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From: Presidency
To: The High Level Working Group on Competitiveness and Growth
Subject: A Digital Single Market: next steps for Europe
Discussion paper for the High Level Group for Competitiveness and Growth

Delegations will find in Annex a Note by the Presidency in view of the meeting of the High Level Working Group on Competitiveness and Growth on 3 May 2016, on the Digital Single Market: next steps for Europe.

A Digital Single Market: next steps for Europe**Discussion paper for the High Level Group for Competitiveness and Growth****3 May 2016***Digitisation: the opportunity that Europe needs*

Digitisation is everywhere and helps us in ways that we could not imagine a generation ago. More than being a distinct economic sector, it has become the driving force behind profound transformation and disruption of virtually every economic sector. Digital technology contributes actively to finding solutions to societal challenges, like the ageing population, and holds vast potential to create more growth and jobs in Europe.

Every commitment we have made is vital to unlocking the full potential of digitisation for Europe's economy. Regulation cannot solve every challenge; however, there seems to be a clear case for cooperation at a European level, both through legislative and non-legislative initiatives, given the borderless nature of digital technologies.

There is a clear risk in delaying action: the risk of failure of Europe as a leading actor in a global digital age. Doing nothing to unlock this potential is costly. A recent study of the European Parliament highlights that slow and inefficient regulatory reform processes in the field of e-commerce alone already cost the European economy up to €748 billion.¹ It is certain that we will not obtain this leading position by operating from 28 isolated entities, nor by focusing on individual initiatives alone. The potential benefits from creating a digital single market are larger than the sum of its parts.

¹ European Parliament (2016), 'Reducing Costs and Barriers for Businesses in the Single Market', [http://www.europarl.europa.eu/RegData/etudes/STUD/2016/578966/IPOL_STU\(2016\)578966_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2016/578966/IPOL_STU(2016)578966_EN.pdf).

Building the right framework to facilitate innovation and growth

To ensure that all sectors of our economies remain competitive at a global scale, the Commission published the Digital Single Market Strategy last year. The European Council welcomed this Strategy in June 2015, highlighting the need for swift progress. After a series of broad public consultations, the first specific legislative deliberations have now started. The Netherlands Presidency aims to pave the way for efficient negotiations. This is not just about delivering legislative results: it is what we need to do to facilitate a strong European digital economy.

Ensuring political commitment

The Telecoms and Competitiveness Ministers will meet together for an informal lunch debate on 26 May to develop a comprehensive vision of what Europe really needs and to reflect on how the Council can make sure it plays a constructive and decisive role in the process of successfully implementing the Digital Single Market Strategy. We want to share these findings with the European Council, as we are convinced that commitment from the highest political level and speed in the implementation process are crucial for the success of digitisation in Europe. The pervasiveness of digitisation throughout the economy and society, and thus the responsibility of various Council configurations, justifies a coordinating role of Europe's highest political body.

The role of Council towards a digital single market

Within the Digital Single Market Strategy, the Commission outlines 16 initiatives, several of which have been or will be presented as groups. Now that the Commission is delivering on its role through the presentation of concrete initiatives, it is up to Council and Parliament to set the next necessary steps. We must maintain the common digital ambition that has been expressed by all parties, now that concrete negotiations have begun. It is only realistic to anticipate challenges in this respect – for instance, due to national market situations or political realities - but slow regulatory reform processes are costly. The Netherlands Presidency therefore aims to ensure an efficient implementation pathway by encouraging the Council to reflect on how we can optimise the outcome of this process.

Horizontal conditions and challenges for the Digital Single Market Strategy

Some horizontal conditions can be considered to be vital elements for a common European approach. Examples include:

- Timeliness of our actions to ensure that we reap the potential benefits of digitisation as quickly as possible. Technological developments do not wait for legislators to agree.
- The importance of delivering all of the initiatives: we need the full package in order to make a true difference, particularly, but not limited to, through ensuring the best possible infrastructure is in place for digital innovations to reach businesses and consumers.
- Balancing diverging national situations to obtain a European level playing field, where harmonisation is the most efficient way to ensure that Europe is a key player at a global scale.
- Aligned national efforts to increase the efficiency of programmes to stimulate innovation, by allowing industry to benefit from substantial support.
- Any regulatory action should create legal certainty for those realising growth-enhancing innovations. Therefore, we need to ensure a future-proof regulatory framework which is simple and effective.

Questions for debate

During the lunch, the Commission will provide members of the High Level Group with an update on the state of play of the Digital Single Market initiatives. Afterwards, delegates will be invited to reflect on the following horizontal questions:

- Which horizontal conditions do you consider essential for a successful realisation of a digital single market, for example, those identified in this paper?
- Which three DSM initiatives do you consider the most relevant examples of how we can achieve the economic ambitions of a true digital single market?
- What are your key criteria or objectives for the Strategy in assessing your national position on the Commission's DSM initiatives?
- Which factors may influence, in your view, a smooth and timely implementation process by the Council of the Commission's initiatives to achieve a digital single market? Why have you chosen these factors?
