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#### NOTE

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From:	Presidency
To:	Permanent Representatives Committee/Council
Subject:	<i>Preparation of the Council ("Competitiveness") of 28-29 May 2015</i> Digital Single Market policy Digital Single Market Strategy for Europe - <i>Exchange of views</i>

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#### Policy debate on Digital Single Market Strategy

On 6 May the Commission approved the Digital Single Market (DSM) Strategy recognizing the global economy is rapidly becoming digital and Information and Communications Technology (ICT) is no longer a specific sector but the **foundation of all modern innovative economic systems**. The Internet and digital technologies are transforming our lives, the way we work, and effect communities as they become more integrated across all sectors of our economy and society.

These changes are happening at a scale and speed that bring immense **opportunities for innovation, growth and jobs**. They also raise **challenging policy issues** for public authorities which require coordinated EU action. Member States are facing **similar challenges but simply dealing with these issues on a national basis** is too limited to allow them to seize all the opportunities and address all the challenges of this transformational change. For many issues the European level offers the right framework. That is why the European Commission has set the creation of a DSM as one of its key priorities.

A DSM is one in which the free movement of goods, persons, services and capital is ensured, and where individuals and businesses can seamlessly access and exercise online activities under conditions of fair competition and a high level of consumer and personal data protection, irrespective of their nationality or place of residence. Achieving a fully-functioning DSM will ensure that Europe maintains its position as a **world leader in the digital economy**, helping European companies to grow and compete globally.

Europe has the capabilities to lead in the global digital economy but we are currently not making the most of them. Our would-be DSM suffers from fragmentation and barriers that do not exist in the physical Single Market, and this is holding the EU back. Bringing down these barriers within Europe could contribute an additional EUR 415 billion to European GDP. The digital economy can expand markets and foster better services at better prices, offer more choice and create new sources of employment. A DSM can create opportunities for new start-ups and allow existing companies to grow and profit from the scale of a market of over 500 million people.

The DSM Strategy has benefitted from input and dialogue with Member States, the European Parliament and other stakeholders. It has a multi-annual scope and is focused on key interdependent actions that can only be taken at EU level. They have been chosen to have maximum impact, can be delivered during this Commission's mandate, and will be taken forward in line with Better Regulation principles. Each action will be subject to appropriate consultation and impact assessment.

The DSM Strategy is built on three pillars:

1. *Better access for consumers and businesses to online goods and services across Europe – this requires the rapid removal of key differences between the online and offline worlds to break down barriers to cross-border online activity.*
2. *Creating the right conditions for digital networks and services to flourish – to achieve this high-speed, secure and trustworthy infrastructure and content services, supported by the right regulatory conditions for innovation, investment, fair competition and a level playing field are needed.*
3. *Maximising the growth potential of our European Digital Economy – this requires investment in ICT infrastructures and technologies such as Cloud computing and Big Data, and research and innovation to boost industrial competitiveness as well as better public services, inclusiveness and skills.*

The European Council in October 2013 highlighted the necessity of completing the DSM by 2015, the need to step up investments (through an improved regulatory framework and the best use of EU funds), the importance of Big Data and Cloud computing, the enhancement of interoperability and portability of content and data, the significance of fostering trust in the digital economy as well as of modernising the public administration, the importance of improving the necessary digital skills and of boosting innovation. The Latvian Presidency contributes to achieving the ambitions set out in the conclusions of the European Council, October 2013 (EUCO 169/13, 25.10.2015) as well as the European Council Strategic Agenda for the Union in Times of Change, June 2014 (EUCO 79/14, 27 June).

The Latvian Presidency welcomes European Commission's comprehensive and ambitious DSM Strategy. We expect it will give new impetus to the work on the completion of the DSM and will be endorsed by the heads of state and government at the June European Council.

The Presidency believes that actions in the DSM Strategy are interrelated and mutually reinforcing and need to be tackled in a coordinated fashion to deliver the benefits of the DSM. The Presidency regards these debates in the Competitiveness Council as a possibility to highlight elements where further guidance from our leaders at the European Council would facilitate work on the DSM. The main messages from these debates and Council conclusions will be synthesized in the Presidency's summary letter on the DSM Strategy and transmitted to the President of the European Council with a view to informing the June European Council.

Planned political discussion during the Competitiveness Council on DSM Strategy would be useful and allow ministers to provide guidance on necessary steps for further implementation of the DSM, and the actions and related legislation announced in the Strategy – from creation of the right framework for all businesses and industry to compete, innovate and grow, to ensuring the possibility of greater choice for consumers and users. The Presidency aims to focus in particular on better access for consumers and businesses to online-goods and services across Europe, building the digital economy for the businesses and consumers, ensuring access and connectivity .

Ministers are therefore invited to focus and share their views on actions proposed in DSM Strategy, in particular in the areas of **Consumer protection, Geo-blocking, E-commerce, Copyright** and other activities envisaged for *ensuring better access for consumers and businesses to digital goods and services across Europe*. Removing the existing barriers and obstacles from demand and supply side of e-commerce would save consumers EUR 11.7 billion per year, and open up a market with a scale of 500 million people to entrepreneurs. Creating a single market of content fit for the digital era would foster both the production of, and the access to, cultural diversity, serve the needs of consumers, creators and innovators, and get citizens back on track for paying for content.

Ministers are also welcome to address other issues impacting on the **digitalisation of industry and digital entrepreneurship**, especially the **development of start-ups**, also within other pillars of the Strategy. These include actions around free flow of data and access to cloud services, an Integrated Standards Plan and a new e-Government strategy that would ensure the right conditions for maximising the growth potential of digital economy.

In light of the above and to steer the discussion the Presidency invites ministers to focus on the following questions:

1. *Would you agree that the DSM Strategy covers all the most important issues for completing the DSM and how does your Member State`s digital priorities map onto the actions outlined in the Strategy?*
2. *What would be your Member State`s priorities and concrete suggestions for actions proposed in the DSM Strategy, especially under the first pillar “Better access for consumers and businesses to online goods and services across Europe”?*
3. *Are there other priority actions from other pillars that you would want to outline as having major importance for competitiveness of European businesses and confidence of consumers in the Digital Single Market?*