

*José Manuel Barroso*  
*President of the European Commission*

Brussels, 11/03/2014

*Dear colleagues,*

*We will have a busy agenda when we meet for the March European Council (in particular because of events in Ukraine and the likelihood that we will need to devote some time to discussing the EU's response). To maximise the time we will have for discussion I would like to share some interesting background material with you in advance of our meeting.*

*One of the topics on our agenda is industrial policy. You have already seen the Commission's latest Communication<sup>1</sup> on this important policy area. I believe we can all agree on the importance of creating the right environment to support Europe's industrial competitiveness. Among the many factors that determine this are the way manufacturing and services increasingly work together and investment in research and innovation. I am enclosing two short documents, one on Horizon 2020 and the other on services which I hope you will find useful.*

*The Horizon 2020 programme will play an important role in the coming years in fostering industrial competitiveness. Through our MFF decisions we have committed to increase the budget available and will now have considerable funds to boost European research. The enclosed document illustrates some of the many programmes that will be used to help strengthen our capacity to innovate and successfully market new products and services.*

*The situation in the services sector is clearly described in the enclosed text. Since it is increasingly clear that manufacturing and services should be looked at together, I felt that this background would be helpful for our discussion. One of Europe's strengths, which comes directly from the ways our companies have learned to use our Internal Market, is their ability to participate in global value chains where we can maximise the added value of our traditional manufacturing capabilities combined with services such as business services and logistics.*

*The enclosed data shows that we are making progress but also that with better implementation by Member States we could tap into more growth potential in this sector.*

*To the Members of the European Council*

*Issues such as competitiveness will also be prominent in our discussion on energy and climate change. I hope you found useful the energy cost analyses which the Commission published in January. It is clear from the factual analysis that parts of the price we pay for our energy is determined nationally by policy choices. It is also clear that our climate policies do not add significantly to the high cost of energy in the EU.*

*I look forward to our discussions on these and other issues on 20/21 March.*

A handwritten signature in black ink, consisting of a sharp downward stroke followed by a long, sweeping horizontal line that curves slightly upwards at the end.

*José Manuel BARROSO*

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<sup>i</sup> COM(2014)14