



## **COMPETITIVENESS COUNCIL**

### **Brussels, 28 and 29 May 2018**

On Monday 28 May, ministers will deal with internal market and industry items. The meeting will be chaired by Emil Karanikolov ([@EmKaranikolov](#)), Minister of Economy of Bulgaria.

On Tuesday 29 May, ministers will focus on space policy items during the morning, Minister Karanikolov chairing, and on research and innovation items during the afternoon, with Krasimir Valchev ([@KGValchev](#)), Minister of Education and Science of Bulgaria, in the chair.

On Monday, the meeting will start at 9.30 with the traditional "**competitiveness check-up**", which will consider the concrete **impact of the internal market on the EU industrial base** in terms of competitiveness and productivity.

It will be followed by an exchange of views with a view to reaching a general approach on a draft regulation aimed at improving the **mutual recognition of goods** between member states.

The next item on the agenda will be a policy debate on a recent proposal to promote fair practices for **businesses operating through online platforms**.

During the informal working lunch, the Bulgarian presidency will invite ministers to an exchange of views on **artificial intelligence**.

The afternoon session will be devoted to a wide range of information items, which will include:

- recent initiatives in the **digital single market**
- the state of play of the ongoing reform to adapt **copyright rules** to the digital age
- a presentation of the "**New deal for consumers**" package
- the outcome of events in the field of **tourism** during the first half of 2018
- the state of play of the **unitary patent system and the Unified Patent Court**
- **supplementary protection certificates** for medicinal products
- the outcome of a conference on "**SOLVIT**", the online service to help citizens and companies with difficulties related to the internal market

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<sup>1</sup> This note has been drawn up under the responsibility of the press office.

On Tuesday, the morning session will be dedicated to a debate on the **future of the European space policy**, particularly in the context of the digital single market.

Research ministers will start their work with an informal lunch dedicated to high-performance computing for extreme applications. During the formal session, the Council will take note of a progress report on the proposal to establish a joint undertaking on **high-performance computing**.

They will continue with the adoption of two sets of conclusions on accelerating **knowledge circulation** within the EU and on the **European Open Science Cloud**.

Afterwards, the Council will be invited to adopt a general approach with a view to extending research activities carried out under the **EURATOM research programme** until the end of 2020.

Finally, ministers will hold a policy debate on **research and innovation** within the context of the next **EU financial framework**, for the years 2021 to 2027.

### **Press conferences:**

Monday 28/5 at +/- 18.30

Tuesday 29/5 at +/- 17.15

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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](http://www.eucouncil.tv)

## Internal market and Industry

### Competitiveness check-up from a sectoral perspective

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

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

The objective of the debate is to consider 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.

The Commission has been examining that 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 ("servitisation").

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.

It is a regular working method that was established in 2015 with the aim of 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.

## **Mutual recognition of goods in the internal market**

The Council will hold a public debate with a view to reaching 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 so 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.

The existing framework does not ensure reliable application of the principle of mutual recognition, since market access to goods which are considered safe and in line with the public interest in one member state, may be denied or restricted in another. Consequently, businesses face unwarranted costs and delays, because they have to adapt their goods to the requirements of national markets.

All member states have acknowledged the need to adapt the existing legislative framework in order to reduce differences in the interpretation and application of the principle of mutual recognition by national authorities, and to remove obstacles, in the way of achieving a genuinely level playing field for businesses.

The Commission presented the original proposal on 19 December 2017 as a part of the "[Goods package](#)", which contains an additional proposal for a regulation laying down rules and procedures for compliance with and enforcement of Union harmonisation legislation on products.

## **Relations between online platforms and businesses**

The Council will hold 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.

The debate will be based on a [presidency document](#) and ministers will be invited to express views on two main issues:

- the need to improve predictability and transparency for business users of online platforms in order to promote trust in the online platform economy, and
- a step-by-step approach for intervening in the fast-evolving online platform economy focusing on transparency and redress.

## **Any Other Business**

### **Digital single market initiatives**

The Council will take note of information 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.

This year, the "Digital Day" took place in Brussels on 10 April. At this event, which was co-organised by the Commission and the Bulgarian presidency, joint commitments were reached related to the digital future of Europe with the aim of encouraging investment in digital technologies and infrastructures.

### **Copyright package**

The presidency will provide 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.

## **New deal for consumers**

The Council will take 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 Commission announced the launch of the "New deal for consumers" in September 2017, following a "fitness check" of EU consumer and marketing law and an evaluation of the Consumer Rights Directive, published in May 2017.

## **Company Law package**

The Commission will present a new package to modernise company law rules in the EU, which was released on 25 April 2018.

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 will take 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 will take note of information provided by the Commission on an upcoming proposal to amend regulation 469/2009 concerning the supplementary protection certificate for medicinal products.

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 will debrief ministers on the outcome of a number of initiatives and conferences focusing on tourism that were launched during the first semester 2018.

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 will give a debriefing 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.

# Space policy

## Future of the European space policy

Ministers will exchange views on the future of the European space policy.

The debate will focus 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 for innovation and a supplier of essential public services.

The debate will be structured by a presidency document and ministers will be invited to express views on the following topics:

- 1) Possible policy measures and actions which the EU and member states should undertake in order to maximise the achievements of EU space policy, strengthen investments and encourage innovation.
- 2) How to increase awareness about the benefits of space for citizens and the economy across all market sectors.

Among other subjects, the presidency document deals with the increasing dependence of the EU economy on space assets.

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.

The presidency will also have the opportunity to provide information on the outcome of events dedicated to space policy, which took place in Sofia, Bulgaria, from 17 to 19 April.

## **Research and innovation**

### **Knowledge circulation in the EU**

The Council will be invited to adopt conclusions on accelerating knowledge circulation in the EU.

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

The conclusions will 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 the framework conditions and synergies between EU programmes

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

At the conference "Research Infrastructures beyond 2020 – sustainable and effective ecosystem for science and society", which took place in Sofia on 22 and 23 March 2018, the Bulgarian presidency drew conclusions on three strategic areas that require particular attention in this regard.

### **European Open Science Cloud**

The Council will be invited to adopt conclusions with the purpose of providing guidance on the implementation of the European Open Science Cloud (EOSC).

On 14 March 2018 the Commission published a roadmap for the implementation of the European Open Science Cloud.

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.

This initiative is a part of the digital single market and public services modernisation package.

Open science represents a new approach to the scientific process based on cooperative work and new ways of diffusing knowledge and one of the overarching goals for EU R&I policy.

To that end, 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 a great environment for interdisciplinary research.

## **Euratom programme for nuclear research (2019-2020)**

The Council will be invited to approve 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.

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 to research activities of the Joint Research Centre (JRC) (direct actions).

The fusion energy research activities include, as central feature, completing the construction of ITER (International Thermonuclear Experimental Reactor), a major experimental facility to demonstrate the scientific and technical feasibility of fusion power.

- The nuclear fission research activities are in line with the objective of enhancing the safety of nuclear fission and other uses of radiation in industry and medicine.
- The activities of the JRC cover the customer-driven scientific and technological support for the formulation, development, implementation and monitoring of the EU policies with an enhanced focus on safety and security research. The JCR provides scientific advice and technical know-how to support a wide range of EU policies.

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

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

The debate will be structured by a presidency document and ministers will be invited to express views on the following topics:

1. What opportunities do you see in the context of the proposal for the next MFF to increase the uptake and impact of R&I across policies?
2. How can R&I in the next MFF help to address the major transformations that Europe's societies and economies are facing?

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 the 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.

### **European high-performance computing joint undertaking**

The Council will take note of a presidency progress report on a proposal aimed at establishing the European high-performance computing joint undertaking.

Following the presentation by the Commission of its proposal on 11 January 2018, discussions in the Council preparatory bodies started on 15 January.

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

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### **Work programme of the incoming presidency**

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