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**'A' ITEM NOTE**

From:	Permanent Representatives Committee (Part 1)
To:	Council
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Subject:	Draft Council conclusions on the "Digital Single Market Technologies and Public Services Modernisation" package - Adoption

1. Creating structural, innovative growth and jobs is one of the priorities of the Netherlands Presidency. Fleshing out the Digital Single Market Strategy into specific proposals is therefore considered an important instrument to promote innovation in all sectors of the European economy. In this context, the Presidency has proposed draft Council conclusions on the "Digital Single Market Technologies and Public Services Modernisation" package issued by the Commission on 19 April 2016, the first part of the Digital Single Market Strategy to focus on the needs of industry.
2. The Competitiveness and Growth (Industry) Working Party examined the draft conclusions on 28 April and 4 May 2016.

3. The Permanent Representatives Committee at its meeting on 13 May 2016 examined these draft conclusions, resolved the remaining open issues and agreed to forward the draft conclusions, as set out in the annex to this note, to the Council (Competitiveness) on 26-27 May 2016 for their adoption.
  4. The Council is therefore called upon to adopt the conclusions.
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**DRAFT COUNCIL CONCLUSIONS ON THE "DIGITAL SINGLE MARKET TECHNOLOGIES AND PUBLIC SERVICES MODERNISATION" PACKAGE**

THE COUNCIL OF THE EUROPEAN UNION,

**RECALLING**

- the European Council's conclusions of June 2015<sup>1</sup>, which stated that digital technologies bring immense opportunities for innovation, growth and jobs and pointed to the urgent need to tackle market fragmentation, ensure future-proof regulation, build supporting infrastructure, help the digitisation of industry, and enable our citizens to fully benefit from this technological revolution.
- the Council's Conclusions of May 2015 on the digital transformation of European industry<sup>2</sup>, which called for an action plan for the digitisation of industry, emphasised that the Council should monitor progress, and stressed the importance of research, development and innovation for the digital transformation.

**General**

1. STRESSES the importance of digitisation in all sectors of the economy for Europe as one of the major drivers for innovation to boost its competitiveness, keep a robust scientific and industrial base, manage the transition to a smart industrial and services economy and address societal challenges; UNDERLINES the importance of the convergence of digital and other industrial technologies for the modernisation of Europe's industry and its competitiveness within global value chains.

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<sup>1</sup> Doc. EUCO 22/15 of 26 June 2015.

<sup>2</sup> Doc. 9340/15 of 29 May 2015.

2. WELCOMES the "Digital Single Market Technologies and Public Services Modernisation" package to promote Europe's digital innovation capacity and ensure that every industry in Europe, wherever it is situated and whatever its size or sector is, can fully benefit from digital innovations; STRESSES that this requires a multi-stakeholder approach in which industry plays a crucial role, that takes into account the differences between sectors, firm sizes and Member States and regions; RECOGNISES the package as an important contribution to the wider European strategy to improve competitiveness, growth and jobs, in particular for SMEs and start-ups, by enabling innovation in products, processes and new business models, the free flow of data, and for the quality, inclusiveness and efficiency of public services.
3. NOTES the ambitions on finance and investment within the package, and suggests for these to be further clarified as soon as possible, including the consequences for ongoing and foreseen initiatives. UNDERLINES the importance of the EU in investment support for all Member States; EMPHASISES the importance for these investments to be realistic and cost effective, to take into account differences between Member States and to ensure a high level of European added value, whilst avoiding duplication or crowding out investments by the private sector. STRESSES the potential role for EFSI to crowd-in private investment. WELCOMES the Commission's intention to monitor how public investments leverage private investment.

### **Digitising European Industry**

4. WELCOMES the Commission's Communication "Digitising European industry". CALLS on the Commission to establish, together with all Member States, and industry and other stakeholders, and building upon existing multi-stakeholder dialogues, a framework for facilitating coordination and cooperation of European, national and regional initiatives on digitising European industry, as well as to mobilise stakeholders across the value chains.

5. WELCOMES the Commission's initiative for a network of digital innovation hubs; RECOGNISES the importance of these hubs and other instruments such as competence centres to facilitate access to digital innovations for industry, particularly SMEs and start-ups in all Member States, to disseminate key digital technologies, to raise awareness of the potential of digitisation, to facilitate cooperation among stakeholders, and to enhance the business environment and the ecosystem for innovation; WELCOMES the Commission initiative to set up a thematic smart specialisation platform for industrial modernisation in June 2016.
6. ENCOURAGES the Commission to explore the role of R&D&I public private partnerships in aligning the investments made at EU, national and industry level for the further development of key digital technologies and their integration into all industrial solutions and fields.
7. UNDERLINES the importance for the regulatory framework to stimulate and enable digital innovation to allow innovative businesses to scale-up their activities across borders throughout the EU, and of making proper use of Better Regulation principles; and HIGHLIGHTS the need to remove all unjustified or disproportionate regulatory and non-regulatory obstacles that hamper such scaling-up, with respect to both providers and users of innovative solutions. WELCOMES the Commission's intentions to clarify the emerging issues of data ownership, and access and re-use rules in particular for data generated by sensors and other data collecting devices, as well as to explore the legal framework for autonomous systems and Internet of Things applications as well as apps and other non-embedded software; and NOTES the Commission's ambition to advance the Single Market for the Internet of Things. SUGGESTS a review (for instance by a fitness check) on how the regulatory framework can be made more supportive for the digitisation of industry.

8. UNDERLINES the importance to increase the digital talent pool of Europe, and to engage in a comprehensive dialogue of all stakeholders to identify and address the challenges of the impact of the digital transformation of European industry on skills requirements and on the nature of work, employment levels and income distribution.

### **ICT Standards**

9. WELCOMES the Commission's Communication "ICT Standardisation Priorities for the Digital Single Market", and the principles and priority areas there outlined; RECOGNISES the importance of an ambitious, coherent and consistent standardisation policy and of timely and industry-led standards for interoperability, for competitiveness of European industries on global markets, and for creating a fully functioning Single Market; WELCOMES a regular dialogue with European standardisation organisations, industry and other key stakeholders and the Council and the European Parliament; ACKNOWLEDGES the importance of a balanced licensing system for standard essential patents (SEPs), ensuring a fair return on investment for SEPs holders as well as a fair access to SEPs for all players and especially SMEs<sup>3</sup>. RECOGNISES the importance of European and international standards, through open standard setting processes. INVITES the Commission together with the European standardisation organisations to support where possible the promotion of European ICT standards at international level.

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<sup>3</sup> In line with Annex 2, art. 4 of Regulation (EU) No 1025/2012 of the European Parliament and of the Council of 25 October 2012 on European standardisation, OJ L 316, 14.11.2012, which states that intellectual property rights essential to the implementation of specifications are licensed to applicants on a (fair) reasonable and non-discriminatory basis ((F)RAND), which includes, at the discretion of the intellectual property right-holder, licensing essential intellectual property without compensation.

## **Cloud**

10. ACKNOWLEDGES the importance of maximising the benefit of the use of big data in science, industry and public services, of access for researchers, SMEs, industries, and public administrations in the EU to world-class supercomputing, of secure data storage and analysis, and of reliable and high speed connectivity, as proposed in the Commission's Communication on "A European Cloud Initiative".
11. ACKNOWLEDGES that Europe may benefit from a European Open Science Cloud that enables, amongst others, safe and long-term storage, efficient analysis, and user-friendly (re)use of research data across borders and disciplines; CALLS on the Commission, in cooperation with Member States and stakeholders, to explore appropriate governance and funding frameworks taking sufficient consideration of existing initiatives and their sustainability and a European-wide level playing field.
12. WELCOMES the ambitious goals towards a European Exascale high-performance computing (HPC) capability; RECOGNISES the need to support the technology, infrastructure and applications and build on EU strengths and existing initiatives to develop a HPC ecosystem relevant for all Member States, with the ambition of placing the EU among the top supercomputing powers in the world by 2022 and strengthen competitiveness; and ACKNOWLEDGES the launch of the Important Project of Common European Interest on HPC and Big Data enabled applications. WELCOMES the discussion on the Commission's proposal to prepare for the launch of an ambitious flagship initiative in close cooperation with Member States and relevant stakeholders to unlock the full potential of quantum technologies and accelerate their development and take-up in commercial products.

## **eGovernment**

13. WELCOMES the eGovernment Action Plan 2016 - 2020 to coordinate national efforts and to launch joint actions, ACKNOWLEDGES the potential of seamless cross-border and digital public services and the use of public e-services across borders for competitiveness, a more effective functioning of the EU Single Market, and addressing social challenges. RECOGNISES the need for further elaboration in the Council on the eGovernment Action Plan 2016 – 2020 given its positive potential for modernising European economy and society.
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