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PRESSE 31
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OUTCOME OF THE COUNCIL MEETING

3544th Council meeting

Competitiveness (Internal Market, Industry, Research and Space)

Brussels, 29 and 30 May 2017

Presidents

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- Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
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 - Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's internet site or may be obtained from the Press Office.

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ITEMS DEBATED

INTERNAL MARKET AND INDUSTRY

Reform of the type-approval system for cars

The Council agreed, in public deliberation, on a [general approach](#) to reform the system of type-approval and market surveillance for motor vehicles.

This major reform will modernise the current system, adapt it to new technologies available on the market and improve control tests on car emissions data.

The aim of the reform is to achieve a high level of safety and environmental performance of motor vehicles and to address the main shortcomings identified in the existing type-approval system.

The Council general approach will have to be negotiated with the European Parliament before becoming law. The Parliament voted on its position on 4 April.

For more information see press release: [Car emission controls: Council agrees to reform type-approval and market surveillance system](#).

Services package: conditions to ease provision of services and mobility of professionals

The Council agreed, in public deliberation, on general approaches on two proposals in the "services package" to make the internal market more effective:

- a draft directive laying down rules on notification for authorisation requirements in the services sector ([9507/17](#)), and
- a draft directive on a proportionality test before adoption of new regulation of professions ([9057/1/17 REV 1](#)).

The adoption of a general approach by the Council means that negotiations with the European Parliament can begin.

For more information see press release: [Services package: Council agrees conditions to ease provision of services and mobility of professionals](#).

Digital single market strategy and single market strategy: progress on implementation

The Council examined the progress made on the implementation of the digital single market strategy and the single market strategy.

The outcome of the debate will feed into preparations for the next **European Council** summit on 22 and 23 June, at which the heads of state or government will review the progress made on the implementation of both strategies.

The presidency will summarise the outcome of the debate with a view to forwarding it to the President of the **European Council**.

The debate was launched by the Commission, which presented its mid-term review of the digital single market strategy: "[A connected digital single market for all](#)", on 10 May together with the state of play of ongoing actions ([8998/17 ADD1](#) and [8998/17 ADD2](#)).

To structure the debate, the presidency presented a [policy paper](#) with a table indicating the status of the various ongoing initiatives.

Ministers stressed that deepening the single market, especially in the digital and services areas, is a top priority for the Union.

They broadly welcomed the Commission's mid-term review and agreed on the need to speed up work on the implementation of the strategies, in particular in those areas that can bring swifter tangible benefits to consumers and businesses in their daily lives.

In particular, many referred to proposals to support the development of e-commerce, the free flow of data and the digitisation of industry. The development of skills to keep pace with technological development and cybersecurity were also mentioned as key challenges for the future.

Many delegations emphasised the need to prevent further fragmentation in the internal market, tackle existing regulatory barriers and cut red tape for businesses.

The **European Council** conclusions of 28 June 2016 called on the Council to report annually on progress in deepening the single market, starting in June 2017.

Competitiveness check-up: state of play of the real economy

Ministers exchanged views on the state of play of the real economy.

The debate was preceded by a Commission presentation on the single market from a value chain perspective.

The Commission drew attention to the importance of adapting policies and monitoring economic changes, particularly in the context of the emergence of new global economic players as well as technology developments.

It also pointed out that services become more relevant when trade is measured in terms of in value added, and that the importance of spill-overs from regulatory burdens in services cannot be underestimated.

Many delegations highlighted the links between services and manufacturing, noting that the development of value chains is a prerequisite to increasing European competitiveness. They also mentioned the crucial role that the internal market plays in this regard and therefore the need to prevent its fragmentation.

Some participants were of the view that there is a need to increase the participation of European SMEs in global value chains.

Finally, many delegations welcomed the Commission's intention to monitor the single market from the viewpoint of the evolution and transformation of value chains.

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 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.

Consumer and marketing legislation: fitness check

The Commission has performed a [fitness check on EU consumer and marketing legislation](#) covering the following directives:

- Unfair Commercial Practices Directive (2005/29/EC)
- Sales and Guarantees Directive (1999/44/EC)
- Unfair Contract Terms Directive (93/13/EEC)
- Price Indication Directive (98/6/EC)
- Misleading and Comparative Advertising Directive (2006/114/EC)
- Injunctions Directive (2009/22/EC)

The only piece of horizontal EU consumer protection legislation not included in the fitness check is the Consumer Rights Directive (2011/83/EU), which is covered by a specific evaluation procedure.

The Commission confirmed that these directives fit for purpose as long as they are properly applied and enforced. However, some amendments may be considered in the future to increase their effectiveness.

Some member states requested that any new harmonisation measures be considered carefully in order to avoid lowering the level of consumer protection and overburden businesses.

This exercise is a part of the Commission's Regulatory Fitness and Performance programme, known as "[REFIT](#)", which implements the better regulation agenda.

The better regulation agenda aims to ensure that EU laws deliver their intended benefits for citizens, businesses and society by removing red tape and lowering costs. It also seeks to make EU laws simpler and easier to understand.

Business transfers

The presidency briefed ministers on the outcome of a [conference on business transfers](#) which was organised in cooperation with the Commission and held in Malta on 17 March 2017.

The conference was a useful opportunity to identify the main obstacles to a successful transfer of business ownership and to discuss possible incentives and policy solutions to overcome these obstacles.

The presidency explained the main outcomes of the conference, particularly as regards actions needed, communication and educational needs, upgrading of skills and improving access to finance.

Buying an existing company is an alternative way of starting a business. It is often more advantageous than starting from scratch. Every year, around 450 000 enterprises and more than 2 million employees are transferred to new owners within the EU. However, up to one third of these transfers fail.

Industrial policy in Europe

The Council held a debate on industrial policy and adopted [conclusions on a future EU industrial policy strategy](#).

The conclusions call on the Commission to provide an integrated EU industrial policy strategy for the future in time for the [European Council](#) meeting in spring 2018.

The strategy should present medium to long term objectives and an action plan with concrete measures developed in close consultation with member states and relevant stakeholders.

The debate was structured by means of a [presidency policy document](#). Ministers expressed views on the main initiatives that should be part of an integrated EU industrial policy strategy.

The debate showed the importance of a strong, integrated and digitised industry for stimulating growth and competitiveness in the manufacturing and related services sectors and the EU economy as a whole.

In its conclusions of 15 December 2016, the [European Council](#) had called on the Council and the Commission to evaluate the impact of mainstreaming industrial policy into EU strategic initiatives, and to consider concrete action to strengthen and modernise the industrial base of the single market.

* * *

Over the informal working lunch, ministers, together with Commission Vice-President Ansip and Commissioner Bińkowska, discussed how to support the **digitisation of industry**.

The debate offered an opportunity to review the situation in the member states one year after the publication by the Commission of the communication "Digitising European Industry - Reaping the full benefits of a Digital Single Market".

The objective of this communication is to ensure that any industry in Europe, big or small, wherever situated and in whichever sector can fully benefit from digital innovations to upgrade its products, improve its processes and adapt its business models to digital change ([8100/16](#) and [8100/16 ADD1](#)).

RESEARCH AND INNOVATION

Monitoring and reporting on research and innovation (R&I)

The Council adopted conclusions aimed at streamlining the R&I monitoring and reporting landscape ([8462/17](#)).

The conclusions propose measures to reduce the reporting burden on the member states in the field of R&I.

In March, the advisory committee for the European Research Area, the [ERAC](#), issued a set of [recommendations](#) on the process of R&I monitoring and reporting and on the impact of the produced reports. The conclusions call for the implementation of the recommendations as soon as possible.

Economic rationale for public R&I funding

The Council exchanged views on the economic rationale for public R&I funding and its impact.

The debate was structured by means of a [presidency policy document](#).

Ministers identified a number of measures that could help to speed up the creation and diffusion of innovation.

The increase of investments at national and EU level in R&I was mentioned by many delegations and the Commission.

Many also referred to the need for the right framework conditions in research and education systems.

Helping promising companies and start-ups to scale up was considered a key element in taking advantage of the emergence of new markets.

Enhanced cooperation between research bodies, universities and businesses could help to accelerate the exploitation of R&I results.

Other policy measures were mentioned that would help to maximise investments and the impact of R&I policy, particularly in relation to market-creating innovation, such as:

- promoting and extending open access to research results
- systematic application of digitalisation and innovation principles in other policy areas
- better access to, and diversification of, financial instruments, including venture capital, for innovative companies and clusters,
- ensuring excellence in R&I

In the context of the interim evaluation of the current research framework programme "Horizon 2020", and with a view to preparing the next EU framework programme for R&I, the Commission ordered a study, "[The Economic Rationale for Public R&I Funding and its Impact](#)", which was published in March 2017.

The study presents the economic case for public R&I funding and makes recommendations for the design of public R&I policy.

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Over the informal working lunch ministers together with Commissioner Moedas exchanged views on prospects for a "**European Innovation Council**".

During the debate it was made clear that Europe needs to do more in the area of breakthrough innovation, leading to the creation of new markets.

The May 2016 Council conclusions on "FP7 and the Future Outlook: Research and innovation investments for growth, jobs and solutions to societal challenges" called on the Commission to explore the need for, feasibility and potential impact of establishing a European Innovation Council.

Recently, the Commission created a high level group to provide recommendations for a European Innovation Council: <https://ec.europa.eu/research/eic/index.cfm>.

SPACE POLICY

Space strategy for Europe

The Council held a debate on space policy and adopted conclusions on the space strategy for Europe.

The exchange of views was structured by means of a [presidency document](#).

The debate confirmed the high level of political interest in space activities in the member states, which see it as a high-performing industrial sector with specific features, combining high-tech manufacturing, data production and related services.

With a view to ensuring long-term continuity in the space sector, many member states and the Commission highlighted the need to provide adequate support, including financial support, for its critical components, which include:

- autonomous access to space, including through the use of European launchers
- the EU flagship programmes Galileo and Copernicus
- the development of market uptake of space data
- governmental satellite communications
- research
- space situational awareness

With regard to capacity-building measures, the majority of member states expressed support for promoting access to space data by SMEs, start-ups and space incubators.

Some member states also stated the importance of helping commercial activities along the value chains, taking into account the growing role of private investments.

The Commission adopted the communication on the [space strategy for Europe](#) on 26 October 2016 with the aim of developing and creating new services and promoting Europe's leadership in space.

The strategy revolves around four strategic goals:

- 1) maximising the benefits of space for society and the EU economy
- 2) fostering a globally competitive and innovative European space sector
- 3) reinforcing Europe's autonomy in accessing and using space in a secure and safe environment
- 4) strengthening Europe's role as a global actor in space and promoting international cooperation

Europe owns world-class space systems with Copernicus¹ for Earth observation, EGNOS² and Galileo³ for satellite navigation and geo-positioning. With 18 satellites currently in orbit and over 30 planned in the next 10 to 15 years, the EU is the largest institutional customer for launch services in Europe.

Space technologies, data and services have become indispensable in the daily lives of European citizens when using mobile phones and car navigation systems, watching satellite TV or withdrawing cash.

They support numerous EU policies and key political priorities, including the competitiveness of our economy, migration, climate change, the digital single market and the management of natural resources. The combination of space data with digital technologies opens up many business opportunities for all member states.

¹ [European Earth Observation Programme](#).

² [European Geostationary Navigation Overlay Service](#), which augments GPS signals over Europe.

³ [European Global Navigation Satellite System](#), similar to GPS.

ANY OTHER BUSINESS

– Unitary patent protection system

The Council took note of information on the finalisation of implementation and entry into operation of the unitary patent and the Unified Patent Court (UPC).

Several delegations and the Commission called on member states to intensify their efforts so as to bring this major reform into operation as quickly as possible.

The unified patent package is built on three pillars:

- a [regulation establishing unitary patent protection](#)
- a [regulation on the 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 was signed on 13 February 2013 by all member states except Spain, Poland (although Poland participates in the enhanced cooperation) and Croatia.

Ratification details of the UPC can be found in the [Council database](#).

So far, the UPC agreement has been ratified by 12 member states.

For the package to take effect, the UPC agreement must be ratified by 13 member states including France, Germany and the United Kingdom.

– ***Implementation of the Marrakesh Treaty***

The presidency gave an update on the [agreement](#) reached on 10 May 2017 with the European Parliament on new implementing legislation with a view to the ratification of the Marrakesh Treaty to facilitate access to published works for persons who are blind, visually impaired or otherwise print disabled.

The agreement was endorsed by the Council's Committee of Permanent Representatives (Coreper) on 19 May.

– ***Empowerment of competition authorities***

The Council took note of a presentation by the Commission on a draft directive aimed at improving the enforcement of competition law to ensure the proper functioning of the internal market.

The Commission submitted its proposal to the Parliament and the Council on 23 March 2017 ([7621/17](#)).

The technical examination of the proposal has already started in the Council preparatory bodies.

– ***EU-Mediterranean partnership for food and water projects: the "PRIMA" initiative***

The presidency briefed the Council on the [agreement](#) reached on 11 April with the European Parliament on the Partnership in Research and Innovation in the Mediterranean Area (PRIMA initiative).

The agreement was endorsed by the Council's Committee of Permanent Representatives (Coreper) on 26 April. The Council will endeavour to complete the formal adoption of the PRIMA decision as early as possible.

Some delegations highlighted the important role that "science diplomacy" can play in contributing to political stability at international level.

Moreover, the Council authorised the opening of negotiations with Algeria, Egypt, Jordan, Lebanon and Morocco to conclude agreements laying down the terms and conditions for their participation in the PRIMA programme (9111/17).

The PRIMA programme requires international agreements to be negotiated between the EU and third countries which are not associated with the EU's research framework programme "Horizon 2020" to allow for their participation in PRIMA.

The negotiations will start once the PRIMA programme has been formally adopted by the European Parliament and the Council.

Currently, 19 countries have agreed to jointly undertake PRIMA by committing financial contributions:

- Croatia, Cyprus, France, Germany, Greece, Italy, Luxembourg, Malta, Portugal, Slovenia and Spain, among the EU member states
 - Israel, Tunisia and Turkey, which are associated with Horizon 2020, and
 - Algeria, Egypt, Jordan, Lebanon and Morocco.
- *Open science*

The Commission presented the state of play regarding open science, in response to the [Council conclusions](#) from May 2016, which called on the Commission to inform the member states and the stakeholders on a regular basis of the ongoing developments and outputs of the Open Science Policy Platform at least twice a year.

The Dutch and German delegations called on member states and the Commission to support the fast track implementation of an open science cloud project, the "[GO FAIR](#)" initiative. They underlined the benefits that such a cloud could bring to research communities in terms of knowledge sharing. The French delegation expressed an interest in participating in the project.

– *European Spallation Source*

The Council took note of information provided by the Swedish delegation on the [European Spallation Source](#) (ESS), which is a research facility based on the world's most powerful neutron source ([8822/17](#)).

In the future the ESS will provide up to 100 times brighter neutron beams than existing facilities today. It is under construction in Lund, Sweden.

The ESS was established as a European Research Infrastructure Consortium.

– *Sentinel-2B satellite*

The Commission presented images collected by the Copernicus satellite Sentinel 2B. Sentinel-2B was successfully launched on 6 March 2017 from Europe's spaceport in Kourou, French Guiana.

[Copernicus](#) is the EU flagship space programme aimed at developing European information services based on satellite earth observation.

– *Work programme of the incoming presidency*

The Estonian delegation gave an overview of the priorities in the field of competitiveness under its presidency in the second half of 2017 (<https://www.eesistumine.ee/en>).

OTHER ITEMS APPROVED

FOREIGN AFFAIRS

Democratic Republic of the Congo - sanctions

The Council adopted restrictive measures against 9 individuals who hold positions of responsibility in the State administration and in the chain of command of the security forces in the Democratic Republic of the Congo (DRC), with immediate effect. They join the 7 people on whom the EU imposed sanctions as of 12 December 2016 in response to the obstruction of the electoral process and related human rights violations.

For more information, see the [press release](#) (including EU declaration).

Syria - sanctions

The Council extended EU restrictive measures against the Syrian regime until 1 June 2018 and added to the list of those under restrictive measures 3 ministers of the Syrian government. It also updated the information related to certain persons and entities on the list.

For more information see the [press release](#).

Arms trade treaty

The Council approved EU outreach activities in support of the implementation of the arms trade treaty. The objective of these activities is to promote the development of more responsible and transparent arms transfer control systems by third countries and to support some countries in strengthening their arms transfer control systems. The Council allocated €3.368 million to these activities for 2017.

The arms trade treaty was adopted on 2 April 2013 by the UN General Assembly and opened for signature on 3 June 2013. It is a legally binding instrument on the highest possible common international standards for transfers of conventional arms. Through its activities, the EU promotes the inclusiveness of the treaty.

[Disarmament, Non-Proliferation, and Arms Export Control \(EEAS web page\)](#)

Relations with Egypt

The Council adopted the position to be taken on behalf of the European Union within the Association Council with Egypt on the EU-Egypt partnership priorities.

[EU delegation to Egypt](#)

Relations with Morocco

The Council authorised the Commission to open negotiations on the adaptation of protocols to the Agreement between the European Union and Morocco and adopted directives for the negotiations.

[EU Delegation to Morocco](#)

Terrorist list

The Council amended the statements of reasons concerning two persons and one entity on the list of those targeted by specific measures to combat terrorism (common position 2001/931).

The common position was adopted in December 2001 to attack the sources which fund terrorism. The specific measures are targeted against persons, groups and entities involved in terrorist acts.

[EU terrorist list](#)

Central African Republic - sanctions

The Council amended the restrictive measures against the Central African Republic to adapt them following the update made by the United Nations Security Council Committee on the information relating to 10 persons and two entities subject to restrictive measures.

EU-Canada: classified information

The Council adopted a decision concerning the signing and conclusion of an agreement between the EU and Canada on security procedures for exchanging and protecting classified information ([7982/17](#) and [7984/17](#)).

CUSTOMS UNION

EU-China customs cooperation

The Council adopted [conclusions](#) endorsing the [EU-China strategic framework for customs cooperation](#) for the period 2018-2020.

The Council conclusions emphasise the EU's priority to enhance customs cooperation with China. Positive experiences from the past years have resulted in more structured and coherent cooperation.

The new framework for customs cooperation reflects the fact that EU and China continue to consolidate and develop their strategic partnership to promote peace, prosperity and sustainable development.

The framework for customs cooperation will now have to be signed by both parties.

ECONOMIC AND FINANCIAL AFFAIRS

Hybrid mismatches with third countries - corporate tax avoidance

The Council adopted a directive to prevent corporate groups from exploiting the disparities between two or more tax jurisdictions to reduce their overall tax liability ([6661/17](#)).

The EU has taken a further step to prevent corporate tax avoidance, adopting rules to close down 'hybrid mismatches' with the tax systems of third countries.

[See also press release](#)

EU-US insurance agreement

The Council adopted a decision authorising the signing of an agreement with the United States on insurance and reinsurance.

The agreement will provide legal certainty for EU and US insurers and reinsurers in the application of regulatory frameworks. It will enable improved protection for policyholders and other consumers through cooperation between supervisors and the exchange of information.

The text was negotiated by the Commission on the basis of a mandate approved by the Council in April 2015. It includes provisions on reinsurance, group supervision and the exchange of information. A joint committee will oversee its implementation.

The Council's decision provides for provisional application of some of the agreement's provisions, pending the completion of the procedures necessary for its conclusion. The Council also requested the consent of the European Parliament for conclusion of the agreement.

GENERAL AFFAIRS

UN conference on the implementation of a sustainable development goal

The Council adopted the EU position on a list of voluntary commitments for the high-level United Nations conference to support the implementation of sustainable development goal 14 on the ocean conference ([9819/17](#)). The United Nations conference will take place in New York from 5 to 9 June 2017.

RESEARCH

High flux reactor research programme

The Council adopted a decision on the continuation of the high flux reactor (HFR) supplementary research programme in the years 2016 to 2019 ([8468/17](#)).

The main objectives of the programme are to ensure the safe and reliable operation of the HFR in order to guarantee the availability of the neutron flux for experimental purposes, and to allow efficient use of the HFR by research institutes in a broad range of disciplines.

Within the framework of the European Research Area, the HFR is an important resource research for materials science, the testing of materials, nuclear medicine and nuclear reactor safety.

The reactor is located in Petten, the Netherlands, and the programme is implemented by the Joint Research Centre for the European Atomic Energy Community.

France and the Netherlands finance this programme through contributions made to the general budget of the EU by way of assigned revenue.

Research fund for coal and steel

The Council approved a decision amending the Research Fund for Coal and Steel (RFCS) programme ([8421/17](#)).

The decision will, among other things, align the guidelines of the RFCS programme with the rules for participation in projects funded under Horizon 2020, the EU's research framework programme.

The RFCS programme provides annually around €50 million for research, development and innovation in the coal and steel sectors. It covers production processes, utilisation and conservation of resources, environmental improvements and safety at work in these sectors. It brings together industrial partners, SMEs, leading research centres and universities across the EU.

The programme is funded through the EU budget with the revenues generated by the remaining assets of the European Coal and Steel Community Treaty, which expired in 2012.

TRANSPORT

International Maritime Organisation: position to be adopted on behalf of the EU

The Council adopted a decision on the position to be taken on behalf of the EU at the following meetings under the International Maritime Organisation (IMO):

- the 98th session of the Maritime Safety Committee
- the 71st session of the Marine Environment Protection Committee.

The position concerns the adoption of amendments to SOLAS Regulation II-1/23, SOLAS Regulation II-2/9.4.1.3, the 1994 and 2000 High Speed Craft Codes, the International Life-Saving Appliance Code and to Appendix V of MARPOL Annex VI.

Statement: [8455/17 ADD1](#)

FOOD LAW

Authorisation of food additives

The Council decided not to oppose the adoption of the following two Commission regulations:

- a regulation authorising the use of silicon dioxide (E 551) as an anti-caking agent in potassium nitrate (E 252) ([8769/17](#))
- a regulation authorising the use of potassium carbonate (E 501) as stabiliser and acidity regulator on peeled, cut and shredded fruit and vegetables ([8782/17](#))

The Commission regulations are subject to the regulatory procedure with scrutiny. This means that now that the Council has given its consent, the Commission may adopt them, unless the European Parliament objects.

COMPANY LAW

Codification of six company law directives

The Council adopted a directive codifying the following company law directives ([PE-CONS 57/16](#) and [8716/17 ADD1](#)):

- 82/891/EEC concerning the division of public limited liability companies (6th company law directive)
- 89/666/EEC concerning disclosure requirements in respect of branches opened in a member state by companies governed by the law of another state (11th company law directive)
- 2005/56/EC on cross-border mergers of limited liability companies
- 2009/101/EC on coordination of safeguards which, for the protection of the interests of members and third parties, are required by member states of companies within the meaning of the second paragraph of article 48 of the treaty, with a view to making such safeguards equivalent
- 2011/35/EU concerning mergers of public limited liability companies
- 2012/30/EU on coordination of safeguards which, for the protection of the interests of members and others, are required by member states of companies within the meaning of the second paragraph of article 54 of the treaty, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent

The new directive replaces the various acts incorporated into the codified directives over time while fully preserving their content.

The codified directives had been substantially amended several times and their codification will bring clarity.