EUROPEAN COMMISSION PRESENTS DIGITAL STRATEGY

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European Regulatory Newsletter

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On 19 February, the European Commission ("the Commission") unveiled a Communication setting out its strategy for "Shaping Europe's digital future" ("the Communication").

While the Commission considers digitalisation to be an opportunity for Europe, it recognises that it presents challenges and that measures are necessary to limit its negative impact on democracy, markets and the European social model.

The Communication identifies three focus areas ("pillars"), in which the Commission plans to launch a mix of both legislative and non-legislative initiatives.

1. TECHNOLOGY THAT WORKS FOR PEOPLE

Under this first pillar, the Commission identifies a need for Europe to invest in strategic capacities and digital infrastructure. For digital infrastructure and networks alone, the EU needs to fill an investment gap of EUR 65 billion per year.

For a successful digital transformation, the EU's citizens and businesses need to trust the security of online applications and products. For the Commission, trust starts with cybersecurity, but building trust will also require actions in the areas of artificial intelligence, education and working conditions of online platform employees.

Key actions to be adopted consist of a White Paper on Artificial Intelligence setting out options for a legislative framework (published in parallel to the Communication and open for public consultation until 19 May 2020), a European cybersecurity strategy, a Digital Education Action Plan (Q2 2020), and an Initiative to improve labour conditions of platform workers (2021). Furthermore, the Commission aims to provide an updated Action Plan on 5G and 6G and a new Radio Spectrum Policy Programme (2021).

2. A FAIR AND COMPETITIVE ECONOMY

The second pillar of the strategy consists in enhancing the competitiveness of the EU's digital sector and increase the integrity and resilience of the EU's data infrastructures, while reducing over-reliance on non-EU digital solutions. The main goal is to deliver a genuine European single market for data.

The Commission will prepare a new strategy for SMEs (as a part of a new EU Industrial Strategy) to support SMEs' digital transition and improve their access to finance. Data is a key driver of the digital economy. The

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Commission therefore published simultaneously to the Communication a specific document outlining the European Data Strategy. Furthermore, the Commission will announce a legislative framework for data governance in Q4 2020.

To ensure a level playing field, the Commission is currently evaluating competition rules to ensure that they remain fit for purpose in the digital era. The key issues for Europe's digital future are data access, pooling and sharing, as well as the balance between online and offline commerce. The ongoing digital fitness check therefore tackles not just rules governing horizontal and vertical agreements but also the market definition notice and various state aid guidelines.

Fair and effective digital taxation also remains a top priority for the EU. While the negotiations are ongoing at OECD level, if they fail to produce tangible results, the EU will take action.

A Digital Services Act Package will be designed to strengthen the responsibility of online platforms and reinforce the oversight over platforms' content policies in the EU. A review of options for an ex ante regulatory framework for “gate-keeping” platforms with significant network effects will also be part of the Package expected in Q4 2020. This will build on the Platform-to-Business Regulation adopted last year and with which online platforms have until 12 July 2020 to comply.

Other possible key actions include the adoption of a Data Act that could tackle business-to-government data sharing as well as clarify B2B data sharing scenarios (though not before 2021) or the launch of a sector inquiry into digital markets by DG COMP.

3. AN OPEN, DEMOCRATIC AND SUSTAINABLE SOCIETY

Finally, the third pillar is about technology being human-centric, building around values and ethical rules. Referring to Europe's trendsetting role in adopting the General Data Protection Regulation and rules for platform-to-business cooperation, the Commission commits to develop and implement new rules for the digital society and states that what is illegal offline must also be illegal online.

In an updated and improved regulatory framework, the Commission aims to provide online platforms with legal clarity and certainty, so they can act responsibly against illicit and illegal content, while also protecting the freedom of expression.

The third pillar will also serve as an enabler for the European Green Deal. The ICT sector itself needs to undergo its own green transformation. The current environmental footprint of the sector is estimated between 5 and 9% of the world's total electricity use and more than 2% of all emissions.

Key initiatives in this regard will include the adoption of a Circular electronic initiative, including an obligation for manufacturers to improve the option to repair consumer goods, thereby extending the lifecycle of electronic devices (launch in 2021), as well as an initiative to make data centres carbon-neutral and more energy-efficient by 2030. Besides that, the Commission also envisages a new Media and Audiovisual Action Plan, to stimulate media

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pluralism and journalistic freedom and improve access to quality content (expected in Q4 2020). Moreover, a European Democracy Action Plan that will aim to improve the resilience of EU's democratic systems and address the digital threats and external intervention in European elections will be presented in Q4 2020

This Communication is the latest policy document aiming to establish Europe as a global digital player through regulatory power. In parallel, the Commission plans to introduce a Global Digital Cooperation Strategy designed to spread to its trading partners the European approach to digital transformation. This strategy is expected to be unveiled in 2021.

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