sustainable Development (Rio + 10), which would be held in Johannesburg in September 2002. With the Marrakesh agreements, an important step had been taken in the global struggle against climate change. The political result achieved in Bonn in July 2001 (COP 6a) had been maintained in its entirety and turned into legally binding texts.

Signed in 1997, the Protocol makes provision for lowering the level of greenhouse gas emissions in the atmosphere by 5% compared with 1990. It will enter into force when it has been ratified by 55 countries representing 55% of total CO<sub>2</sub> emissions. As for the issue of carbon sinks, which had long been a major stumbling-block, the compromise finally accepted stated that the quality of inventories of carbon sinks would not, for the time being, constitute a criterion governing eligibility for the use of flexible mechanisms.

The Commission stressed that:

- the concessions that the Union had had to make related in particular to the first period of commitments and were therefore not permanent;
- now that the procedures for applying the Protocol were settled, the Community could concentrate on the implementation of the necessary measures, primarily in the energy sector;

- the absence of the United States from the Kyoto Protocol was regrettable; it now had to honour its commitments made under the United Nations Framework Convention on Climate Change. Taking a longer-term perspective, sound coordination of efforts by the two largest world economies to counter climate change was vital.

As regards the proposal on emissions trading, which formed part of a set of initiatives designed to provide the European contribution to the fight against climate change, Ms de Palacio stressed that

- it was in everyone's interest to have a mechanism which could operate from 2005 in order to reduce costs as soon as possible and to gain maximum experience before international emissions trading began under the Kyoto Protocol in 2008;
- the introduction of an emissions trading mechanism within the Union would take place without any distortion of the internal market or, in particular, of energy markets.

As this Directive was of crucial importance to the energy sector, the Commissioner took the view that the specific contribution of the Energy Ministers would be an asset in future discussions.

**ENERGY SUPPLY SECURITY – GREEN PAPER**

The Council was informed by the Commission of progress with the consultation taking place on its Green Paper "Towards a European strategy for energy supply security". It noted the Commission's intention to provide a consolidated report on that consultation to the Barcelona European Council, accompanied if necessary by proposals on complementary measures for the short and medium term.

The Council then held an exchange of views on the situation regarding energy supply security in the European Union, dealing in particular with:

- measures related to the physical security of infrastructures;
- coordination between work pursued in the EU and the IEA;
- consistency between the treatment of security of supply and other policies (taxation, investment, environment);
- the advisability of possible measures at Community level on the management and/or establishment of oil and/or gas stocks;
- enhancement of the dialogue between consumer and producer countries and the EU interest in the Energy Charter process.

This exchange of views confirmed in particular the Council's interest in enhancing dialogue with all the producer countries, whether it be Russia, the OPEC countries or the countries of Latin America. On that occasion, the question was raised of establishing a secretariat within the International Energy Forum so as to facilitate dialogue.

It is recalled that the Green Paper, adopted by the Commission in November 2000, has already been the subject of several discussions within the various configurations of the Council and in other bodies, and led to general conclusions being adopted by the Energy Council in May 2001.

## ENERGY PERFORMANCE OF BUILDINGS

Subject to the Opinion of the European Parliament which was still pending, the Council agreed on a general approach, in preparation for the adoption of a common position, to the proposal for a Directive aiming to establish a framework for considerably reducing energy consumption in the building sector.

This Directive constitutes the first concrete measure for implementing the Action Plan to improve Energy Efficiency drawn up by the Commission last year. The building sector accounts for 40% of the European Union's energy consumption.

The main aspects of the general policy are as follows:

- establishment of a general framework for calculating the energy performance of buildings;
- the application of minimum requirements on the energy performance of new buildings, and existing buildings with a total useful floor area of over 1000 m<sup>2</sup> and undergoing major renovation work. Provision is made for exemptions for certain specific categories of buildings;
- the making available of an energy performance certificate when buildings are constructed, sold or rented out, and provisions concerning the displaying of information on energy performance, including the indoor temperature and climate;
- regular inspection of boilers or measures with an equivalent effect and the inspection of air-conditioning systems.

## INTERNAL MARKET IN ELECTRICITY AND GAS

The Council held a policy debate on the proposals for a Directive and a Regulation aiming to speed up the liberalisation of the markets in electricity and gas in order to achieve an effective and efficient internal market in those two sectors.

It furthermore took note of the presentation by the Commission of a benchmarking report on the implementation of the gas and electricity Directives already in force in this area.

The Council debate related more specifically to the proposal for amendment of Directives 96/92/EC (electricity) and 98/30/EC (gas) and to the proposal for a Regulation on cross-border tariffication rules and congestion management, on the basis of questions concerning:

- public service obligations and related obligations;
- regulatory functions and authorities;
- procedures for setting prices and tariffs;
- independence of network managers;
- third-party access to the network and transit for the gas Directive;
- cross-border electricity exchanges.

At the end of this exchange of views, the President of the Council, while recognising the need to take account of Member States' specific situations, the role of subsidiarity in the implementation of these Directives and the need to clarify some technical aspects further, believed that there was some convergence of views, especially on the following points:

- on regulatory authorities, one model to follow could be that of leaving Member States the freedom to establish the appropriate institutional framework, while specifying in the Directive a precise list of regulatory functions to be fulfilled, particularly regarding monitoring, approval of methods and rules, and dispute settlement;

- on prices and tariffs, one approach balancing efficiency and transparency could be to establish methods for setting prices and tariffs *ex ante*;
- regarding the independence of electricity network managers, and subject to finalisation of details, it seems appropriate to combine legal requirements, focused on access to resources for maintaining and developing networks, and compliance measures;
- in the gas sector, it seems desirable that the formula to be adopted on third-party access to networks should consider specific transit situations adequately;
- regarding cross-border electricity exchanges, it would seem useful to introduce a provisional mechanism while continuing to examine the proposal for a Regulation. The "pilot" mechanism would make it possible to gauge the permanent mechanism better;
- although the extent and nature of the public service obligations remain open, they must reflect concerns about environmental protection;
- in any event, attention must continue to be paid to the successful development of interconnections between networks.

The President concluded that the Council was now in a position to make rapid progress with the two proposals and that, as from the Barcelona European Council, the incoming Presidency was called upon to report on progress achieved.

**COAL INDUSTRY – STATE AID**

The Council held a policy debate on this proposal for a Regulation aiming to guarantee the availability of certain coal production capacities in the Community after 23 July 2002, the date on which the ECSC Treaty and the current aid scheme (Decision 3632/93/ECSC) would expire.

These guidelines should enable the incoming Presidency to make rapid progress on this matter so as to obtain the Council's agreement by 23 July 2002.

The draft Regulation, which states that efforts to restructure and reduce activity in the coal industry should be continued in the framework of the EC Treaty, aims to enhance the security of the energy supply, taking social and regional aspects also into account. For that purpose, it stipulates that three categories of aid should be allowed in the Member States, viz. aid to safeguard resources (i.e. security of supply), aid for the reduction of activity and aid to cover exceptional costs.

In accordance with the general move towards reducing State aid, aid to this sector would be degressive. The proposed aid scheme would therefore have an overall term of eight years, i.e. expiring in 2010, in order to enable Member States to allocate their funds to other energy sources. Moreover, aid for the reduction of activity would be terminated by the end of 2007.

The only coal producers in the Community are currently Germany, Spain, France and the United Kingdom.

## **BIOFUELS IN TRANSPORT**

The Council took note of the Commission's presentation of its communication proposing a strategy aiming to replace, by 2020, 20% of diesel fuel and petrol by alternative fuels in the road transport sector in the European Union.

The communication, adopted on 7 November 2001, is accompanied by two proposals:

- one aiming to promote the use of biofuels in transport;
- the other amending Directive 92/81/EEC in order to allow a reduced rate of excise duty to be applied to certain mineral oils which contain biofuels and to biofuels.

## **ENERGY CHARTER**

The Council took note of the progress made in negotiations taking place under the Energy Charter with regard to the Transit Protocol and in work on other Charter matters.

The next meeting of the Charter Conference would take place on 17 December at the Palais d'Egmont in Brussels. A special session would be held on that occasion to celebrate the 10<sup>th</sup> anniversary of the Charter Process.

The report submitted to the Council provided a general view of the four sectors of activity of the Charter in the energy field, i.e. transit, energy efficiency, investment and trade.

**INDUSTRY ITEMS****COMPETITIVENESS AND ENTERPRISE POLICY – CONCLUSIONS**

The Council took note of the presentation by the Commission of a series of reports and communications on this topic, as follows:

- report on the competitiveness of European enterprises;
- Best Procedure report;
- communication on the impact of the new economy on European enterprises;
- working paper on the enterprise policy scoreboard and quantitative indicators;
- working paper on the innovation scoreboard.

The Council then held a broad discussion on competitiveness and enterprise policy and adopted the following conclusions:

"THE COUNCIL OF THE EUROPEAN UNION,

1. **RECALLING:**

- the conclusions of the Lisbon and Stockholm European Councils concerning further actions in priority areas with a view to make 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 Multiannual Programme for Enterprise and Entrepreneurship, and in particular for small and medium-sized enterprises (SMEs) (2001-2005);
- the European Charter for Small Enterprises;

2. **RECOGNISES** that the Council meets at a time when economic performance in the EU is not meeting expectations, in contrast with the optimism characterizing the outlook in March 2000 when the Lisbon European Council took place;

3. **RECALLS** that the Lisbon programme is one of medium and long-term orientation which should be independent of the business cycle and that it is important to provide clear direction at this juncture on the progress in the implementation of the Lisbon agenda of reforms;

4. **RECOGNISES** that the commitments to meet the Lisbon objectives must be reinforced and the programme, more than ever, timely implemented; there are signs that this implementation is progressing;

5. RECOGNISES that the implementation of the Lisbon programme is essential for the performance of the EU economy and for ensuring that the rebound from the slowdown is robust so that the downward trend in unemployment is restored. These objectives cannot be realized without taking the initiative to improve the climate in which enterprises begin their life and grow and in which innovation flourishes;
6. RECOGNISES that the diversity of performance across the Member States in the areas of innovation and entrepreneurship and, in particular, in removing administrative obstacles to enterprise creation highlights the need for renewed efforts to developing the exchange of practice in these areas;
7. RECOGNISES that productivity growth has been most marked in those Member States and in those industries where innovation, facilitated by appropriate use of information and communication technology (ICT), is a prominent feature. ICT and innovation and qualification are intimately linked and together play a crucial role in enhancing productivity;
8. WELCOMES the Commission's Communication on "The impact of the e-Economy on European enterprises: economic analysis and policy implications" and, in this context, its intention to intensify the debate and deepen its co-operation with Member States, industry and social partners;
9. TAKING NOTE of the strengths and weaknesses of European biotechnology as it strives for world class competitiveness and RECOGNISING the contribution that biotechnology may make to the Lisbon process, WELCOMES the Commission's intention to present a complete review of the area of biotechnology and a policy strategy including an Action plan;
10. WELCOMES the Commission's Communication "Sustaining the commitments, increasing the pace" and the Commission 2001 Competitiveness Report, 2001 Innovation Scoreboard, 2001 Enterprise Policy Scoreboard and Best Procedure Report. The scoreboards, benchmarking exercises and reports are important instruments which constitute the foundations on which best practices are developed and lessons are disseminated across the Member States. These instruments draw attention to the widening gap in the per capita income in the late 90's, the under-performance of productivity growth and the persisting gap concerning innovation performance of the EU compared with its main industrial competitors;
11. RECOGNISES that unless these trends are reversed, they bode ill for EU standards of living, for the creation of durable employment and for the strengthening economic and social cohesion;
12. INVITES Member States to:
  - advance further their initiatives in promoting entrepreneurship, such as improving the climate of cooperation between the education system and enterprises;
  - continue their policy of diminishing the administrative burden to enterprise creation and facilitating the development of other actors that support start-ups and enterprise growth;
  - participate actively in the preparation, development and use of benchmarking and scoreboards and contribute to this work by improving the quality, timeliness and availability of statistical information;

- look systematically into best practices identified in other parts of the European Union, so as to fully exploit them, in accordance with the local context;
- review the experience of those Member States that have had exemplary growth and productivity performance since the mid-1990s, to see what lessons can be learned regarding ICT use and diffusion and what actions have contributed to making easier and faster the uptake of ICT by European enterprises, notably by SMEs;

13. INVITES the Commission to:

- continue its work in reviewing the determinants of productivity growth in the EU and in the Member States as well as the role played therein by enterprise policy and other policies;
- rapidly present its proposals for a European biotechnology policy strategy, taking into account the potential of this economic activity;
- to present an action plan for better regulation as soon as possible;

14. INVITES the Member States and the Commission to:

- continue to cooperate on the elaboration of quantitative targets in enterprise policy according to the open method of coordination; early progress in this area is needed in order to meet the Lisbon goals;
- continue their work in the area of benchmarking enterprise policy, in particular in relation to SMEs, and in producing the relevant Scoreboards;
- intensify work on the improvement of the business environment and ensure proper follow-up, implementation and information on progress, in particular through their contributions to the Best Procedure and the European Charter for Small Enterprises;
- intensify the debate on the impact of the e-Economy with the view to integrate in a coherent way the e-dimension in EU and national policies related to the competitiveness of the European enterprises taking into account the special needs of small enterprises, in particular on using the internet and training, and to develop further work, for maximising the benefits of the e-Economy for European enterprises;
- continue their work in the area of improving regulatory quality and to simplify the regulatory environment, notably through the development of impact assessments;
- exploit the potential for exchange of good practice and learning in the innovation area within the EU in order to improve the overall performance of enterprises in the EU;
- continue their efforts to promote fair competition and a fully operational internal market."

**FINANCING OF SMEs – CONCLUSIONS**

The Council adopted the following conclusions:

"THE COUNCIL OF THE EUROPEAN UNION,

1. RECALLING the conclusions of the Lisbon European Council to make the EU the most competitive and dynamic knowledge-based economy in the world, with a view to create a friendly environment for starting up and developing innovative businesses, especially small and medium-sized enterprises (SMEs);
2. CONSIDERING the difficulties faced by SMEs in obtaining sufficient finance, especially small enterprises and enterprises in the start-up phase;
3. TAKING ACCOUNT of the results of the Conference which was held on this subject in Louvain-la-Neuve on 24 and 25 October 2001, attended by representatives of the academic, industrial, financial and banking worlds as well as by Industry Ministers and the Commission;
4. RECOGNISING that progress has been made in the areas mentioned hereafter but UNDERLINING at the same time the necessity for further improvement NOTES that:
  - the forthcoming New Basle Capital Accord could have an impact on SMEs' access to finance, especially in the case of start-up companies;
  - SMEs do suffer from a lack of collateral and that systems of public, private and mutual guarantees could overcome this problem;
  - risk assessment systems should be more transparent and adequately geared to SMEs' needs;
  - market failures exist both in formal and informal risk capital markets;
  - fragmentation of stock markets hampers financing SMEs;
  - supply of finance and related taxation issues have a significant impact on entrepreneurship in the European Union;
  - SMEs suffer from an informational asymmetry between supply and demand for finance;
5. INVITES the Commission to:
  - to encourage professionalism of the various players in the field of equity finance by identifying good practices in the field of public and private training;

- facilitate contacts between banks, other financial providers and SMEs in order to draft a European code of conduct between banks and SMEs and thus strengthen their understanding of each other, and determine best practices for reducing the complexity of the administrative procedures involved in financing or government guarantees;
  - measure on a regular basis SMEs' access to finance;
  - explore ways of reducing the informational asymmetries between capital supply and demand, looking in particular at risk assessment methodologies that are accessible, transparent and suited to SMEs' requirements;
  - explore ways to increase liquidity of capital markets;
  - submit an initial assessment of progress in 2003;
6. INVITES the European Investment Bank (EIB) to direct its global loans more towards segments where market failures are significant and to make sure that the EIB's financing efforts have an impact at the level of SMEs as well;
7. INVITES the Commission and the European Investment Fund (EIF) to:
- conduct an analysis in the field of risk sharing schemes between the private and public sectors, with particular reference to guarantee systems and the various forms of securitisation;
  - reflect upon the setting up of a guarantee system that facilitates fund raising and creates a significant multiplier effect for private investment sources (banks, risk capital, business angels) consistent with state aid rules;
  - focus action concerning risk capital on segments where market failures are most evident;
8. CALLS ON Member States to:
- give priority to initiatives related to access to finance, such as actions promoting entrepreneurship, good practices in the financial management and quality financial information concerning SMEs;
  - encourage contacts between banks, other finance providers and SMEs in order to improve their mutual understanding."

## COMPETITION POLICY

The Council held a debate on major points of the proposal for a Regulation aiming to introduce a new system for implementing the rules on competition laid down in Articles 81 and 12 of the Treaty.

The proposal aims to introduce a decentralised application of Community competition law through a directly applicable system of legal exception. By deeming that agreements not contravening the rules on competition are automatically lawful, this system would replace the notification system currently in force.

At the close of the debate, the Council directed the Permanent Representatives Committee to continue the technical review of the file and the Presidency drew the following conclusions:

"The Presidency:

- welcomes the further progress made on the basis of the work done under the French and Swedish Presidencies and notes with satisfaction that the text of a number of provisions of the proposal is close to consensus;
- notes that the objective of Article 3 of the proposal, insofar as it endeavours to guarantee undertakings a level playing-field in the European Union and to open the way to optimum operation of the network, seems to be largely shared by the delegations;
- confirms, however, the need to continue discussions on Article 3, with particular reference to its implications for national legislation;
- considers that the main operating principles of the network should be enshrined in a joint Council and Commission statement, whereas the detailed arrangements could be set out in a Commission communication prepared in close cooperation with the Member States;

- stresses the importance of the operating principles of the network set out in its report: the network should be the instrument of more effective application of Community rules of competition within which the different authorities will cooperate in a spirit of mutual respect and solidarity. The Commission will retain special responsibility for the development of competition policy and maintaining its consistent application throughout the Community;
- reaffirms the need to press ahead with work in order to secure adoption next year and enable the new arrangements to be introduced prior to the accession to the Union of the first candidate countries."

### **STATE AID**

The Council adopted the conclusions set out below and took note of the Commission's presentation of its latest report on State aid in the European Union (9<sup>th</sup> report, covering the period 1995-1999).

"THE COUNCIL OF THE EUROPEAN UNION,

1. RECALLING:

- the conclusions of the Lisbon European Council which aim at making the EU the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion;
- the conclusions of the Stockholm European Council in particular the commitment for Member States to continue their efforts to reduce the general level of State aid expressed as a percentage of the gross domestic product (GDP) by 2003, and the need to redirect aid towards horizontal objectives of common interest, including cohesion objectives;
- the Council conclusions of 26 November 2001 on services of general interest;

2. TAKING AS A BASIS the work carried out at the informal Conference of Industry Ministers, in the presence of the Commission, held at Genval on 26 October 2001 and devoted to taking forward the commitments made at Stockholm;

3. RECOGNISES the need to accelerate the adjustment of State aid policies in order to deliver less aid but better aid to implement the Stockholm and Lisbon objectives also within a view to enlargement;

4. REAFFIRMS the need to continue efforts to reduce aid, especially the most distortive ones in terms of competition;
5. RECOGNISES that community policy regarding State aid should remain consistent with economic and social cohesion objectives;
6. RECOGNISES the need to target state aid at clearly identified market failures;
7. REAFFIRMS the need to increase transparency;
8. EMPHASISES, in this connection, the relevance and usefulness of the State Aid Register and the State Aid Scoreboard drawn up by the Commission;
9. INVITES the Member States to:
  - continue their efforts to reduce aid levels, in terms of percentage of GDP;
  - reduce, by way of priority, with a view to eliminating, aid which has the greatest distortive effects;
  - reorient aid towards horizontal objectives, including cohesion and, where appropriate, small and medium-sized enterprises (SMEs);
  - further develop the use of "ex ante" and "ex post" evaluations of aid schemes, so as to rebalance them in a more effective way; such evaluations should focus on the quality of aid packages, their effects on competition and their impact;
  - improve the transparency and the quality of reporting to the Commission, particularly by national control and follow-up procedures as well as, where possible, by the provision of relevant statistics;
10. INVITES the Commission to:
  - develop, together with the Member States, statistical tools enabling these Conclusions to be followed up and devise indicators of effectiveness and efficiency; those indicators should thereafter, where appropriate, supplement the Scoreboard;
  - intensify the assessment of the impact of aid on competition, on the basis of economic criteria;
  - encourage exchanges of experience and concerted evaluation exercises, in order to benchmark the effectiveness of instruments on a European scale;
  - continue its efforts to simplify European rules on State aid, to modernise them and clarify them in order to make them more effective, particularly in terms of the length of processes;
  - submit an initial assessment of progress in 2002."

**STEEL INDUSTRY**

The Council heard the Commission's presentation of its 16<sup>th</sup> report on the monitoring of Article 95 ECSC steel aid cases.

With regard to the expiry of the ECSC Treaty, the Council, at the close of a debate on progress in the matter, asked the Permanent Representatives Committee to continue its discussions and to report to it at the next meeting.

**SHIPBUILDING**

The Council held an in-depth discussion on the proposal for a Regulation to establish a temporary defensive mechanism to assist the Community shipbuilding industry.

The proposal is designed to counter unfair trade practices by the Republic of Korea in this sector for the period necessary until the conclusion of the dispute settlement proceedings which the Commission is considering initiating in parallel against Korea before the World Trade Organisation. The proposed mechanism is limited to those market segments where it has been demonstrated that the practices in question have directly harmed EU industry.

At the close of the discussion, having established that at this stage it was not able to reach a qualified majority on the Commission proposal, the Council agreed to return to this item at a forthcoming meeting.

## **SUSTAINABLE DEVELOPMENT**

The Council was informed by the Commission of progress in the follow-up to the conclusions of the Göteborg European Council regarding sustainable development.

The Commission's presentation related specifically to:

- the strategy for the future chemicals policy;
- emissions trading;
- environmental liability.

## **BIOTECHNOLOGY**

The Council took note of progress following the Commission's adoption of the consultation document entitled "Towards a strategic vision of life sciences and biotechnology".

It is recalled that the Stockholm European Council had requested an examination of the measures required to optimise the potential of biotechnology in order to strengthen the competitiveness of European industry. The Commission's communication aims to meet this expectation by proposing a strategy encompassing competitiveness, innovation, research, regulation, the international context, public involvement and ethics.

## **CORPORATE SOCIAL RESPONSIBILITY – GREEN PAPER**

The Council heard a presentation by the Commission of its Green Paper entitled "Promoting a European framework for Corporate Social Responsibility".

This document examines the ways in which the EU could promote corporate social responsibility, at both European and international level, and make the most of existing experiences, encourage the development of innovative practices, bring greater transparency and increase the reliability of evaluation and validation of the various initiatives carried out in Europe. It suggests an approach based on the deepening of partnerships in which all actors have an active role to play.

## **AEROSPACE INDUSTRY**

The Council was informed by the Commission of progress in work by the High Level Consultative Group on the Aerospace Industry ("STAR 21" initiative).

The main task of this Group, which held its first meeting on 6 July 2001, is to analyse:

- the overall economic situation and the existing political and regulatory framework for the European aerospace sector in a global context;
- the role of the European aerospace sector in meeting the current and future strategic needs of the Union, in the fields of mobility, security and defence, technology and the use of space.

**OTHER BUSINESS*****– BUSINESS CENTRES – INTERNATIONAL CONFERENCE***

The Council took note of the information provided by the Belgian delegation concerning the International Conference on Business Centres, held in Brussels on 14 and 15 November 2001.

***– FOURTH EURO-MEDITERRANEAN CONFERENCE OF MINISTERS FOR INDUSTRY***

The Council took note of the information provided by the Commission on progress with the preparations for the 4<sup>th</sup> Conference of Ministers for Industry, to be held in Malaga (Spain) on 9 and 10 April 2002.

***– FINANCING OF SMEs – REVISION OF THE BASLE AGREEMENT***

The Council heard a presentation by the Austrian delegation on the potential effects, on SMEs financed from credits, of the current revision of the Basle Agreement.

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