

6523/19

(OR. en)

PRESSE 6
PR CO 6

OUTCOME OF THE COUNCIL MEETING

3672nd Council meeting

Competitiveness (Internal Market, Industry, Research and Space)

Internal Market, Industry and Research

Brussels, 18 and 19 February 2019

Presidents **Nicolae Bădălău**
Minister for Economy of Romania
Nicolae Hurduc
Minister for Research and Innovation of Romania

P R E S S

Rue de la Loi/Wetstraat 175 B – 1048 BRUSSELS Tel.: +32 (0)2 281 6319 Fax: +32 (0)2 281 8026
press.office@consilium.europa.eu <http://www.consilium.europa.eu/press>

6523/19

1
EN

CONTENTS¹**ITEMS DEBATED**

INTERNAL MARKET AND INDUSTRY	4
Competitiveness "check-up"	4
Artificial intelligence	5
Clean Planet for all.....	6
European Semester.....	7
Any other business	8
a) Current legislative proposals	8
b) Further steps following the General Court "RDE judgment"	9
RESEARCH AND INNOVATION.....	10
Horizon Europe Package - Specific programme implementing Horizon Europe.....	10
Any other business	11
a) Current legislative proposal.....	11
b) ITER project: state of play	11

OTHER ITEMS APPROVED*INTERNAL MARKET AND INDUSTRY*

– Campione d'Italia and Lake Lugano	12
--	----

TRADE

– Conflict minerals	12
------------------------------	----

¹

- 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.
- Documents for which references are given in the text are available on the Council's internet site (<http://www.consilium.europa.eu>).
- 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.

ECONOMIC AND FINANCIAL AFFAIRS

- Derogations to common system of VAT 13

GENERAL AFFAIRS

- Statistics - harmonisation of gross national income at market prices 13
- Inclusion of Campione d'Italia and Lake Lugano in the EU customs territory 13

JUSTICE AND HOME AFFAIRS

- Accession to the 1980 Hague Convention on the civil aspects of international child abduction 14

TELECOMMUNICATIONS

- EU's internet domain name .eu 14

ITEMS DEBATED

INTERNAL MARKET AND INDUSTRY

Competitiveness "check-up"

On the basis of a presentation by the Commission on the impact of European sectoral value chains on competitiveness and productivity, as well as a report by the chair of the high level group on competitiveness and growth, ministers held an exchange of views on the main priorities regarding the future of the internal market.

Ministers broadly agreed on the need to adopt a holistic and forward-looking approach, which brings together the single market, industrial and digitisation policies.

They also highlighted the increasingly important role played by market services in EU value chains and confirmed their wish to achieve a much higher degree of integration of the services market within the EU.

The Council noted that the Spring European Council will hold a policy debate on the future of the single market. In view of that debate, the presidency will summarise the views expressed in this Council in a letter to the president of the European Council.

Artificial intelligence

On the basis of a [presidency paper](#), the Council held an exchange of views on the main challenges faced by member states in designing and implementing national strategies on artificial intelligence. In addition, ministers discussed how to maximise the benefits of artificial intelligence for industry and in particular SMEs.

The Council underlined the crucial importance of fostering the development and use of artificial intelligence in Europe by increasing investment in that area, by reinforcing excellence in artificial intelligence technologies and applications and by strengthening research and innovation collaboration between industry and academia in this field. The Council saw the need for considerable public investment in order to facilitate the uptake of artificial intelligence.

Open access to large-volume data in a harmonised way within the EU, providing the necessary digital infrastructure, facilitating the marketing of academic research and setting standards for interoperability were some of the priorities mentioned.

Furthermore, ministers stressed the need for upscaling the digital skills of the EU workforce and for embracing artificial intelligence in public administrations as key factors for a more widespread uptake of artificial intelligence.

New appropriate regulatory frameworks are needed to mitigate the risks of artificial intelligence, ensure technical robustness and reliability, security and the confidence of businesses and citizens in the digital transformation. At the same time, strong EU ethics guidelines for the development and use of artificial intelligence within the EU could turn out as a competitive advantage for the European industry.

The Council also adopted a set of conclusions on the "Coordinated Plan on the development and use of artificial intelligence Made in Europe", to serve as guidelines for future EU actions in this field and aiming at placing the EU among the drivers of AI at global level.

Read the press release on the Council conclusions [here](#)

[Commission communication on AI](#)

Clean Planet for all

On the basis of a presidency [paper](#), the Council held a policy debate on the relationship between a future EU industrial policy strategy for 2030 and the long term vision for a prosperous, modern, competitive and climate-neutral EU by 2050.

Several ministers stressed in this context that the EU industry is already today the most energy-efficient industries globally and has contributed already largely to net greenhouse gas emission reductions while increasing productivity.

The envisaged transformation of Europe's industry offers both opportunities and challenges which need to be addressed at various levels by taking into account the views of businesses, citizens and member states.

Several ministers identified the following aspects as crucial for the success of such a strategy:

- sufficient investment / financial support by both the private and public sector
- special attention to be paid to specific sectors like energy-intensive industries and manufacturing
- financing of SMEs
- secure access to raw materials
- public acceptance
- digitization, automatisisation and the emergence of new business models or concepts
- importance of carbon capture and storage
- industry related climate change aspects should be further integrated into EU trade policies
- strict application of better regulation principles, in particular "technological neutrality"
- regional or sectorial disparities to be taken into account and addressed proactively
- the envisaged climate strategy should be fully in line with the future EU industrial strategy for 2030

The presidency announced its intention to summarise the views expressed in a letter to the president of the [European Council](#) in view of a future debate at [European Council](#) level.

[Commission communication "Clean planet for all"](#)

European Semester

On the basis of a [presidency paper](#), ministers exchanged views on how best to use the European semester process for optimising the coordination of competitiveness policies.

Ministers broadly shared the view that the European semester is a valuable instrument of economic policy coordination for macroeconomic stability as it has a positive effect on structural reform, fiscal discipline, responsible budgeting and better targeted public expenditure. Some ministers asked however that social and economic cohesion actions be left outside the scope of the European semester process.

Ministers expressed the view that structural reform efforts should not be limited to times of crisis, and that economic policy coordination should be a continuous exercise and further strengthened. To that effect, they stressed the need to intensify the analysis of competitiveness aspects at microeconomic level, particularly regarding issues such as digitalisation, the specific needs of small and medium-sized enterprises or further integration of the services sector. This will enable the Competitiveness Council to provide better input into the European semester process.

Any other business**a) Current legislative proposals****i) Directive on notification procedure for services**

At the [request](#) of a number of delegations, the Council took note of the possibility of finalising the negotiations on the proposed notifications directive on the basis of a potential compromise. It was also noted that the Commission remains opposed to this particular compromise. The directive in question aims to improve the current notification system provided for by directive [2006/123/EC](#) (the services directive) in order to ensure that any new rules for the provision of a service introduced in a member state are compatible with the services directive.

ii) Company law directive on digital tools and processes in company law

The Council was informed by the presidency of the latest state of play in discussions on the proposed directive. The directive aims to modernise EU company law by promoting a more extensive use of digital tools for setting up companies and for exchanging documents with national authorities. On 4 February, the Council and the European Parliament agreed to adopt the directive at first reading. Coreper endorsed this agreement on 14 February.

iii) Goods package : Regulation on market surveillance and compliance of products

The Council was informed by the presidency of the latest state of play in discussions on the proposed regulation. The regulation introduces new rules which will ensure that products placed on the EU market comply with EU safety and environmental protection rules. It enhances the enforcement of EU rules for non-compliant products, while offering businesses incentives for compliance. It is part of the "Goods package", tabled by the Commission in December 2017. On 7 February, the Council and the European Parliament agreed to adopt the directive at first reading. Coreper endorsed this agreement on 15 February.

b) Further steps following the General Court "RDE judgment"

At the [request](#) of a number of delegations, the Commission informed the Council that it had not yet decided on the action it intends to take following the annulment of its regulation (EU) 2016/646 by the General Court of the EU. The regulation in question sets maximum emission limits for oxides of nitrogen during the new real driving emission tests ('RDE tests') to which car manufacturers must subject light passenger and commercial vehicles, in particular in the context of approving new vehicle types. Following legal action taken by the cities of Paris, Brussels and Madrid to dispute the emission limits provided for in the regulation, the General Court of the EU concluded in December 2018 that the Commission had no power to amend those limits for the RDE tests by applying correction coefficients. Several delegations raised concerns about the serious disruption this ruling could have on the production of car manufacturers across the EU.

RESEARCH AND INNOVATION

Horizon Europe Package - Specific programme implementing Horizon Europe

The Council took stock of a [presidency progress report](#) regarding the proposed specific programme and discussed how to take work forward. More specifically, on the basis of a [presidency paper](#), ministers exchanged views on missions and partnerships, as well as on the role of the future European Innovation Council.

Several delegations stressed the need for a swift political agreement on the proposed Council decision.

While confirming the agreement to base the future Council decision on Article 182(2) TFEU alone, several delegations pleaded in favour of a pragmatic solution, which would allow the informal consultation of the European Parliament.

On the strategic planning process, ministers reaffirmed their wish to have member states closely involved.

As regards missions and partnerships, there was broad agreement that the lists set out in the annex to the presidency paper were a balanced basis for a political agreement.

Finally, ministers reiterated their strong support for the European Innovation Council (EIC) and stressed the need to put in place appropriate coordination mechanisms that would ensure that funding provided under that Council does not overlap with (but rather complements) other EU funding schemes, such as the InvestEU or VentureEU projects. It was further acknowledged that EIC funding for placing new products on the market should be available only for non-bankable research projects, i.e. disruptive innovation projects that presented too high a risk for banks to be funded by them.

Any other business***a) Current legislative proposal*****Horizon Europe Package - Framework Programme and its rules for participation and dissemination**

The Council was informed by the presidency of the latest state of play in negotiations with the European Parliament on the proposed regulation. The regulation lays down the objectives of Horizon Europe, the next framework programme for research and innovation, and also the ways in which the programme is funded and the rules on how the funding is provided. It will include (once an agreement has been reached on the next multiannual financial framework) the budget for the period 2021–2027. Negotiations for a first reading deal between the two co-legislators are ongoing. It was noted that two trilogues had already taken place and that the third one has been scheduled for 21 February.

b) ITER project: state of play

The Council was informed by the presidency of the progress achieved so far in the examination of the proposed Council decision that seeks to secure the financing for the continued EU participation in the International Thermonuclear Experimental Reactor (ITER) project. The project aims at key scientific breakthroughs in the development of fusion, expected to play an important role in Europe's future energy landscape as a virtually inexhaustible and climate-friendly energy source. European participation in ITER is based on the ITER Agreement signed in November 2006 between seven global partners, namely the European Atomic Energy Community (Euratom), US, Russia, Japan, China, South Korea and India. It was noted that an agreement within the Council on all parts but those relating to financial and horizontal aspects could be achieved shortly.

OTHER ITEMS APPROVED

INTERNAL MARKET AND INDUSTRY

Campione d'Italia and Lake Lugano

The Council approved the European Parliament's position at first-reading on a draft regulation aimed at amending the EU Customs Code (UCC).

The proposed regulation is intended to correct technical errors and omissions of Regulation (EU) No 952/2013 of the European Parliament and the Council of 9 October 2013 laying down Union Customs Code in May 2016, to align the UCC with the Canada-EU Comprehensive Economic and Trade Agreement (CETA) and to include the municipality of Campione d'Italia and the Italian waters of Lake Lugano into the customs territory of the EU.

The regulation is therefore adopted in the wording which corresponds to the position of the European Parliament. ([PE-CONS 80/18](#))

TRADE

Conflict minerals

The Council confirmed that it had no intention to object to a delegated act by the Commission laying down supply chain due diligence obligations for EU importers of tin, tantalum and tungsten, their ores and gold originating from conflict affected and high-risk areas.

The regulation on conflict minerals adopted in 2017 sets out due diligence requirements for EU importers of tin, tantalum, tungsten and gold which will apply from 1 January 2021. It aims to provide transparency and certainty to the supply chain of these conflict minerals, thus preventing that revenues generated by their trade fuel the outbreak or continuation of violent conflicts.

([5823/19](#))

ECONOMIC AND FINANCIAL AFFAIRS

Derogations to common system of VAT

The Council adopted two implementing decisions authorising derogations to the common system of VAT:

- a derogation authorising Poland to introduce the split payments mechanism for the payment of VAT ([5849/19](#));
- a derogation authorising Lithuania to apply the reverse charge mechanism to supplies of hard drives ([5848/19](#)).

GENERAL AFFAIRS

Statistics - harmonisation of gross national income at market prices

The Council adopted a regulation on the harmonisation of gross national income at market prices (GNI).

The reform adopted aims at further reinforcing the comparability, reliability and exhaustiveness of GNI. Those statistical data are the basis for calculating the largest share of own resources in the general budget of the EU. GNI is also an important analytical tool for the coordination of national economic policies. ([PE 74/18](#))

Inclusion of Campione d'Italia and Lake Lugano in the EU customs territory

The Council adopted a Council directive as regards the inclusion of the Italian municipality of Campione d'Italia and the Italian waters of Lake Lugano in the customs territory of the EU. Campione d'Italia is an Italian exclave in the territory of Switzerland. At Italy's request, those territories will be included in the customs territory of the EU and in the territorial scope of the Council directive on excise duty, because the historical reasons justifying the exclusion of those territories, such as their isolation and economic disadvantages, no longer apply.

However, those territories will remain outside the territorial scope of VAT harmonisation in order to maintain the level playing field between economic operators established in Switzerland and in the Italian exclave. (14487/18)

JUSTICE AND HOME AFFAIRS

Accession to the 1980 Hague Convention on the civil aspects of international child abduction

The Council adopted today a number of decisions related to the declaration of acceptance of the accession of certain States to the 1980 Hague Convention on the civil aspects of international child abduction.

- Decision authorising Austria, Cyprus, Croatia, Luxembourg, Portugal, Romania and the UK to accept the accession of the Dominican Republic (14922/18)
- Decision authorising Austria to accept the accession of Ecuador and Ukraine (14947/18)
- Decision authorising Austria and Romania to accept the accession of Honduras (14948/18)
- Decision authorising Austria, Luxembourg and Romania to accept the accession of Belarus and Uzbekistan (14949/18)

The Hague Convention of 25 October 1980 on the civil aspects of international child abduction is a multilateral treaty, which seeks to protect children from the harmful effects of abduction and retention across international boundaries by providing a procedure to bring about their prompt return.

TELECOMMUNICATIONS

EU's internet domain name .eu

The Council adopted a regulation on the implementation and functioning of the .eu top-level domain name (PE-CONS 84/1/18 REV1). For more information, see press release of 19 December 2018: [EU's internet domain name .eu – Council approves agreement on updated governance](#).