



COMPETITIVENESS COUNCIL

Brussels, 12 March 2018

The Council meeting will be devoted to internal market and industry policies. It will be chaired by Emil Karanikolov ([@EmKaranikolov](#)), Minister of Economy of Bulgaria.

The meeting will start at 9.30 with a debate on the **digitalisation of the EU economy**, as part of preparations for the European semester economic coordination cycle.

It will be followed by an exchange of views on industrial policy with a view to adopting conclusions on a future **EU industrial policy strategy**.

During a public debate, ministers will debate on the way forward to **improve and deepen the single market**. In 2018, the EU celebrates 25 years since the creation of the single market. During this time, the single market has developed from 12 to 28 participating EU countries.

At an informal working lunch, ministers will exchange views on preparations for the upcoming legislative package "**New deal for consumers**".

In the afternoon, under the regular competitiveness check-up debate, ministers will address the costs resulting from undue **restrictions in services markets**.

Any other business items will include: a presentation on the outcome of the **Industry Days**; a presentation on the new **EU's plastics strategy**; a presentation on the review of the **REACH system for chemicals**; information on the outcome of a high-level conference on "**Scientific Integrity, Public Policy and Better Regulation**", and information on **barriers for scale-ups** in state aid rules.

Without discussion, the Council is due to adopt conclusions on the **enforcement of intellectual property rights**.

Press conference: Monday 12/3 at +/- 17.00

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Video streaming of press conferences and public events: <http://video.consilium.europa.eu>

Video coverage in broadcast quality (MPEG4) and photo gallery: www.eucouncil.tv

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

INDUSTRY

Future of EU industrial policy

The Council will hold a debate with a view to adopting conclusions on a future EU industrial policy strategy.

The conclusions will call on the Commission to develop a forward-looking EU industrial strategy with a focus on 2030 and beyond.

The debate will be based on a [presidency document](#) and ministers will be invited to express views on the following questions:

- 1. What should be the next steps in the preparation of the future comprehensive and long-term EU industrial strategy?*
- 2. What new industrial policy elements need to be prepared beyond the implementation of the current policies and of those that are in the process of adoption?*

The presidency document underlines, among other things, the need for policies that support the competitiveness of European enterprises and facilitate their integration in global value chains. It also stresses the need for long-term predictability and commitment at political level in order to stimulate investment in new technologies, processes and market products.

The Bulgarian presidency has invited the chairman of the European Round Table of Industrialists, Benoît Potier, to present the views of industrial sectors.

The exchange of views follows discussions held at the [informal ministerial meeting](#) in Sofia, Bulgaria, on 1 February 2018.

One of the key messages at that meeting was that the EU and its member states should continue efforts to implement ongoing initiatives and, at the same time, speed up work to prepare a comprehensive and long-term vision for the European industry, together with concrete flanking measures to turn the future strategy into a truly enforceable policy.

A number of issues should be addressed in the future strategy, such as value chains, digitisation of society and industry, skills -including digital skills-, innovation and global trends.

The debate also highlighted the key role that the next EU framework programme for research and innovation could play in supporting industrial innovation.

The adoption of a new text of conclusions, which will be the third set of conclusions on industrial policy under three consecutive Council presidencies, is a proof of the importance that the Bulgarian presidency and the Council give to this issue.

The conclusions of the European Council of 23 June 2017 underlined the essential role of industry as a major driver for growth, employment and innovation in Europe and called for concrete action to ensure a strong and competitive industrial base in the single market.

On 13 September 2017, the Commission submitted a communication on "Investing in a smart, innovative and sustainable Industry: A renewed EU Industrial Policy Strategy", accompanied by a list of next steps on key actions ([12202/17](#) and [12202/17 ADD1](#)).

The Council welcomed the communication as an important signal and a useful first step towards developing a future-oriented EU industrial strategy. However, the majority of member states considered that the communication lacks of sufficient strategic and long-term approach, especially given the internal and external pressures and challenges for the EU industry.

- *Industry Days*

The Commission will report on the outcome of the "[Industry Days](#)" held in Brussels on 22 and 23 February 2018 and on the first meeting of the High Level Industrial Roundtable that took place in the margins of that event.

In its communication on "A renewed EU Industrial Policy Strategy", the Commission announced the organisation of an annual Industry Day involving all relevant stakeholders to ensure that policies at European, national, regional and local level work together to enable European industry to create jobs, growth and innovation.

The Commission also announced the setting up of a High Level Industrial Roundtable with representatives of national, regional and local authorities, industry, social partners and civil society.

INTERNAL MARKET

Digitalisation of the EU economy: European semester 2018

Following a presentation by the Commission on the state of the digital economy, the Council will have an exchange of views on the digitalisation of the EU economy, in the context of the European semester cycle.

To steer the debate, the presidency will deliver a [discussion document](#) with two questions related to:

- priorities of national reforms to better reap benefits from the digital transformation, and
- the relation between the funding decisions and structural reforms to make progress in the digital society.

The presidency document highlights the need for adequate policies, actions and investments at European and national level to reap the full potential of the digital revolution and to accompany the transition.

In many areas of the digital economy there are big disparities among the member states, and more convergence is needed to make collective progress in the digital single market.

Also in many sectors in the field of digitalisation Europe lags behind as compared to major world economies like the US, Japan, South Korea and increasingly China.

The European semester spans the first six months of each year. During this cycle, the member states align their budgetary and economic policies with the objectives and rules agreed at the EU level.

This year, the "[Digital Day](#)" will take place in Brussels on 10 April 2018.

The event, which is co-organised by the Commission and the Bulgarian presidency, aims to reach joint commitments related to the digital future of Europe in order to encourage investment in digital technologies and infrastructures.

25th anniversary of the single market: the way forward

As 2018 marks 25 years from the completion of the single market, the Bulgarian presidency has decided to propose a public debate on the way forward for the single market.

The intention is to give ministers and the Commission the opportunity to express views about the current and future challenges and perspectives for the single market and on possible ways to address them, with a particular focus on services, enforcement and digitalisation.

To this end, following a presentation by the Commission, the presidency will put forward a [discussion paper](#) inviting ministers to address the following questions:

- 1) *In the context of the ongoing discussion on the Future of Europe, what are the medium and long-term visions of Member States for the further advancement of the Single Market in an increasingly digital environment?*
- 2) *How can we better cooperate for improving the enforcement of Single Market rules?*

3) How can we best ensure an even distribution of benefits of the Single Market across various regions and societal groups? And how can we increase understanding of these benefits across all socio-professional categories?

The single European market entered into force on 1 January 1993.

For 25 years now, European citizens and businesses have been enjoying the benefits of a common market, which abolished internal barriers allowing for the free circulation of goods, persons, services and capital.

This open market has generated considerable economic growth and guaranteed welfare, and continues to offer a promising future for people and companies within the European Union's 28 member states, as well as the four European Free Trade Association (EFTA) countries.

The single market offers important economic opportunities companies, SMEs and professionals in terms of economies of scale, stronger competition, lower transaction costs and better allocation of resources since they can operate at a larger scale and tap into the vast EU market where common European rules and standards replaced whole sets of individual national technical and quality standards.

It also creates important benefits for EU citizens and consumers, be it in terms of greater choice, high quality standards for products and services and lower prices, or in terms of mobility for work or leisure.

In spite of the uncountable advantages already provided to 500 million of citizens, the single market has a long way ahead before reaching its highest potential, given that in many areas still remain disparities between the national laws and lack of appropriate harmonisation.

Restrictions in services markets: competitiveness check-up

The Commission will make a presentation on the costs resulting from undue restrictions in services markets.

The objective is to identify these costs and assess the broad range of benefits that may result from removing them.

Following the presentation, ministers will be invited to make a competitiveness check-up on this matter.

Undue restrictions in market services have a negative impact on the performance of manufacturing sectors using those services and hinder their productivity.

In addition to cross-sectoral impacts, restrictions in services in one national market may have spill-over effects on services and manufacturing sectors in other EU countries.

Therefore, removing those restrictions can release considerable productivity gains in manufacturing sectors.

Following the progress in the establishment of the single market for goods, the attention has increasingly focused on the integration of services markets. This has put the spotlight on the elimination of obstacles and barriers resulting from structural, regulatory or behavioural interventions and activities by public and private players.

Within services, the retail sector deserves special attention. Accounting for 4.5% of the GDP and 8.6% of total employment, the retail sector has a considerable weight in the overall productivity performance of the member states. Another significant feature of the retail sector is its position at the end of the value chain.

There are different types of regulatory restrictions affecting the retail sector, in particular to establishment and to operations. Both categories may constitute market entry barriers.

The impact of restrictions on productivity in the retail sector should therefore be examined carefully.

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

It is a regular working method that was established in 2015 aimed at improving the role of the Competitiveness Council as regards the analysis of horizontal and sectoral economic issues as well as the monitoring of competitiveness mainstreaming.

In practice, it is based on a presentation by the Commission of the latest figures and trends related to micro-economic issues, with ministers being invited to respond and provide input on possible implications for EU companies and citizens.

Other businesses

- **New deal for consumers**

At an informal working lunch, ministers will hear an update by the Commission on preparations to launch a "New deal for consumers".

This new legislative package, which is expected to be released next April, aims to ensure a higher level of protection for consumers and traders, to increase trust and help the development of cross-border e-commerce in the internal market.

The Bulgarian presidency will invite ministers to provide preliminary input on the upcoming proposals.

On 13 September 2017, the Commission announced the launch of a "New deal for consumers" building on the findings of a "fitness check" of EU consumer and marketing law and of the evaluation of the [Consumer Rights Directive](#), published in May 2017.

- **Scientific integrity, public policy and better regulation - High-level conference**

The presidency will inform ministers on the outcome of the conference on "[Scientific Integrity, Public Policy and Better Regulation](#)" which took place in Brussels on 20 February 2018.

The Bulgarian presidency considers that the design and evaluation of EU policies and legislation must be transparent and based on solid evidence, and must be backed by citizens and stakeholders, in order to support EU competitiveness.

- **Barriers for scale-ups in state aid rules**

The Council will take note of [information on barriers for scale-ups](#) in state aid rules.

The 2016 Commission's '[Start-up and Scale-up initiative](#)', promotes the removal of barriers to scaling up in the single market and the creation of better opportunities for access to finance and skills.

- **Plastics**

The Commission will briefly present the new [EU strategy for plastics](#), which was released on 6 January 2018.

This strategy, which is a part of the transition towards a circular economy, aims to protect the environment from plastic pollution whilst fostering growth and innovation.

On 5 March 2018, ministers for environment had a first discussion on the strategy. They focused on approaches to promote a substantial increase in the use of recycled plastics.

- **REACH system for chemicals**

The Commission will briefly present the [review of the REACH regulation](#) (regulation 1907/2006 on the registration, evaluation, authorisation and restriction of chemicals).

The review assesses whether REACH is fit for purpose and its contribution to the protection of human health and the environment. It also presents possible improvements in implementation to render the REACH system more efficient.

The [REACH regulation](#) includes the obligation for a review every 5 years to monitor progress towards the achievement of the REACH objectives.

- **Enforcement of intellectual property rights**

Without discussion, the Council will be invited to adopt conclusions on the enforcement of intellectual property rights.

The conclusions will address the Commission's package on intellectual property of 29 November 2017, which is made up of:

- a communication on "A balanced intellectual property enforcement system responding to today's societal challenges"
- a communication on "Guidance on certain aspects of directive 2004/48/EC on the enforcement of intellectual property rights" and a report on the evaluation of this directive
- a communication on "Setting out the EU approach to Standard Essential Patents"
- a report on the functioning of the memorandum of understanding on the sale of counterfeit goods via the internet

This package is intended to modernise the intellectual property rights' enforcement and contribute to adapt the system to the digital era, in particular to internet.

[Commission's press release: Protecting Europe's know-how and innovation leadership](#)

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