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**PROVISIONAL VERSION**

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## OUTCOME OF THE COUNCIL MEETING

3753rd Council meeting

**Competitiveness (Internal Market, Industry, Research and Space)**

### **Internal Market, Industry and Research**

Brussels, 27 and 28 February 2020

Presidents **Darko Horvat**  
Minister for economy, entrepreneurship and crafts  
**Blaženka Divjak**,  
Minister for science and education of Croatia

# P R E S S

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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.
- 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.

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**ITEMS DEBATED**

**INTERNAL MARKET AND INDUSTRY - 27 FEBRUARY 2020**

**European Green Deal - transition to climate-neutral and circular EU industry**

On the basis of a [presidency note](#), ministers exchanged views on the policies needed to support industry's contribution to the attainment of the climate-neutrality objective by 2050.

Ministers broadly acknowledged that the European Green Deal will have a considerable impact on the EU's industrial competitiveness. Hence the need to strike the right balance between implementing the objectives of the Green Deal and preserving the competitiveness of EU industry at a global level.

Several voices highlighted the need for a clear, stable and predictable framework in which EU industry can plan its progressive green and digital transformation. In this context it was noted that modifying already agreed intermediate targets would constitute a very difficult challenge for industry.

Financing of the transformation of EU industry and creation of new markets for greener and circular products need to be actively promoted.

Research and innovation are widely expected to play a significant role as an enabler for successful industrial transformation.

Concerns were expressed about the risk of carbon leakage. The Commission was invited to accelerate initiatives such as the carbon border adjustment mechanism and updated state aid and competition law rules, aimed at ensuring a level playing field with competitors from countries outside the EU.

The European Green Deal was proposed by the Commission in December 2019 as the new EU growth strategy. It aims to transform the EU into a sustainable and climate-neutral economy by 2050. It puts forward a number of measures and policies aimed at rendering the transition just and inclusive, boosting the competitiveness of the EU economy, improving people's health and quality of life and protecting the environment. The [European Council](#) endorsed the objective of a climate-neutral EU by 2050 in December 2019.

[Commission communication on the European Green Deal](#)

[Masterplan for a competitive transformation of EU energy-intensive industries enabling a climate-neutral, circular economy by 2050](#)

## **Conclusions on better regulation "Ensuring competitiveness and sustainable, inclusive growth"**

The Council adopted a set of conclusions in the context of its better regulation agenda. These conclusions touch upon the quality of impact assessments, the need for policymakers to take into account the particular interests of small and medium-sized enterprises, start-ups and micro-enterprises, and the need to improve methods for checking whether existing EU laws remain fit for purpose. Better regulation plays an important role in helping to create a competitive, sustainable and inclusive EU economy. It ensures that decision-making is evidence based and policies are fit for purpose.

[Council conclusions on better regulation "Ensuring competitiveness and sustainable, inclusive growth"](#)

[Joint statement by Belgium, France and Luxembourg](#)

[Better regulation \(background information\)](#)

## **European Semester - single market performance report**

On the basis of a [presidency note](#), the Council had an exchange of views on the findings of the single market performance report drawn up by the Commission.

Ministers broadly welcomed the focus on the single market in the context of the European Semester. They agreed on the need for a holistic approach regarding the integration of the single market, while at the same time focusing on specific areas with untapped potential, such as services.

Better implementation and enforcement of single market rules and further standardisation, harmonisation and mutual recognition were mentioned as the main instruments for maximising the benefits of the single market.

A number of delegations stressed the need to focus on the elimination of barriers to the free movement of services, calling for swift agreement on the proposed notifications directive.

The 2019 single market performance report assesses the economic performance of the EU's single market and highlights the areas in which member states need to undertake structural reforms in order to optimise this performance. It covers goods, services, energy, digitalisation, public procurement and integration of capital markets. It accompanies the Commission's 2020 annual sustainable growth strategy, which sets policy priorities focused on competitive sustainability and marks the starting point of the 2020 European Semester.

[European Semester \(background information\)](#)

[Single market performance report](#)

**Any other business**

- ***Commission work programme 2020 (internal market and industry aspects)***
- Presentation by the Commission

The Commission presented those aspects of its recently adopted [work programme for 2020](#) that are relevant to the work of the Competitiveness Council.

Several ministers welcomed the future creation of a new entrepreneurial ecosystem and encouraged the Commission to stick to its holistic approach.

- ***The impact of COVID-19 on EU industry***
- Information from the Commission

The Commission shared with the Council its first assessment of the potential impact of the COVID-19 outbreak on EU industry. The Commission drew member states' attention to the importance of sharing all critical information and coordinating any measures taken at EU level. It proposed the convening of an extraordinary meeting of the Competitiveness Council within a month, if necessary, for an updated assessment of the situation.

Ministers agreed on the need for a coordinated response at EU level. They welcomed the invitation to exchange data with the Commission on a regular basis.

Some delegations called for measures at EU level that would ensure the EU's autonomy in sectors such as pharmaceuticals, electronics, tourism and car manufacturing.

[Commission's note to the Council](#)

- ***Findings of the survey on barriers in the single market for Czech businesses and conclusions from the international conference 'The EU single market from the perspective of SMEs'***
  
- Information from the Czech delegation

The Czech delegation drew the Council's attention to the findings of the abovementioned survey and the conference that took place in Prague on 16 January 2020. The main purpose of the survey, conducted by the Czech ministry of industry and trade, was to analyse how Czech entrepreneurs cope with selected barriers to trade in the single market. The aim of the conference, on the other hand, was to inform entrepreneurs about business opportunities in the single market.

It was noted that most barriers concerned the services sector, in particular as regards posting of workers abroad and permits to provide services. But the goods sector was also affected by barriers, such as difficulty in participating in public tenders or lack of sufficient information on national procedures.

[Czech delegation's note to the Council](#)

- ***Results of the business survey on the single market***
  
- Information from the Lithuanian delegation

The Lithuanian delegation reported to the Council the findings of a survey on the barriers that Lithuanian businesses are encountering in the single market when expanding their cross-border activities. The survey was launched by the Lithuanian government in November 2019 and was concluded on 31 December 2019.

It was noted that 70 % of businesses consider that the single market is not functioning properly. A follow-up high-level event will be held in Vilnius on 13 March 2020 to discuss these findings and explore possible solutions with business representatives.

[Lithuanian delegation's note to the Council](#)

**RESEARCH - 28 FEBRUARY 2020**

**Strategic Innovation Agenda of the European Institute of Innovation and Technology**

The Council adopted a partial general approach on the annex to the Strategic Innovation Agenda (SIA) of the European Institute of Innovation and Technology (EIT).

The Hungarian delegation, supported by a number of other delegations, entered a statement in the Council minutes requesting that 20 % of the budget for the Knowledge and Innovation Communities be allocated to the Regional Innovation Scheme. Other delegations, however, opposed this proposal.

The annex to the SIA sets out the priority fields and strategy of the EIT for the period 2021-2027. It sets out the EIT's objectives, key actions, mode of operation and expected results and the resources needed. It also ensures the necessary coherence with Horizon Europe, the future EU framework programme for research and innovation for the period 2021-2027, and is expected to foster synergies with other EU programmes.

[Annex to the EIT Strategic Innovation Agenda: Council's partial general approach](#)

[Statement by the Hungarian delegation](#)



**Strategic approach to international cooperation in research and innovation**

On the basis of a presidency note, ministers exchanged views on the EU strategy regarding international cooperation in research and innovation.

In this context, ministers acknowledged the importance of international cooperation for maximising the potential of research and innovation within the EU. At the same time, they stressed the need for such cooperation to safeguard EU strategic interests and to meet a number of criteria, such as excellence, reciprocity in terms of access to national research funds, balanced financial contributions and respect for basic EU values.

There was broad support for a differentiated approach based on a case-by-case examination of each potential partnership.

Finally, as regards researchers' mobility, ministers stressed the need for additional investment in research and innovation, which would enable EU member states to not only keep their own researchers but also attract researchers from third countries.

[Presidency note to the Council - Strategic approach to international cooperation in research and innovation, 17 February 2020](#)

**OTHER ITEMS APPROVED**

**INTERNAL MARKET AND INDUSTRY**

**Council decision on the EU position in the UNECE (March 2020)**

The Council agreed on the position to be taken by the EU at the next meeting of the UNECE World Forum for Harmonisation of Vehicle Regulations (WP.29), to be held between 10 and 12 March 2020 ([5804/20](#)).

**FOREIGN AFFAIRS**

**Turkey's illegal drilling activities in the Eastern Mediterranean**

The Council has placed two people under restrictive measures in relation to Turkey's unauthorised drilling activities in the Eastern Mediterranean. These people are responsible for or involved in planning, directing and implementing offshore hydrocarbon exploration activities in the Eastern Mediterranean which have not been authorised by the Republic of Cyprus.

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

**EUAM RCA - concept of operations**

The Council approved the concept of operations for the CSDP mission in the Central African Republic (EUAM RCA).

**CUSTOMS UNION**

**Council decision on the EU position on narcotic drugs**

The Council adopted a decision on the EU position in the 63rd session of the commission on narcotic drugs on the addition of one substance to the list of substances in table I of the United Nations convention against illicit traffic in narcotic drugs and psychotropic substances.

The position concerns the addition of methyl *alpha*-phenylacetoacetate (MAPA) to the convention's list of drug precursors.

The convention was signed in 1988 and entered into force in 1990. It provides for comprehensive measures against drug trafficking, including provisions against money laundering and the diversion of precursor chemicals. It provides for international cooperation through, for example, extradition of drug traffickers, controlled deliveries and transfer of proceedings ([5661/20](#)).

## **TRANSPORT**

### **International Civil Aviation Organisation (ICAO) Council – coordination**

The Council adopted a decision to approve an information note recommending the adoption of an EU position on items of EU interest in the areas of strategic objectives, aviation security and facilitation, safety and environmental protection.

The Council endorsed the recommended EU positions contained in the information note so that it can be used as the basis for the interventions of the representatives of the EU member states which are members of the ICAO Council at its next meeting (2 to 20 March 2020).

### **International Civil Aviation Organisation (ICAO) Council – revision of annexes to convention**

The Council adopted a decision on the position to be taken on behalf of the EU in the ICAO Council in respect of the adoption of amendments to a number of annexes to the Chicago Convention ([6035/20](#), [6001/20](#)).

The Council also endorsed the EU position contained in document [6180/20](#) so that it can be used as the basis for the interventions of the representatives of the EU member states which are members of the ICAO Council at its upcoming meetings.

### **Conclusions on the Court of Auditors' special report on the Innovation and Networks Executive Agency (INEA)**

The Council adopted conclusions on the European Court of Auditors' special report [No 19/2019](#) entitled 'INEA: benefits delivered but CEF shortcomings to be addressed' ([6089/20](#)).

**ENVIRONMENT**

**Court of Auditors' special report on EU greenhouse gas emissions**

The Council adopted conclusions on the Court of Auditors' special report No 18/2019 entitled 'EU greenhouse gas emissions: Well reported but better insight needed into future reductions'.

The Council took note of the conclusions and recommendations in the report, and agreed on the importance of regular and adequate assessment of the effects of member states' and EU policies and measures on greenhouse gas emissions in order to evaluate their effectiveness and with a view to further improving the quality of the greenhouse gas inventories.

The Council invited the Commission to consider how coherence between national projections and those made by the Commission could be further improved, for example on how to assess the impacts on emissions of key EU policies and measures, such as the Emissions Trading System, the regulations on CO<sub>2</sub> emissions from road transport, and other sectors covered by the Effort Sharing Regulation, and, in the case of national projections concerning agricultural emissions, by means of additional guidance and planning assistance.

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