Daily News 09 / 07 / 2019

EU-Ukraine Summit: moving forward together in solidarity

The 21st EU-Ukraine Summit took place yesterday in Kyiv, reaffirming the strong partnership and shared commitment to a comprehensive reform agenda. President of the Commission, Jean-Claude **Juncker**, who represented the European Union alongside European Council President, Donald Tusk, said: "*The European Union's partnership with Ukraine is one of mutual solidarity and friendship. It is also one that is flourishing: we have achieved more progress together in the last five years than we did in the two decades before. Ukraine has taken up ambitious reform commitments. The EU, in turn, has provided Ukraine with unprecedented support, from financial and expert support, to autonomous trade measures, and almost 3 million visa-free visits to the EU for Ukrainian citizens to date. This, alongside continued unity on sanctions, shows the EU's commitment to Ukraine – one that remains unwavering.*" The Summit recognised the substantial progress made by Ukraine in its reform process, which the European Union and European Financial Institutions have supported with over €15 billion since 2014. At the Summit, the Commissioner for European Neighbourhood Policy and Enlargement Policy, Johannes **Hahn**, who participated at the summit alongside High Representative/Vice-President Federica **Mogherini**, signed four programmes worth €109 million to further support decentralisation, the fight against corruption, the empowerment of civil society, and accountable and efficient governance in Ukraine. More information is available in a dedicated press release. In addition, to help mitigate the impact of Russia's destabilising actions in the Sea of Azov region, the European Union has mobilised €10 million, coming on top of existing measures, to support local economic diversification and small businesses, local civil society and citizens' involvement in decision-making, the improvement of community security and public safety. More information on this continued demonstration of EU solidarity with Ukraine in face of its continuous challenges is available in a press release and a factsheet. The European Union has also pledged an additional €17.7 million in humanitarian funding in response to the conflict in the east of Ukraine. A full summary of a summit focussed on tangible, continued EU support to Ukraine under its new President, Volodymyr Zelenskyy, is available online. *(For more information: Natasha Bertaud – Tel.: +32 229 67456;* Maja Kocijančič – Tel.: +32 229 86570; Adam Kaznowski – Tel.: +32 229 89359*; Alceo Smerilli – Tel.: +32 229 64887)*

Le plan Juncker soutient l'enseignement supérieur en Roumanie et les entrepreneurs sociaux en Italie

La Banque européenne d'investissement fournit un financement de 25 millions d'euros dans le cadre du plan Juncker pour moderniser l'Université polytechnique de Bucarest. Le prêt financera le développement du campus de l'université et modernisera les installations afin de soutenir les activités d'enseignement, d'apprentissage et de recherche. Plus de 5 000 étudiants et 273 employés bénéficieront du réaménagement du campus universitaire. Au cours de la mise en œuvre, le projet créera environ 1 000 emplois. Carlos **Moedas**, Commissaire européen en charge de la Recherche, de la Science et de l'Innovation, a déclaré: «*La science et la recherche de qualité commencent par une éducation de qualité. Il s'agit d'un investissement dans les futurs chercheurs roumains, qui stimulera l'innovation et créera des emplois et la croissance. C'est un autre exemple du plan Juncker en action.* » La BEI a également signé un accord de 50 millions d'euros, soutenu par le programme européen pour l'emploi et l'innovation sociale (EaSI) et le Fonds européen pour les investissements stratégiques (EFSI) du plan Juncker avec UniCredit pour soutenir les entrepreneurs sociaux en Italie. Le financement ciblera les micro-entreprises et les entreprises de taille intermédiaire, en mettant l'accent sur les femmes entrepreneurs, l'innovation et la lutte contre le changement climatique. Marianne **Thyssen**, Commissaire chargée de l'Emploi, des Affaires sociales, des Compétences et de la Mobilité des travailleurs, a déclaré: «*Grâce au financement de l'UE dans le cadre de notre programme EaSI, Unicredit sera en mesure de soutenir l'entrepreneuriat social en Italie avec 50 millions d'euros. Le financement à impact social profitera aux PME, mais également à la société dans son ensemble. En aidant les entreprises sociales, nous montrons notre volonté de construire une Europe plus juste et de renforcer sa dimension sociale.* » Les communiqués de presse sont disponibles ici. En juin 2019, le plan Juncker a mobilisé près de 410 milliards d'euros d'investissements supplémentaires, dont 2,8 milliards d'euros en Roumanie et 65,4 milliards d'euros en Italie. Le plan soutient actuellement 952 000 petites et moyennes entreprises en Europe. *(Pour plus d'informations: Annika Breidthardt – Tél .: +32 229 56153; Enda McNamara – Tél .: +32 229 64976)*

EU invests €35 million to develop Artificial Intelligence solutions for cancer prevention and treatment

Today the European Commission launched a call for proposals with €35 million available aimed to support the development of analysis of health images for cancer diagnostics based on Artificial Intelligence, as well as other tools and analytics focused on the prevention, prediction and treatment of the most common forms of cancer. The call is part of the Horizon 2020 programme, through which the Commission is investing a total of €177 million on the 'Digital Transformation of Health and Care' and 'Trusted digital solutions and Cybersecurity in Health and Care'. Commissioner for Health and Food Safety, Vytenis **Andriukaitis**, said: "*Working together across silos will boost our capacity to better help the patients by sharing and interpreting technological advances in cancer prevention, diagnosis and treatment prediction across the EU.*" Commissioner for the Digital Economy and Society, Mariya **Gabriel**, added: "*Today's investment confirms our strong support in advanced technologies that will shape the future of the health sector in the European Union. Together with Member States, we must put in place a framework that balances individual concerns and health system constraints, while unleashing innovation in healthcare for the benefit of all Europeans.*" Furthermore, Commissioner **Gabriel** will convene tomorrow the second high-level roundtable that brings together representatives of the European Commission, the pharmaceutical, biotechnology, and medical technology industries and the civil society. During the event she will discuss the roadmap set out in theCommunication on the digital transformation of health and care, adopted in April 2018, as well as other key topics, such as the next steps on the recently adopted Recommendation on the interoperability of electronic health records systems, artificial intelligence and high-performance computing. She will also highlight the importance of taking forward the exchange of health data across borders and addressing the relevant privacy and data protection aspects. Further information about transformation of healthcare in the Digital Single Market here and about the recently launched Commission work on major research and innovation missions, among them against cancer, here. (*For more Information: Nathalie Vandystadt – Tel. +32 229 67083; Anca Paduraru – Tel. +32 229 91269; Marietta Grammenou – Tel.: +32 229 83583; Aikaterini Apostola – Tel. +32 229 87624)*

Antitrust: Commission fines Sanrio €6.2 million for restricting cross-border sales of merchandising products featuring Hello Kitty characters

The European Commission has fined Sanrio €6.2 million for banning traders from selling licensed merchandise to other countries within the EEA. This restriction concerned products featuring Hello Kitty or other characters owned by Sanrio. Sanrio Company, Ltd. is a Japanese company that designs, licenses, produces and sells products featuring Hello Kitty and other popular characters. Sanrio also holds the intellectual property rights to the "Mr. Men" and "Little Miss" series of animated characters. In June 2017, the Commission opened an antitrust investigation and has found that Sanrio's non-exclusive licensing agreements breached EU competition rules: (a) Sanrio imposed a number ofdirect measures restricting out-of-territory sales by licensees, such as clauses explicitly prohibiting these sales, obligations to refer orders for out-of-territory sales to Sanrio and limitations to the languages used on the merchandising products. (b) Sanrio also implemented a series of measures as an indirect way to encourage compliance with the out-of-territory restrictions. The Commission has concluded that Sanrio's illegal practices, which were in force for approximately 11 years, partitioned the Single Market and prevented licensees in Europe from selling products cross-border, to the ultimate detriment of European consumers. Sanrio cooperated with the Commission beyond its legal obligation to do so. Therefore, the Commission granted Sanrio a 40% fine reduction in return for this cooperation. Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"Today's decision confirms that traders who sell licensed products cannot be prevented from selling products in a different country. This leads to less choice and potentially higher prices for consumers and is against EU antitrust rules. Consumers, whether they are buying a Hello Kitty mug or a Chococat toy, can now take full advantage of one of the main benefits of the Single Market: the ability to shop around Europe for the best deals."* The full press release is available online in EN, FR, DE, IT. *(For more information: Ricardo Cardoso – Tel.: +32 229 80100; Maria Tsoni – Tel.: +32 229 90526)*

Eurostat: Une nouvelle publication numérique – Les Européens en mouvement – Statistiques sur la mobilité des personnes en Europe

Saviez-vous que parmi le demi-milliard de personnes vivant dans l'UE, 8% n'ont pas la nationalité de leur pays de résidence? De plus, 1,3 million d'Européens vivent dans un pays mais travaillent dans un autre et 1,7 million d'étudiants européens étudient à l'étranger. Dans l'Europe d'aujourd'hui, les citoyens se déplacent plus que jamais, que ce soit pour des raisons de migration, d'éducation, de travail ou tourisme. Eurostat a publié les derniers chiffres sur la mobilité des personnes en Europe dans la nouvelle publication numérique "People on the move – statistiques sur la mobilité en Europe". Plus d'information est disponible en ligne. *(Pour plus d'information: Christian Wigand – Tél.: +32 229 62253; Mélanie Voin – Tél.: +32 229 58659)*

ANNOUNCEMENTS

Commissioner Avramopoulos in Kenya

Tomorrow, Commissioner for Migration, Home Affairs and Citizenship Dimitris **Avramopoulos** will be in Nairobi, Kenya, where he will participate in the opening session of the African Regional High-Level Conference on Counter-Terrorism and the Prevention of Violent Extremism Conducive to Terrorism, together with President of Kenya Uhuru Kenyatta, Secretary-General of the United Nations António Guterres and Chairperson of the African Union Commission Moussa Faki Mahamat. He will also meet Under-Secretary-General of the UN Counter-Terrorism Vladimir Ivanovich Voronkov. Discussions will focus on efforts to respond, prevent and counter terrorism in Africa, lessons learned and the role of the international community to support these aims. *(For more information: Natasha Bertaud – Tel.: +32 229 67456; Tove Ernst – Tel.: +32 229 86764; Markus Lammert – Tel.: +32 229 58602)*

Upcoming events of the European Commission (ex-Top News)

Commissioner Cañete at the conference on cyber security in the energy sector

Distinguished Guests, Ladies and Gentlemen,

The **energy system** is one of **the most complex and largest infrastructures** in Europe. It is also one of the most critical assets for a modern society and as such **the backbone for its economic activities, welfare and stability**.

The energy system is changing today – in terms of infrastructure and market developments. In particular with the increasing share of renewable energy sources, it is becoming more decentralised, digitalised and decarbonised.

One of the key trends is that the **share of electricity** in our consumption will increase in the coming years and decades and nearly double by 2050. This is one of the lessons of our long-term strategy.

In the **Clean Energy for All Europeans** package with its eight different legislative acts, we have set a clear and common sense of direction with ambitious targets for 2030 for energy efficiency and renewables. All these acts were adopted with a very broad support in the European Parliament and the Council.

With the increasing share of renewables and decentralised generation, we also witness a **continuously increasing degree of digitalisation**, moving towards **smarter grids** and connecting to the **Internet of Things** through smart devices. If we are to reach our targets, which implies that more than half of our electricity will come from renewables already in 2030, this trend will accelerate even further.

With all its advantages – this digitalisation brings new challenges for the sector. New challenges in terms of data management, but in particular with respect to **cybersecurity**. Recent reports state that foreign actors have been allegedly probing or even infiltrating the US, Russian and Asian electrical grids. Disrupting the electrical infrastructure of a region could cause blackouts and disrupt financial markets, transportation and more.

The Union has put in place common general tools to increase cybersecurity. In particular, **the Directive on Security of Network and Information Systems was adopted in 2016** and is currently being implemented. It is the first European law on cybersecurity and focuses on the resilience of essential services. Furthermore, the recent **Cybersecurity Act of 2019** creates a framework for voluntary European cybersecurity certification of products, processes and services.

Let me underline, in cybersecurity one size does not fit all. The energy sector has some particularities that create challenges in terms of cyber security. These particularities include real-time requirements, cascading effects and the mix of legacy technologies with smart and state of the art technology. The real-time requirements of for example circuit breakers that have to act in milliseconds, do not work with standard security measures such as authentication or encryption. We have to be aware of cascading effects as electricity grids and gas pipelines are strongly interconnected across Europe, and well beyond EU member states. Energy technology operating today was designed and built before cybersecurity was considered and often has a lifetime of 30 to 60 years. Today these legacy systems need to interact securely with recent smart technology and the Internet of Things.

Therefore, within the Clean Energy for All Europeans package we also address cybersecurity:

The **new regulation on electricity risk preparedness of 2019** mandates Member States to develop national risk preparedness plans and coordinate their preparation at regional level, including measures to cope with cyber-attacks.

The recast of the Electricity Regulation calls for the development of a

network code on cyber security, to increase the resilience of the energy sector and protect the energy systems.

Further, on 3rd April 2019, the Commission adopted a dedicated **Guidance on cybersecurity in the energy sector** to help the sector implement horizontal energy legislation, but also to address smaller operators that are not necessarily covered by these horizontal rules. They might be the weakest link.

In cybersecurity, information-sharing is key. Therefore the Commission supports information sharing at several levels and through different channels:

The Commission kicked off a work stream under the Network and Information Security (NIS) Cooperation Group dedicated to energy to bring together Member State Authorities from the cybersecurity and the energy side. This is the first sectoral work stream under the NIS Cooperation Group.

We have also encouraged enhanced cooperation with specialised entities such as the European Energy Information Sharing and Analysis Centre on cybersecurity and at technical level via expert groups.

And we are also reaching out beyond the EU, for example with an enhanced dialogue with third countries and the group of seven (G7).

Finally, it is throughdedicated events like the one today that we hope to increase awareness for the need to tackle this challenge jointly. Today we see here at the table representatives of Member States, NATO, industry as well as the European institutions. In cybersecurity, we all need to work together.

To conclude, I welcome very much the initiative to discuss cyber-security today with all relevant actors, which tackles an important issue.

When we look forward to the energy world of tomorrow, it is clear that the technological revolutions underway offer a lot of opportunities for a cleaner and more participative system. But we also need to be prepared for the new risks to our energy security this entails, and we need to address them together.

In that sense, let me wish you a very fruitful discussion.

Remarks by President Donald Tusk after

[his meeting with President of Azerbaijan Ilham Aliyev]

Thank you, dear President Aliyev for your warm welcome and hospitality. It is a true pleasure to be back in Baku, the City of Winds.

Azerbaijan is unique. You combine tradition and modernity. You look both to the East and to the West, thanks to your strategic location in today's complex geopolitical landscape. And as I have said before, Mister President, the EU supports Azerbaijan's sovereignty, independence and territorial integrity.

The EU and Azerbaijan come closer to each other every year. Our relations have intensified and my visit today is another clear sign of this. In 2018 we adopted priorities for our partnership, and our negotiations on a Common Aviation Area Agreement, as well as on the new EU-Azerbaijan agreement, are close to completion. Our economies will profit from them, and our political, business and cultural relations will deepen. And we should of course not forget the Southern Gas Corridor that – quite literally – connects us. This positive momentum should bring our partnership to a higher level, directly benefit all our people, and accompany Azerbaijan's own reform processes and economic diversification.

Azerbaijan has taken impressive steps to transform itself into a transport and logistics hub. I am looking forward to visiting later today the Port of Baku, which is an illustration of Azerbaijan's ambition to the East and the West but also to its northern and southern partners.

Today, in my discussions with President Aliyev, I reconfirmed the EU's readiness to further deepen our cooperation with Azerbaijan, underlining also the essential importance we attach to the respect for the rule of law, human rights and fundamental freedoms. The EU believes that a truly open society is the best guarantee of long-term stability and a good life for all citizens.

Referring to stability in the region, we also discussed the unresolved Nagorno-Karabakh conflict. There is no military solution but only a political settlement in accordance with international law and principles. The EU continues to fully support the efforts of the Minsk Group Co-Chairs and their focus on a fair and lasting settlement based on the core principles of the Helsinki Final Act.

We appreciate the overall decrease of tensions but like the co-chairs, we have been concerned by the recent casualties along the Line of Contact. Restraint is important and so are measures to restore an atmosphere conducive to peace and favourable to productive talks. The EU is already supporting peace-building activities and is ready to assist concrete measures to prepare the populations for peace.

Finally, later today I will have the privilege to visit Gobustan. The petroglyphs and inscriptions by Roman legionnaires are a testament to the significant place Azerbaijan has had in Europe for millennia. Humbled by this time horizon, I look forward to us developing our partnership in the years to come.

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Commissioner Margrethe **Vestager**, in charge of competition policy, said:*"Today's decision confirms that traders who sell licensed products cannot be prevented from selling products in a different country. This leads to less choice and potentially higher prices for consumers and is against EU antitrust rules. Consumers, whether they are buying a Hello Kitty mug or a Chococat toy, can now take full advantage of one of the main benefits of the Single Market: the ability to shop around Europe for the best deals."*

Licensed merchandising products are extremely varied (e.g. mugs, bags, bedsheets, stationery, toys) but all carry one or more logos or images protected by intellectual property rights (IPRs), such as trademarks or copyright. Through a licensing agreement, one party (a licensor) allows another party (a licensee) to use one or more of its IPRs in a certain product. Licensors typically grant non-exclusive licenses to increase the number of merchandising products in the market and their territorial coverage.

Sanrio Company, Ltd. is a Japanese company that designs, licenses, produces and sells products featuring Hello Kitty, an anthropomorphic cat girl also known by her full name Kitty White, and other popular characters such as My Melody, Little Twin Stars, Keroppi or Chococat. Through its subsidiary Mister Men Limited, Sanrio also holds the intellectual property rights to the "Mr. Men" and "Little Miss" series of animated characters.

In June 2017, the Commission opened an antitrust investigation into certain licensing and distribution practices of Sanrio to assess whether it illegally restricted traders from selling licensed merchandise cross-border and online within the EU Single Market.

The Commission investigation has found that Sanrio's non-exclusive licensing agreements breached EU competition rules:

- Sanrio imposed a number of **direct measures restricting out-of-territory sales by licensees**, such as clauses explicitly prohibiting these sales, obligations to refer orders for out-of-territory sales to Sanrio and limitations to the languages used on the merchandising products.
- Sanrio also implemented a series of measures as an **indirect way to encourage compliance with the out-of-territory restrictions**. These measures included carrying out audits and the non-renewal of contracts if licensees did not respect the out-of-territory restrictions.

The Commission has concluded that Sanrio's illegal practices, which were in force for approximately 11 years (from 1 January 2008 until 21 December 2018), partitioned the Single Market and prevented licensees in Europe from selling products cross-border, to the ultimate detriment of European consumers.

Sanrio's cooperation

Sanrio cooperated with the Commission beyond its legal obligation to do so, in particular by providing the Commission with information that allowed it to establish the extended duration of the infringement. The company also provided evidence with significant added value and expressly acknowledged the facts and the infringements of EU competition rules.

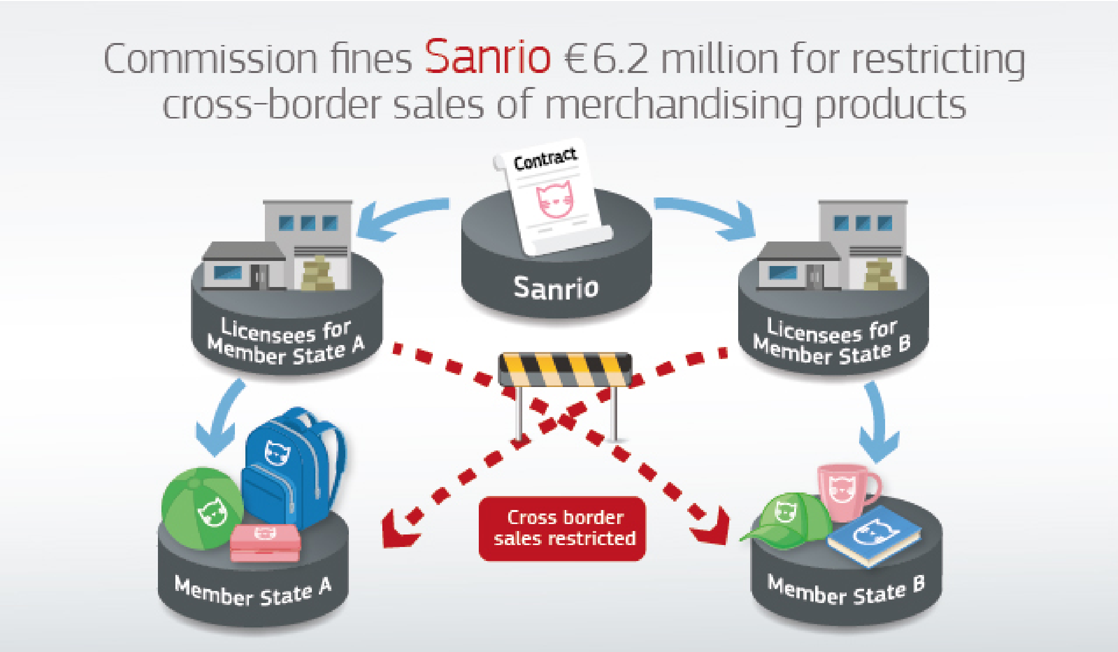
Therefore, the Commission granted Sanrio a 40% fine reduction in return for this cooperation. Further information on this type of cooperation can be found on the Competition website.

Fines

The fine was set on the basis of the Commission's 2006 Guidelines on fines (see press release and MEMO). Regarding the level of the fine, the Commission took into account, in particular, the value of sales relating to the infringement, the gravity of the infringement and its duration, as well as the fact that Sanrio cooperated with the Commission during the investigation.

The fine imposed by the Commission on Sanrio amounts to **€6 222 000.**

Fines imposed on companies found in breach of EU antitrust rules are paid into the general EU budget. This money is not earmarked for particular expenses, but Member States' contributions to the EU budget for the following year are reduced accordingly. The fines therefore help to finance the EU and reduce the burden for taxpayers.



Background to the investigation

In June 2017, the Commission opened three separate antitrust investigations to ascertain whether certain licensing and distribution practices of Nike, Sanrio and Universal Studios illegally restricted traders from selling licensed merchandise cross-border and online within the EU Single Market.

In March 2019, the Commission fined Nike €12.5 million for preventing traders from selling licensed merchandise to other countries within the EEA. The investigation against Universal Studios is on-going.

Sanrio's licensing agreements for merchandising products infringed Article 101 of the Treaty on the Functioning of the European Union (TFEU), which prohibits agreements between companies that prevent, restrict or distort competition within the EU's Single Market.

More information on the investigation will be available on the Commission's competition website, in the public case register under the case number AT.40432.

Action for damages

Any person or company affected by anti-competitive behaviour as described in this case may bring the matter before the courts of the Member States and seek damages. The case law of the Court and Council Regulation 1/2003 both confirm that in cases before national courts, a Commission decision constitutes binding proof that the behaviour took place and was illegal. Even though the Commission has fined the companies concerned, damages may be awarded without being reduced on account of the Commission fine.

The Antitrust Damages Directive, which Member States had to transpose into their legal systems by 27 December 2016, makes it easier for victims of anti-competitive practices to obtain damages. More information on antitrust damages actions, including a practical guide on how to quantify antitrust harm, is available here.

Whistleblower tool

The Commission has set up a tool to make it easier for individuals to alert it about anti-competitive behaviour while maintaining their anonymity. The tool protects whistleblowers' anonymity through a specifically-designed encrypted messaging system that allows two-way communications. The tool is accessible via this link.

2019 EU budget: Council adopts contingency measures for a no-deal Brexit

The Council today adopted contingency measures on the implementation and financing of the 2019 EU budget in the event of a no-deal Brexit.

The aim of the measures is to mitigate the impact of a no-deal scenario for funding in a wide range of areas such as research and agriculture.

They will enable the EU to continue making payments to UK beneficiaries for contracts signed and decisions made before the withdrawal date, as long as the UK continues paying its contribution agreed in the EU budget for 2019.

The European Parliament gave its consent to this contingency framework on 17 April 2019.

> A no-deal scenario does not affect the basic principle that the EU27 and the UK should honour the financial commitments they have both made together. The measures agreed today will help ensure this. They will benefit UK individuals and entities, and avoid possible disruptions to other beneficiaries of EU funding.
>
> *Mika Lintilä, Minister for Finance of Finland, which currently holds the Council presidency*

Under the agreed contingency framework, the UK would have to confirm in writing that it will contribute to the financing of the 2019 EU budget as adopted. It would also have to accept the necessary controls and audits for the EU programmes and actions, and make the first payment to the EU budget for the period after its withdrawal. Only if these conditions are met would the eligibility for financing by the EU budget in 2019 of the UK and UK-entities be maintained.

As the UK makes its contribution for the entire year of 2019, the UK and UK entities would also be eligible in 2019 for the purposes of conditions set in any calls, tenders, contests or other procedures which may lead to financing from the EU budget, except in specific cases related to security and to the loss of the UK’s membership of the European Investment Bank.

In addition, the contingency measures would allow for the continued financing of beneficiaries in EU member states where their eligibility depends on the UK’s membership of the EU, provided that the relevant legal contracts and decisions have been signed or adopted before the UK’s withdrawal.

This contingency framework would cease to apply if the UK discontinues the payments or where significant deficiencies have been observed in the execution of the controls and audits.

It is without prejudice to an agreement to be negotiated in a no-deal scenario on a financial settlement between the EU and the UK, which would have to cover the entirety of mutual obligations resulting from the UK’s EU membership.

The measures agreed today are intended to keep the relative shares of the EU27 member states in financing the 2019 EU budget unaffected.

Background

Since the UK notified its intention to withdraw from the EU, the EU has consistently stated that both the EU and the UK should respect the financial obligations resulting from the whole period of the UK’s membership in the EU. This principle was recalled in the European Council (Article 50) guidelines of 29 April 2017 for the Brexit negotiations and reflected in the draft withdrawal agreement agreed by the 27 member states and the UK government in November 2018. The absence of a withdrawal agreement at the withdrawal date would not affect that guiding principle.

Visit the meeting page