



Council of the
European Union

Brussels, 13 April 2021
(OR. en)

Interinstitutional File:
2018/0231(COD)

14281/1/20
REV 1 ADD 1

COMPET 658	SAN 497
MI 594	DENLEG 92
IND 286	PHYTOSAN 38
CONSUM 227	SEMENCES 23
JUSTCIV 158	STATIS 66
AGRI 491	ECOFIN 1209
AGRIFIN 133	CADREFIN 485
VETER 63	CODEC 1398
AGRILEG 178	PARLNAT 152

STATEMENT OF THE COUNCIL'S REASONS

Subject: Position of the Council at First Reading in view to the adoption of a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing a programme for the internal market, competitiveness of enterprises, including small and medium-sized enterprises, the area of plants, animals, food and feed, and European statistics (Single Market Programme) and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014 and (EU) No 652/2014
– Statement of the Council's reasons
– Adopted by the Council on 13 April 2021

I. INTRODUCTION

1. On 7 June 2018 the Commission submitted to the European Parliament and to the Council its proposal for a Regulation of the European Parliament and of the Council establishing the Programme for single market, competitiveness of enterprises, including small and medium-sized enterprises, and European statistics and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014, (EU) No 258/2014, (EU) No 652/2014 and (EU) 2017/826¹ ("the Programme").
2. The European Economic and Social Committee delivered its opinion on 17 October 2018², whilst the Committee of the Regions adopted its opinion at its 5 December 2018 Plenary³.
3. The Council (Competitiveness), at its meeting on 29 November 2018, adopted a partial general approach on the proposal⁴. The partial general approach did not include a number of elements, in particular provisions with budgetary implications or of horizontal nature, or provisions relating to pending discussions in other Council preparatory bodies on other legislative proposals. Such elements were marked in the text with square brackets. These elements were left outside of the scope of the negotiations at that stage, as more progress at horizontal level, including political guidance of the European Council on the multiannual financial framework (MFF) for the period 2021-2027, was needed first for the Council to be able to establish its position on these parts.

¹ Doc. 9890/18 + ADD 1.

² Doc. 13680/18.

³ Doc. 15555/18.

⁴ Doc. 14257/1/18 REV 1.

4. In the European Parliament, the report on the Commission's proposal was voted in the Committee on the Internal Market and Consumer Protection (IMCO) on 22 January 2019 and confirmed in Plenary on 12 February 2019. At that time, the European Parliament adopted its position at first reading⁵. The European Parliament passed the file on to the next legislature. On 8 October 2019 the IMCO Committee formally adopted the mandate to start inter-institutional negotiations on the proposal.
5. Trilogues took place on 23 October 2019 and 18 November 2019, with the aim of reaching a common understanding on the non-bracketed parts of the proposal. The Presidency participated in these trilogues with the partial general approach adopted in November 2018 as its mandate.
6. On 3 December 2019, the European Parliament informed the Council about its decision to provisionally freeze negotiations at political level. Negotiations resumed in the second semester 2020, with a third trilogue taking place on 28 October 2020.
7. On 18 November 2020, the Permanent Representatives Committee gave the Presidency a revised mandate as a basis for the negotiations at a fourth trilogue on 25 November 2020 and a fifth trilogue on 8 December 2020.
8. A provisional agreement on a compromise text was reached between co-legislators at the trilogue on 8 December 2020. The Permanent Representatives Committee, at its meeting on 18 December 2020, confirmed this final compromise text with a view to agreement⁶.

⁵ Doc. 6212/19.

⁶ Doc. 14258/20.

9. On 11 January 2021, the European Parliament's IMCO Committee endorsed the final compromise text. Subsequently, on 15 January 2021 the Chair of the IMCO Committee sent a letter to the Chair of the Permanent Representatives Committee indicating that, should the Council formally transmit to the European Parliament its position as agreed during trilogues, she would recommend to the Plenary that the Council's position be accepted without amendment, subject to legal-linguistic verification, at Parliament's second reading.

II. OBJECTIVE

10. The Programme is proposed to be established for the period of the MFF 2021-2027. It is part of the sectoral proposals complementing the package of horizontal proposals on the MFF for that period.
11. The objective of the Programme is to strengthen the governance of the internal market and to enable citizens, consumers, businesses and public authorities to take full advantage of the market integration and opening by enforcing Union law, facilitating market access, setting standards and promoting human, animal and plant health and animal welfare, whilst respecting the principles of sustainable development and ensuring a high level of consumer protection, to support the competitiveness of enterprises, in particular micro, small and medium-sized enterprises, and to establish a framework for programming and financing of European statistics.
12. The Programme brings together activities financed during the previous MFF period under six predecessor programmes (European statistical programme; COSME; Consumer programme; Programme supporting specific activities in the field of financial reporting and auditing; Regulation relating to the food chain, animal health and animal welfare, plant health and plant reproductive material; Regulation supporting the involvement of consumers and other financial services end-users), and also includes some new initiatives.

III. ANALYSIS OF THE COUNCIL'S POSITION AT FIRST READING

A. General observations

13. The Council and the European Parliament conducted negotiations with the aim of concluding an early second reading agreement on the basis of a Council first reading position that the European Parliament could approve as such. The text of the Council first reading position fully reflects the compromise reached between co-legislators.

B. Specific observations

14. During negotiations in November and December 2020, co-legislators were able to reach a compromise on the following outstanding issues:
 - **Duration of the Programme:** The Council and the European Parliament agreed that the Programme is established for the period from 1 January 2021 to 31 December 2027 and that the duration of the Programme is aligned to the duration of the MFF.
 - **Technical and administrative assistance for the implementation of the Programme:** Co-legislators agreed that the total costs of administrative and technical support shall not exceed 5 % of the value of the overall financial envelope available for the implementation of the Programme.
 - **Designated beneficiaries representing consumers interest at the Union level:** It was agreed that the Commission is empowered to adopt delegated acts in relation to the representation of consumers interest at the Union level to amend the list of entities that may be awarded a grant under the Programme without a call for proposals.

- **National reference laboratories as designated beneficiaries, and their accreditation:** Agreement was reached on the possibility for national plant health reference laboratories and national animal health reference laboratories to benefit as designated beneficiaries from grants awarded under the Programme if the actions by those national laboratories that are supported by the Programme represent Union added value, and if sufficient funding is available under the Programme to support these actions. Comparable conditions are foreseen for the determination of the designated beneficiaries and for their accreditation.
- **Co-financing rules in the area of plants, animals, food and feed:** The Council and the European Parliament agreed on a fixed co-financing rate of 50 %, that is exceptionally increased to 75 % and 100 % under certain conditions. It will be possible for the Commission to adopt an implementing act to set a lower co-financing rate where that is necessary on the grounds of budgetary availability, insufficient implementation of the Programme or the emergency measure, or the phasing-out of the co-financing of actions against animal diseases or plant pests.
- **Delegated acts, implementing acts and committees:** Co-legislators agreed that work programmes are adopted by implementing acts intended to give effect to the rules already laid down in the basic act and in accordance with related sectoral legislation where applicable. Actions set out in Annex II shall be implemented in accordance with Regulation (EC) No 223/2009 on European Statistics. With regard to delegated acts, it was agreed that the power to adopt delegated acts shall be conferred on the Commission for a period of 7 years, and that it shall be tacitly extended for periods of an identical duration unless the European Parliament or the Council opposes such extension.
- **Retroactivity:** It was agreed that the Regulation shall enter into force on the day of its publication in the Official Journal of the European Union, and that it shall apply from 1 January 2021.

IV. CONCLUSION

15. The Council's position at first reading on the Regulation of the European Parliament and of the Council establishing a programme for the internal market, competitiveness of enterprises, including small and medium-sized enterprises, the area of plants, animals, food and feed, and European statistics fully reflects the compromise reached in the negotiations between representatives of the Council and of the European Parliament, facilitated by the Commission. This compromise is confirmed by the letter that the Chair of the IMCO Committee addressed to the Chair of the Permanent Representatives Committee on 15 January 2021.
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