



COMPETITIVENESS Council

28 and 29 May in Brussels

The two-day Council session will focus on targeted actions related to main building blocks of the European economy that combine to produce tangible results in terms of **economic growth and job creation**:

- the cohesion and deepening of the internal market,
- the digitalisation of intra-EU trade, and
- a fully operational European Research Area (ERA).

In this context, the Council will be invited to adopt conclusions on the **digital transformation of European industry**, on **open, data-intensive and networked research**, on the **ERA roadmap for 2015-2020** and on the **ERA advisory structure**.

Before adopting conclusions, the Council will examine the **digital single market strategy** issued by the Commission on 6 May 2015.

The Council will also be invited to confirm a political agreement on revised rules on **package travel** designed to adapt the travel market to the digital age and better address the needs of consumers and businesses.

In the field of company law, ministers will hold a debate on the creation of a new form of **single-member private limited liability company**, with a view to reaching an agreement on a general approach. The aim of the proposal is to set up a common legal framework for low-cost online registration of small companies operating across borders.

The Council will also discuss the **consumer product safety and market surveillance** package with a view to reaching a general approach. One outstanding political issue remains to be resolved, namely the proposed provision requiring a mandatory indication of origin marking for non-food products.

Ministers for research will have the opportunity to exchange views on the development of a European agenda for **open science**.

The sessions will be chaired by Mrs **Dana Reizniece-Ozola**, Minister for Economics, and Mrs **Māriņe Seile**, Minister for Education and Science, of Latvia.

Press conferences:

- internal market and industry: Thursday 28 May at +/- 18.30;
- research and innovation: Friday 29 May at +/- 13.00.

Press conferences and public deliberations can be followed by video streaming:

<http://video.consilium.europa.eu>

¹ This note has been drawn up under the responsibility of the press office.

INTERNAL MARKET and INDUSTRY

Digital single market policy: the digital transformation of European industry

The Council will be invited to adopt conclusions on the digital transformation of European industry. It will also exchange views on digital single market policy on the basis of a [presidency document](#).

The exchange of views will follow a presentation by the Commission on the new digital single market strategy, and how the strategy will operate to unleash the full potential of Europe's digital economy to deliver growth and jobs.

Ministers will be invited to express their views on the following questions:

- Would you agree that the strategy covers all the most important issues for completing the digital single market and how do your member state's digital priorities map onto the actions outlined in the strategy?
- What would be your member state's priorities and concrete suggestions for actions proposed in the strategy, especially under the first pillar, "Better access for consumers and businesses to online goods and services across Europe"?
- Are there other priority actions from other pillars that you would want to outline as having major importance for the competitiveness of European businesses and confidence of consumers in the digital single market?

The outcome of the exchange of views and the conclusions will be a valuable contribution to the discussions on digital single market policy planned at the European Council on 25-26 June 2015.

The [digital single market strategy for Europe](#), released by the Commission on 6 May 2015, seeks to make a better use of the great opportunities offered by digital technologies by removing barriers which curb economic growth. It builds on three strands:

- better online access to goods and services for consumers and businesses;
- to set up the right conditions and a level playing field for networks and innovative services;
- to expand the growth potential of the digital economy.

The strategy includes a roadmap of legislative and non-legislative measures to be delivered by 2016 in line with smart regulation principles.

The Council stressed in its [conclusions on single market policy](#) that the regulatory framework and related activities should be "digital by default" to ensure that new legislation is made fit for the digital age and addresses all possible ways in which digital solutions can reduce burdens for citizens and businesses.

Last March, EU industry ministers discussed the need to incorporate aspects of industrial policy in the digital single market strategy. They noted several obstacles that prevent industry from embracing digital innovations and tools (see press release [6715/15](#), page 6).

These aspects will be addressed in the conclusions on the digital transformation of European industry.

The Latvian presidency has pinpointed a competitive and digital EU as one of the main horizontal priorities for its presidency, based on the assumption that innovative enterprises and enterprises exploiting digital opportunities are the future of a modern economy and a precondition for creating growth and jobs.

Some of the key topics of the digital single market strategy will be discussed at the [Digital Assembly 2015](#) event that will take place in Riga on 17 and 18 June, under the auspices of the Latvian presidency.

Travel packages

In public deliberation, the Council will be invited to confirm a political agreement on the reform of the Travel Package Directive.

On 22 May 2015, the Council's Committee of Permanent Representatives endorsed the terms of an agreement between the Latvian presidency and European Parliament representatives.

See press release: [Travel package: updated rules](#).

The new directive will update the rules currently set out in directive 90/314/EEC on package travel, package holidays and package tours. It aims to catch up with travel market developments in order to meet the needs of consumers and businesses.

The current rules on package travel are difficult to apply in the digital age, with consumers increasingly booking customised packages online (either from one trader or several commercially linked traders) – which leaves buyers uncertain if they can count on protection and traders unclear about their obligations.

Therefore, the revised directive will extend the current protection for traditional pre-arranged packages to combinations of certain separate travel services, in particular if sold online. It will also improve rules for linked travel arrangements.

The new rules will increase transparency and strengthen consumer protection in relation to package travel. Other key features of the new directive will include:

- improved information requirements
- fairer and more predictable prices
- improved cancellation rights
- stricter liability of organisers in case something goes wrong during the trip
- higher protection in case of unavoidable and extraordinary circumstances
- more effective and harmonised rules on protection against insolvency

The new conditions will also help to create a level playing field for businesses by harmonising rules and compliance costs and cutting red tape. Additionally, they will remove obstacles to cross-border trade, opening up more opportunities for companies, particularly SMEs, to expand their activities across borders.

This will generate a broader choice of travel agents and holiday products and may therefore lead to cheaper prices for consumers.

The Commission presented the proposal for the reform on package travel in July 2013 together with a communication on "[Bringing the EU package travel rules into the digital age](#)".

Consumer product safety and market surveillance package

The Council will be invited to discuss the consumer product safety and market surveillance package with a view to reaching agreement on a general approach.

In spite of the high degree of convergence achieved by delegations on the package as a whole, there is one outstanding political issue which remains unsolved. It relates to the proposed provision establishing a mandatory indication of origin marking for non-food products (known as the "made-in" clause).

A number of delegations consider that the made-in provision would improve the traceability of products and consumer information. Other delegations, on the other hand, argue that a mandatory country of origin provision is not justified, is not strictly related to product safety and could be burdensome for economic operators.

The ministerial debate will take place against the background of a new cost/benefit [study](#), issued by the Commission on 6 May, on the impact of the implementation of the made-in clause for six categories of manufacturing products: toys, domestic appliances, consumer electronics, textiles, footwear and ceramics.

Last December, the Council asked the Commission to present further evidence on the costs and benefits of the proposed mandatory marking of origin with the aim of moving the negotiations forward.

There is no mandatory origin-labelling requirement within the EU that applies to non-food consumer products. Producers are currently free to label the products with the country of origin if they so wish.

The Commission presented the package on 13 February 2013. It is made up of two draft regulations: one on consumer product safety, and one on market surveillance. The package also includes two communications, one of which is on a multi-annual plan for the surveillance of products in the Union, and a report on the implementation of regulation 765/2008 on the requirements for accreditation and market surveillance.

The draft regulation on consumer product safety, which applies to all non-food consumer products, aims to simplify the existing regulatory framework, minimise administrative burdens and ensure a high level of consumer protection by introducing more effective and up-to-date product safety rules. It includes strengthened provisions for product identification and traceability.

The draft regulation on market surveillance gathers all market surveillance provisions into one single act. The new rules are more coherent, and no distinction is made between consumer and non-consumer products or harmonised and non-harmonised products. The proposed European Market Surveillance Forum will strengthen the support available to member states for their market surveillance activities by facilitating the exchange of information between national authorities. The existing Rapid Alert Information System (RAPEX) will be enhanced. The regulation will also clarify economic operators' rights and obligations.

Single-member private limited liability companies

The Council will hold a public deliberation on a draft directive aimed at creating a new status for single-member private limited liability companies.

Following the debate, the Council will be invited to reach agreement on a compromise text tabled by the presidency. The agreement would configure the Council's general approach, which would then serve as the basis for forthcoming negotiations with the European Parliament.

The draft directive² aims to facilitate the cross-border activities of businesses, particularly SMEs, and the establishment of single-member companies as subsidiaries in other member states, by reducing the costs and administrative burdens involved in setting up these companies. This will enable businesses to enjoy the full benefit of the internal market.

To achieve this objective, the draft directive introduces a common framework governing the formation of single-member companies.

Member states would have to ensure that their national legal systems provided for a form of company that complied with common rules established in the directive. Thus, it would be a national legal form and not a European one. Under a common name, it would have an EU-wide abbreviation: SUP (*Societas Unius Personae*).

² The [draft directive](#) was presented by the Commission on 10 April 2014. It would replace directive 2009/102 currently in force, which already provides for limited harmonisation of relevant national legislation.

Taking into account the thorough technical examination of the Commission proposal by the Council preparatory bodies, the main elements of the compromise text to be submitted by the Latvian presidency will include:

Online registration

A major innovation in the draft directive is that the SUP can be registered on-line using templates provided by member states. This seeks to facilitate economic activity and create growth and jobs, in line with the EU's digital agenda.

Some member states already have their own national schemes in place for electronic registration of companies.

The compromise proposal seeks to make on-line registration as secure and compliant with existing national rules as possible.

Minimum capital requirement of € 1

Currently, the minimum capital required for the formation of a single-member private limited liability company varies among the member states.

The proposal contains a symbolic minimum share capital requirement of €1 (or one equivalent unit of a member state's currency other than the euro).

In order to ensure adequate protection of creditors and other stakeholders, member states will have to ensure that their national laws provide mechanisms to prevent SUPs from being unable to pay their debts.

Examples of such mechanisms include requiring companies to build legal reserves, establishing balance sheet tests and/or issuing a solvency statement.

Transfer of seat to another member state

Provisions related to the separation of the company's seat have been removed from the original Commission proposal in order to respect member states' competences and traditions. Similarly, aspects of labour law will remain covered by existing national laws.

RESEARCH and INNOVATION

European Research Area: the roadmap 2015-2020 and more effective governance

In its conclusions, the Council is due endorse a roadmap for the European Research Area (ERA) and to set out the next steps to improve its governance.

The purpose of the roadmap, which covers the years 2015 to 2020, is to identify and focus on measures that can provide the greatest benefits for Europe's science, research and innovation systems.

Those measures are to be anchored in the key priorities agreed for the ERA, which are: more effective national research systems; optimal transnational co-operation and competition; an open labour market for researchers; gender equality and gender mainstreaming in research; and optimal circulation and transfer of scientific knowledge, including via a digital ERA. International cooperation in research is considered a sixth priority.

In February 2014, the [Council conclusions](#) called for the EU member states, in close cooperation with the Commission, to develop an ERA roadmap at European level by mid-2015. This should facilitate and reinforce the efforts undertaken by the member states.

Following that request, the European Research Area and Innovation Committee (ERAC) started preparing the roadmap. Also involved in the process are the Commission, the Council presidency, other ERA-related groups, ERA stakeholder organisations and national administrations.

The Council will adopt a separate set of conclusions on reviewing ERA governance to make the advisory structure of the ERA more efficient and effective.

The advisory work for the development of the ERA is currently undertaken by the ERAC and a number of different ERA-related groups, which include the European Strategy Forum on Research Infrastructures (ESFRI), the Strategic Forum for International Science and Technology Cooperation (SFIC), the High Level Group on Joint Programming (GPC), the Helsinki Group on Gender in Research and Innovation (HG), the ERA Steering Group on Human Resources and Mobility (SGHRM) and the ERAC working group on knowledge transfer (KT).

The ERA is the cornerstone of the [Innovation Union](#) flagship initiative to address major challenges in society. It is also a crucial component of the EU's strategy for growth and jobs.

Open, data-intensive and networked research: drivers for innovation

The Council will be invited to adopt conclusions on open, data-intensive and networked research as a driver for faster and wider innovation.

The conclusions will express political support for setting the right framework conditions for research and innovation focused on big data and for strengthening the whole data value chain in Europe.

They will stress the importance of data as fuel for entrepreneurship, digital transformation of industry and the development of new business models, ideas and innovative start-ups.

A key aspect will be support for new types of data professionals and researchers who combine knowledge in their fields with big data and digital skills.

The Council conclusions will be an additional contribution to the ongoing process of reflecting on how to achieve a genuine digital single market, which is one of the overarching priorities of the Latvian presidency.

On 6 May 2015, the Commission issued its communication entitled "A digital single market strategy for Europe" which highlights, among other things, the need for investment in ICT infrastructures and technologies such as cloud computing and big data.

Last March, the Council held a preliminary discussion on ways in which to boost innovation through open, networked and data-intensive research.

On that occasion, ministers emphasised that the research perspective should be taken into account when discussing issues such as data protection and copyright, cyber-security, data storage and management, interoperability of networks and standardisation, and data-sharing conditions.

The European Council's conclusions of October 2013 highlighted the digital economy, innovation and services as drivers for growth and jobs. They call for EU action to provide the right framework conditions for a single market for big data and cloud computing.

In July 2014, the Commission responded to this call through its communication "[Towards a thriving data-driven economy](#)", which outlines the features of the data-driven economy of the future and sets out measures to support and accelerate the transition towards it. It also sets out initiatives in the field of cloud computing.

The "[Open Europe: open data for open society](#)" conference, held in Riga on 18 and 19 February under the auspices of the Latvian presidency, allowed high-level experts from the private and public sectors to share experiences and present proposals for the use and reuse of open data and to address current and upcoming big data challenges in Europe.

Towards open and excellent European science: "Science 2.0"

The Council will hold a policy debate on open science, as a follow up to the Science 2.0 public consultation carried out by the Commission.

The debate will be structured on the basis of a [presidency note](#). Ministers will be invited to express views on the following questions:

- Do you agree with the idea of developing a European open science agenda?
- What specific actions should be taken at European and at member state level to move forward towards an open science agenda? How could this process contribute to the further development of the European Research Area and to increase the quality and impact of science as well as spreading excellence and widening participation?
- How can stakeholders (researchers, students, universities, funding bodies, businesses, etc.) be best engaged in the open science process?

Last March, the Council took note of the outcome of a [public consultation](#) on Science 2.0, which refers to the transition in the way research is performed, researchers collaborate, knowledge is shared and science is organised.

In July 2014, the Commission launched a consultation on "Science 2.0" focusing on the new trends in research and organising science. It gathered the views of many different stakeholders on the future of science, taking into account new trends such as more open, digital and data-driven science.

Some of these issues will be part of the programme during the "Week of Innovative Regions ([WIRE 2015](#))" conference that will take place in Riga from 3 to 5 June under the auspices of the Latvian presidency. WIRE has been established as a major European policy forum for innovation and regional development.

OTHER BUSINESSES

The Council will take note of information regarding several subjects, which will include:

- Trade mark reform

In public session, the presidency will report on the provisional agreement reached with European Parliament representatives last April.

See press release: [Trade marks reform: presidency secures provisional agreement](#)

- Unitary Patent protection system

The Council will take note of updated information how the implementation of the unitary patent protection system is progressing. The briefing will be given by the Commission and the chairs of the two committees in charge of preparations for the establishment of the system and of the Unified Patent Court.

- Defence and security industries

The Commission will present a report on the implementation of a communication on defence. It was first presented to the Foreign Affairs Council on 18 May, which also approved conclusions.

- Review of the Small Business Act

The Commission will report on preparations for a future revision of the Small Business Act.
