



COMPETITIVENESS COUNCIL

Brussels, 27 and 28 September 2018

On Thursday 27 September, ministers will deal with internal market and industry items. The half-day meeting will be chaired by Margarete Schramboeck, Austrian Federal Minister for Digital and Economic Affairs.

On Friday 28 September, ministers will focus on research and innovation policy, with Heinz Fassman, Austrian Federal Minister for Education, Science and Research, in the Chair.

The Thursday meeting will start at 10.00 with the traditional '**competitiveness check-up**', which will consider the **importance of regional convergence** as a factor contributing to the overall increase of productivity growth and competitiveness.

This will be followed by a public policy debate on **strengthening the innovation capacity of EU industry**, with emphasis on **capturing the potential of digitalisation and artificial intelligence**, and following up on similar discussions that took place at the informal meeting of EU competitiveness ministers held in Vienna on 15 and 16 July 2018.

The rest of the morning will be devoted to the following information items:

- Debriefing by the presidency on the outcome of the informal meeting of EU competitiveness ministers held in Vienna on 15 and 16 July under the motto 'Rethinking European Industry';
- Information from the Commission on the state of play of Digital Single Market e-commerce initiatives;
- Presentation by the Commission of its Communication, adopted on 19 April 2018, entitled 'A retail sector fit for the 21st century';
- Information from the Czech delegation on the outcome of the conference on the EU Single Market, commemorating its 25th anniversary, held in Prague on 8 June 2018;
- Information from the Latvian delegation on the outcome of the Single Market Forum '25 years, European, Free, and Single', held in Riga on 14 September 2018.

During the working lunch, the Austrian presidency will invite ministers to exchange views on the **EU Multiannual Financial Framework in the light of competitiveness**.

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

On Friday, the morning session will be dedicated to a policy debate on the **Horizon Europe** programme and the **specific programme implementing Horizon Europe**.

This debate will continue on an informal basis during the working lunch, in the presence of the two EP rapporteurs on Horizon Europe.

In the afternoon, research ministers will hold a policy debate on **strategic planning for the Horizon Europe programme**, as a follow-up to the informal meeting of EU competitiveness ministers (Research), held in Vienna on 16 and 17 July 2018.

Press conferences:

Thursday 27 September at +/- 15.00

Friday 28 September at +/- 16.30

* * *

Press conferences and public events by video streaming: <http://video.consilium.europa.eu/en/webcasts>

Video coverage in broadcast quality (MPEG4) and photo gallery at: <http://nwsr.eu/p/202491>

Internal market and industry

Competitiveness check-up

The Commission will give a presentation on the importance of regional convergence in the overall increase of productivity growth and competitiveness.

Following this presentation, ministers will be invited to exchange views on what can be done at both national and EU level to enhance regional convergence as a means of increasing overall competitiveness and growth.

The Commission's main findings are as follows:

- economic evidence has revealed the importance of regional convergence as a factor contributing to an overall increase in productivity growth and competitiveness. Economic convergence and competitiveness interact with each other in a cyclic causality;
- furthermore, social and political arguments plead in favour of taking into account the uneven distribution, rightly or wrongly perceived, of the costs and benefits of economic growth and integration across regions;
- while economic convergence among different EU regions seems to be gathering pace once again, regional inequalities within Member States seem to be following the opposite trend;
- to achieve the objective of sustainable and inclusive growth within the EU, additional efforts should be made to render investments more efficient, effective and better tailored to regional and local needs;
- such efforts require consistency and coordination across different administrations to ensure that national objectives of sustainable growth can be compatible with specialisation choices made at regional level.

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.

Rethinking European Industry: artificial intelligence and robotics

The Council will hold a public debate on the type of future actions needed to strengthen the innovation capacity of EU industry by (*inter alia*) capturing the potential of digitalisation and artificial intelligence. The debate will be based on a [presidency document](#), which highlights a number of possible actions to that effect.

In April 2018 the Commission adopted a [Communication on Artificial Intelligence for Europe](#). The communication was also accompanied by a [Commission Staff Working Document on liability](#). In parallel, the Commission proposed legislation to open up more public sector data for re-use, and other measures to make data sharing easier.

The proposed AI strategy for Europe aims at strengthening European AI capacity on the basis of three pillars:

- boosting the EU's technological and industrial capacity and AI uptake across the economy;
- preparing for socioeconomic changes;
- ensuring an appropriate ethical and legal framework.

Any other business

Informal meeting of EU ministers responsible for competitiveness

The Council will take note of a report by the presidency on the outcome of discussions at the informal meeting of competitiveness ministers on 15-16 July 2018 in Vienna.

Implementation of the DSM e-commerce initiatives

The Council will take note of a report by the Commission on the above-mentioned subject.

A retail sector fit for the 21st century

The Council will take note of a presentation by the Commission of its Communication on the above-mentioned subject.

Conference on the 25th anniversary of the EU Single Market

The Council will take note of a report by the Czech delegation on the outcome of the above-mentioned conference, held in Prague on 8 June 2018.

Single Market Forum '25 years, European, Free, and Single'

The Council will take note of a report by the Latvian delegation on the outcome of the above-mentioned forum, which took place in Riga on 14 September 2018.

Research and innovation

Horizon Europe package

The Council will hold a public policy debate based on a [progress report](#) issued by the presidency and focusing on three key issues regarding the proposed EU framework programme for research and innovation, entitled Horizon Europe.

These key issues, as set out in a [presidency note](#), are as follows:

- a) choice of the correct legal basis for the specific programme implementing Horizon Europe;
- b) requirements for widening participation under Horizon Europe;
- c) ideas for improving the structure of Pillar 2 of Horizon Europe.

The Horizon Europe package consists of proposals for:

- 1) a framework programme for research and innovation entitled 'Horizon Europe', the successor to the current Horizon 2020 framework programme. It lays down the objectives, the budget for the period 2021–2027, the forms of Union funding and the rules for providing such funding. It is the Union's flagship programme to support R&I from concept to market uptake and aims to complement national and regional funding;
- 2) a specific programme to implement 'Horizon Europe';
- 3) a research and training programme under the Euratom Treaty complementing Horizon Europe;
- 4) a Council Decision amending Decision 2007/198/Euratom establishing the European Joint Undertaking for ITER.

The framework programme merges two current legal acts (the framework programme and the rules for participation and dissemination) into a single legal act and makes a number of improvements in terms of simplification along the way.

Specifically, Horizon Europe will strengthen the Union's scientific and technological bases in order to help tackle the major global challenges of our time and contribute to achieving the Sustainable Development Goals (SDGs). At the same time, the programme will boost the Union's competitiveness, including that of its industries. Horizon Europe will help deliver on the Union's strategic priorities and support the development and implementation of Union policies. In a swiftly changing world, Europe's success increasingly depends on its ability to transform excellent scientific results into innovation that has a real beneficial impact on our economy and quality of life, and creates new markets with more skilled jobs. The Commission proposes a total budget of 100 billion euros. The programme is expected to increase GDP on average by 0.08% to 0.19% over 25 years.

The proposal provides for a date of application of 1 January 2021.

Strategic planning process in relation to Horizon Europe

On the basis of a [presidency note](#), the Council will hold a policy debate on the strategic planning process, aimed at steering the implementation of the Horizon Europe programme by setting priorities and suitable types of action. Discussions are expected to focus on the legal status of the future strategic plan.

* * *