

9384/18
(OR. en)

PRESSE 30
PR CO 30

OUTCOME OF THE COUNCIL MEETING

3620th Council meeting

Competitiveness (Internal Market, Industry, Research and Space)

Brussels, 28 and 29 May 2018

Presidents **Emil Karanikolov**
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- Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
- Documents for which references are given in the text are available on the Council's internet site (<http://www.consilium.europa.eu>).
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ITEMS DEBATED

INTERNAL MARKET AND INDUSTRY

Competitiveness check-up from a sectoral perspective

The Commission gave a presentation on the link between the internal market and industrial competitiveness from a sectoral perspective.

Following the presentation, ministers were invited to carry out a competitiveness check-up on this matter.

They considered the concrete impact of the internal market in terms of competitiveness and productivity on the EU industrial base, notably on the development of specific economic sectors according to the various levels of integration.

Ministers stressed the relevance of value chains for better long-term productivity performance and for boosting competitiveness.

They called on the Commission to further identify, in collaboration with the member states and stakeholders, initiatives and investments to be made for the value chains of the future.

Ministers also referred to the importance of rapid adjustment to digital technologies, the promotion of strategic value chains and clusters and the need for highly specialised skills.

Furthermore, they referred to the fragmentation of some sectors with a large untapped potential in the internal market, such as the energy sector, construction, information technologies, insurance and financial services.

While large firms have successfully managed to fully benefit from the possibilities of the internal market and enhance their competitiveness by setting up cross-border supply chains, the opportunities resulting from the internal market for small and medium-sized enterprises, and in particular service providers, are still rather limited.

The Commission has been examining this impact in terms of value added, productivity, innovation, trade and other relevant competitiveness indicators. Some of the main findings are that:

- internal market integration has a positive impact on productivity and economic performance, including through market opening and institutional change;
- the internal market has promoted geographical clustering and specialisation patterns that have led to a significant increase in intra-EU bilateral trade relationships overall;
- free movement of goods, services and investments helps prevent protectionism and supports convergence and resilience;
- the internal market helps EU companies to respond to changing global production and demand patterns by facilitating internal trade and fostering integration in global value chains;
- undue restrictions in specific markets, notably services, reduce the productivity of the manufacturing sectors which use those services, as well as the economic performance of manufacturing firms specialising in services production.

Ministers agreed with this analysis and requested the Commission to continue with it.

The internal market facilitates the integration of EU businesses in European and global value chains and strengthens their internal and external competitiveness.

This was acknowledged by the European Council in its [conclusions of 22 March 2018](#), which called on the Commission to present, by the end of the year, an assessment of the functioning of the internal market and remaining barriers to intra-EU trade of goods and services.

The competitiveness check-up allows ministers to put forward priorities and respond to urgent issues and developments in the real economy.

Mutual recognition of goods in the internal market

The Council held a public debate and reached a general approach on a draft regulation aimed at improving the mutual recognition of goods lawfully marketed in another member state.

The Council's general approach will allow negotiations to begin with the European Parliament once the Parliament has agreed its own position.

The objective of the regulation is to improve the application of the principle of mutual recognition, and thus to ensure that goods lawfully marketed in one member state can be sold in any other, as long as they are safe and respect the public interest.

For more information see press release: [Mutual recognition of goods: Council agrees position to reinforce the single market](#)

Relations between online platforms and businesses

The Council held a public debate on a [draft regulation aimed at promoting fairness and transparency for business users of online intermediation services](#).

The proposed regulation on platforms-to-business relations was presented by the Commission on 26 April as an important element for the completion of the digital single market.

It is aimed at increasing fairness and transparency on platforms-to-business relations, which will help to enhance consumers' trust in online trade, among other things by obliging platforms to ensure greater transparency in their terms and conditions.

The proposal also covers online search engines, which can be important sources of internet traffic for undertakings that offer goods or services to consumers through websites and can therefore significantly affect their commercial success.

Member states welcomed the overarching objectives of the Commission proposal.

The debate, which was based on a [presidency document](#), revealed the need to improve predictability and transparency for business users who use online platforms.

Many delegations pointed out that online platforms are beginning to form the backbone of the European economy and outlined their importance for the European economy and for the development of the digital single market.

They stressed the need to develop a fair digital environment for companies and platforms, which can generate good conditions for innovation whilst avoiding overregulation.

Many delegations supported a step-by-step approach, to be focused on transparency and appropriate redress mechanisms as a suitable way to regulate the fast-evolving online platform economy.

The Council instructed its preparatory bodies to carry on with the examination of the proposal, with a view to reaching an agreement within the current legislative term.

RESEARCH AND INNOVATION

Knowledge circulation in the EU

The Council adopted conclusions on accelerating knowledge circulation in the EU ([9507/18](#)).

One of the EU's objectives is to strengthen its scientific and technological bases by completing a European research area in which researchers, scientific knowledge and technology circulate freely.

The conclusions put particular emphasis on:

- the transfer of knowledge to maximise the impact of research and innovation (R&I)
- mobility of researchers, openness and dissemination of research results
- the improvement of framework conditions and synergies between EU programmes

Moreover, they highlight the role of pan-European research infrastructures in promoting fluid circulation of knowledge by enabling researchers to participate in cross-border research activities.

European Open Science Cloud

The Council adopted conclusions with the purpose of providing guidance on the implementation of the European Open Science Cloud (EOSC) ([9029/18](#)).

On 14 March 2018, the Commission published a roadmap for the implementation of the EOSC.

The roadmap is based on the 2016 Commission communication on a European cloud initiative to build a competitive data and knowledge economy in Europe, as well as on the subsequent consultations held with the EU member states and stakeholders.

The EOSC aims to help science, industry and public authorities in the EU access world-class data infrastructures and cloud-based services.

The EOSC will federate existing and emerging data infrastructures and will offer a virtual environment within which to store, share and re-use data across disciplines, thus providing 1.7 million EU researchers with an unique environment for interdisciplinary research.

Euratom programme for nuclear research (2019-2020)

The Council agreed on a general approach on a draft regulation aimed at extending, for the years 2019 and 2020, the research and training activities carried out under the European Atomic Energy Community (Euratom) framework programme ([9054/18](#) and [9054/18 ADD 1 REV 1](#)).

The new regulation will ensure the continuation of the current Euratom programme, which will expire at the end of 2018, in order to align it with the current Horizon 2020 research framework programme, which runs until the end of 2020.

Euratom research programmes are limited by the Euratom treaty to five years, whereas the EU's framework programmes for research have a seven-year duration.

The Euratom framework programme concerns research activities in nuclear energy (fusion and fission) and radiation protection.

It will have an overall budget of € 770 million for 2019 and 2020.

It is organised in two parts, corresponding to actions on fusion energy research and nuclear fission and radiation protection (indirect actions) and research activities of the [Joint Research Centre](#) (JRC) (direct actions).

Research and innovation in the context of the EU's next long-term budget

Ministers had a public debate on research and innovation (R&I) within the context of the next multiannual financial framework (MFF), covering the years 2021 to 2027.

The debate was structured by a [presidency document](#).

Ministers shared the view that the upcoming research framework programme "Horizon Europe" for 2021-2027, which is due to be presented by the Commission in early June, will have to ensure that R&I support all policy areas.

They stressed the need to streamline synergies between EU funding programmes to maximise the value added to investments by the EU.

Many participants considered that the creation of a European Innovation Council and of pilot projects in areas like artificial intelligence will provide genuine EU added value. In particular, the need was highlighted to achieve improvements in the transformation of innovation results into marketable products.

The development of a mission-oriented approach was considered to have great potential to address major societal challenges.

A number of delegations supported the continuation of funding EU projects on the basis of excellence.

Certain delegations also outlined the need to better balance geographical participation in research programmes in the future.

Effective interaction between academic and research centres and industrial and business sectors was considered a priority, together with the encouragement of public-private partnerships.

Several other subjects were also mentioned as being key elements to be taken into account during the implementation of the upcoming "Horizon Europe" programme, including: communicating the results of research to citizens better, supporting disruptive innovation and making progress in open science.

On 15 May 2018, the Commission published the communication "[A renewed Agenda for Research and Innovation - Europe's chance to shape its future](#)", as a contribution to the informal discussion that EU heads of state or government held in Sofia, Bulgaria, on 16 May (see also: [Leaders' agenda on innovation and digital topics](#)).

In this communication, the Commission presents a set of actions to deepen Europe's innovation capability along three strands:

- Ensuring innovation-friendly regulation and financing
- Making Europe a frontrunner in market-creating innovation
- Launching EU-wide research and innovation missions

The Commission presented its [proposal laying down the MFF for the years 2021 to 2027](#) on 2 May 2018. The proposed envelope for research and innovation for the seven is nearly € 100 billion.

European high-performance computing joint undertaking

The Council took note of a presidency [progress report](#) on a proposal aimed at establishing the European high-performance computing joint undertaking.

The joint undertaking will be in charge of pooling European resources to develop supercomputers for processing big data.

During the informal working lunch, research ministers discussed with Mariya Gabriel, Commissioner for digital economy and society, on high-performance computing for extreme scale scientific and industrial applications.

SPACE POLICY

Future of the European space policy

Ministers exchanged views on the future of the European space policy.

The debate focused on the benefits of space for the whole economy beyond the space sector itself, as well as on the role of the public sector as a driver of innovation and a supplier of essential public services.

The debate was structured by a [presidency document](#). Among other subjects, the presidency document deals with the increasing dependence of the EU economy on space assets.

The outcome of the debate will feed into upcoming negotiations on the new proposal for a regulation on a European Union space programme that will be published next week.

Ministers stressed that the continuation of the EU flagship programmes is essential to preserve the EU investment done so far and to guarantee the enhancement of the data and service uptake.

They recalled that it was the EU's goal to achieve autonomous, secure and efficient access to space for the benefit of the European citizens and companies.

The Director General of [European Space Agency](#) (ESA), Jan Wörner, presented the ESA's views on the future of the European space policy.

The Council also took note of [information on the outcome of events dedicated to space policy](#), which took place in Sofia, Bulgaria, from 17 to 19 April.

The existing EU space programmes Galileo, EGNOS and Copernicus already deliver services that benefit millions of people.

Space systems are essential to respond to global challenges and deliver tangible results by strengthening the long-term competitiveness of the EU economy, supporting the digital single market, ensuring sustainable management of natural resources and tackling migration and climate change.

Space provides numerous benefits for society and competitive advantages for industry by being an enabler of new business models, fostering the development of high-tech and innovative capabilities and ensuring added values for many space-dependent sectors.

Space technologies, data and services have become indispensable in the daily lives of European citizens. Thanks to them people and public authorities within the EU and around the world can observe the Earth with clarity and communicate, navigate and operate with accuracy.

ANY OTHER BUSINESS

– *Artificial intelligence*

Over an informal working lunch, ministers discussed the development and use of artificial intelligence with Commission Vice-president Andrus Ansip.

The debate was based on a [presidency document](#) and on the Commission communication "[Artificial intelligence for Europe](#)".

The delegations shared the view that artificial intelligence will become one of the most significant resources for increasing the competitiveness of the EU and enhancing the well-being of its citizens.

They agreed that the approach towards artificial intelligence has to take into account its potential impact in various fields, such as social, ethical, etc.

– *Digital single market initiatives*

The Council took note of information provided by the Commission on new initiatives relating to the digital single market.

To date, the Commission has presented just over 30 legislative initiatives under the digital single market strategy.

The most recent package was issued on 25 April 2018 and completes the legislative framework envisaged by the Commission for the strategy.

The Council and the European Parliament initially aimed to complete all digital files by the end of 2018. However, the March 2018 European Council extended the deadline until the end of the current legislative cycle.

Since the adoption of the digital single market strategy in 2015, the Council and the Commission have been regularly monitoring the development of the relevant files.

– *Copyright package*

The presidency provided information on the state of play of the ongoing reform of EU copyright rules to adapt them to the digital age.

The copyright package is made up of:

- a [draft directive](#) on copyright in the digital single market, and
- a [draft regulation](#) aimed at facilitating digital transmissions and retransmissions of TV and radio programmes.

The presidency reported on the agreement reached by the Committee of permanent representatives (Coreper) on 25 May on a mandate for negotiations with the European Parliament with a view to adopting the directive at first reading.

See press release: [Copyright rules for the digital environment: Council agrees its position](#)

– *New deal for consumers*

The Council took note of information by the Commission on the "[New deal for consumers](#)" [package](#), which was released on 11 April 2018.

The package aims to ensure a higher level of protection for consumers and traders, to increase trust and to help the development of cross-border e-commerce in the internal market.

It is made up of two directives and a communication.

One directive amends a number of consumer law acts and aims to update, and ensure better enforcement of, EU consumer protection rules, in particular in the light of digital developments. It also tackles the issue of dual quality of consumer products.

The other directive replaces the existing Injunctions Directive and aims to improve compliance with consumer rules via representative actions on behalf of consumers. The objective is to strike a balance between facilitating access to justice to safeguard consumers' interests and ensuring adequate safeguards from abusive litigation.

The package is currently under examination by the relevant Council preparatory bodies.

– *Company Law package*

The Commission presented a new [package to modernise company law](#) rules in the EU.

It is made up of two directives, both amending directive 2017/1132:

- one as regards cross-border conversions, mergers and divisions. The proposal sets out common procedures at the EU level on how a company can move from one EU country to another, merge or divide into two or more new entities across borders.
- another as regards the use of digital tools and processes in company law. Under the new proposal companies will be able to register, set up new branches or file documents to the business register online in all member states.

– *Unitary patent protection system*

The Council took note of [information](#) on the state of play of the Unitary Patent and the Unified Patent Court (UPC).

The Unified Patent package is built on three pillars:

- a [regulation establishing unitary patent protection](#)
- a [regulation on translation arrangements](#)
- an intergovernmental [agreement setting up the UPC](#) for the settlement of disputes relating to European patents and European patents with unitary effect.

The two regulations were adopted under the enhanced cooperation procedure, with Italy and Spain not participating initially. In September 2015, Italy confirmed its participation in the system. Croatia, which was not an EU member state at the time, is not participating yet.

The UPC agreement was signed on 13 February 2013 by all member states except Spain, Poland (although Poland participates in the enhanced cooperation) and Croatia.

To date, the UPC agreement has been ratified by 16 member states.

To take effect, the package requires ratification of the UPC agreement by 13 member states including France, Germany and the United Kingdom.

France and the United Kingdom have already ratified. Germany's ratification is still pending due to an ongoing case lodged in the Federal Constitutional Court.

Ratification details of the UPC agreement can be found in the database:

<http://www.consilium.europa.eu/en/documents-publications/agreements-conventions/agreement/?aid=2013001>

– *Supplementary protection certificates for medicinal products*

The Council took note of information provided by the Commission on a [new proposal](#) to amend [regulation 469/2009](#) concerning the supplementary protection certificate for medicinal products.

The proposal was released on 28 May.

Patent protection in the EU lasts for 20 years from the date of filing of the patent application. For patentable products that are subject to regulated market authorisations, such as medicinal products, that would mean that their term of protection would be curtailed by the period which elapses between the date of filing of the patent application and the date of the first authorisation to place the product on the market in the EU.

To compensate patent-holders for the resulting loss of exclusivity during that period, regulation 469/2009 provides for the possibility of obtaining a corresponding extension of the term of patent protection, which can be up to five years. Such an extension is obtained by means of supplementary protection certificates granted by each EU member state.

– ***Tourism: outcome of initiatives and conferences in 2018***

The presidency debriefed ministers on the outcome of a number of initiatives and conferences focusing on tourism that were launched during the first semester 2018 ([8783/18](#)).

At a high-level meeting on tourism that took place in Sofia on 13 February, representatives from the EU and Western Balkan countries discussed how to better support the development of the sector, with particular attention to EU tourism regulations, security, possibilities for boosting international cooperation and a proposal to establish a European Tourism Fund promoting the sustainable development of the sector.

– ***Conference on SOLVIT, the single market problem-solving website***

The presidency debriefed ministers on the outcome of the conference "A year after the adoption of the Action Plan on the Reinforcement of [SOLVIT](#): evaluation and recommendations", which took place in Sofia, Bulgaria, on 19 and 20 April.

– ***Work programme of the incoming presidency***

The Austrian delegation gave an overview of the priorities of its presidency in the field of European competitiveness for the second half of 2018.

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OTHER ITEMS APPROVED

RESEARCH

Lebanon - Food and water projects - "PRIMA" initiative

The Council approved the conclusion of an [agreement with Lebanon](#) setting out the terms and conditions for the participation in the Partnership for Research and Innovation in the Mediterranean Area ([PRIMA](#)) ([11967/17](#)).

PRIMA aims to foster research and innovation capacities and to develop knowledge and common innovative solutions for improving the efficiency, safety, security and sustainability of agro-food systems and of water provision and management in the Mediterranean area.

On 30 May 2017, the Council authorised the opening of negotiations with Algeria, Egypt, Jordan, Lebanon and Morocco to conclude agreements laying down the terms and conditions for their participation in the PRIMA programme ([9111/17](#)).

The agreement with the Republic of Lebanon was signed on 27 February 2018.

The PRIMA programme requires international agreements to be negotiated between the EU and third countries which are not associated with the EU's "Horizon 2020" research framework programme to allow their participation in PRIMA.

PRIMA is scheduled to run for ten years, starting in 2018.

ECONOMIC AND FINANCIAL AFFAIRS

Government debt data - Austria - Land Salzburg

The Council imposed on Austria a fine of €26.82 million due to the manipulation of debt data in Salzburg state (Land Salzburg).

The fine relates to the misrepresentation of government debt data in 2012 and 2013, and follows an investigation launched by the Commission in May 2016.

The investigation found serious negligence in three Austrian public entities: the State Court of Audit, the State Office and the State Government of Salzburg. The Commission issued a report in February 2017.

GENERAL AFFAIRS

2017 report on public access to Council documents

The Council approved its [annual report](#) on the implementation of Regulation 1049/2001 regarding public access to documents.

[Public access to Council documents: 2017 report](#)

AGRICULTURE

Trade in agricultural products between EU and Switzerland: decision to amend the agreement

The Council adopted a decision on the position to be taken on behalf of the European Union within the Joint Veterinary Committee set up by the agreement between the EU and the Swiss Confederation on trade in agricultural products, as regards the amendment of appendix 6 of annex 11 to the trade agreement ([14048/1/17 REV 1](#)).

The amendment will extend indefinitely the possibility for the Swiss Confederation to be exempted from the obligatory *Trichinella* examination of carcasses and meat of domestic swine.

Amendments of pesticides - maximum residue levels

The Council decided not to oppose the adoption of two Commission regulations amending regulation 396/2005 on maximum residue levels of pesticides in or on food and feed of plant and animal origin.

These amendments concern:

- annexes II and III as regards maximum residue levels for lambda-cyhalothrin in or on certain products ([8352/18](#)), and
- annex I as regards the MRLs applicable to radish leaves ([8256/18](#)).

Regulation 396/2005 establishes the maximum quantities of pesticide residues permitted in products of animal or vegetable origin intended for human or animal consumption. These maximum residue levels (MRLs) include, on the one hand, MRLs which are specific to particular foodstuffs intended for human or animal consumption and, on the other, a general limit which applies where no specific MRL has been set. MRL applications are communicated to the European Food Safety Authority (EFSA), which issues a scientific opinion on each intended new MRL. Based on the EFSA's opinion, the Commission proposes a regulation such as those listed above to establish a new MRL or to amend or remove an existing MRL and modifying the annexes of regulation 396/2005 accordingly.
