MAKING EUROPE FIT FOR THE DIGITAL AGE

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There has been no greater reliance on digital tools than during the current period, as Europe continues to live under the reality of a global health pandemic.

In this context, the European Commission is charting Europe’s digital transition with a 20% outlay allocated to the sector as part of the bloc’s long-term budget. Where the bloc’s priorities lie in this broad field, however, is still up for debate.

Early this year, the EU executive is also due to present a so-called ‘Digital Compass,’ setting out the bloc’s future ambitions in the digital arena for 2030.

The goals are likely to cover areas vital for ensuring Europe’s ‘strategic autonomy’ and reducing dependence on third countries for the provision of key enabling technologies, while also taking into account the importance of the EU’s sustainability goals.

This event report covers DIGITALEUROPE’s annual Masters of Digital conference, which will hone in on many of these pressing issues, drawing on the political direction of high-level EU officials, including Commission President Ursula von der Leyen and European Council President Charles Michel.
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The EU continues to lag behind China and the US when it comes to investments into key technologies such as artificial intelligence and quantum computing, the European Commission President Ursula von der Leyen has warned.

Speaking at the annual conference of trade group Digital Europe, von der Leyen noted how the bloc is still underperforming in key areas, saying the EU executive aims to help bridge the funding vacuum.

“Europe is still punching well below its weight. I believe this is because of two main reasons. The first one obvious, a lack of investment,” she said on Thursday (4 February).

While European companies invest massively in research and development in sectors such as automotive or pharma, “our investment in other fields still lags behind the US and China,” she said.

“Artificial intelligence and quantum computing are two good examples,” she added, noting that due to this, far too many European startups in the tech world have had to leave the continent in order to scale up.

To bridge the gap, von der Leyen cited plans to dedicate 20% of the bloc’s recovery fund to digital projects, a figure amounting to approximately €150 billion.

European Commission President Ursula Von Der Leyen delivers her first state of the union speech at a plenary session of European Parliament in Brussels, Belgium, 16 September 2020.

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ARTIFICIAL INTELLIGENCE AND BLOCKCHAIN INVESTMENTS: €3BN IN 2021?

She praised public-private partnerships as a means to generate investment, highlighting the Commission’s proposal last year to create a new European Investment Fund for artificial intelligence and blockchain.

The EU executive is currently in talks with the European Investment Bank on the project, which has already generated €700 million in investment, the Commission president said, hoping the figure could go as high as €3 billion as the project gathers momentum this year.

“For a small digital business or a deep tech startup, this can make a world of difference. As resources for ‘Next Generation EU’ start to flow into our economies, it’s now time to join forces between the public and the private sector,” she said in reference to the bloc’s coronavirus recovery fund.

‘ALARMING LACK OF TRANSPARENCY’

Digital Europe, for its part, said there were more pressing issues at play with regards to the bloc’s future spending plans in the digital arena.

Research conducted by the trade lobby and publicised during this week’s event showed that no draft spending plans have been released publicly and the ones that have been made public “vary widely in terms of structure, scope, and format,” despite general convergence on the 20% spending target for digital.

“The pan-European recovery and resilience fund is the first of its kind and member states should set a good example, seeking the views and expertise of all interested stakeholders, not least industry,” said Cecilia Bonefeld-Dahl, director general of Digital Europe.

“It is difficult to do this without a text to look at and open dialogue. Digital transformation depends on collaboration between the public and private sector, it is a common challenge and we must have a common vision of a stronger digital Europe,” she said in a statement, noting however that there had been particularly positive developments in Spain and Portugal in terms of their spending commitments in the digital arena.

DIGITAL SOVEREIGNTY

Elsewhere, other EU leaders were keen to highlight the ways in which Europe could chart its future competitiveness in the digital economy.

European Council President Charles Michel, opening the event on Wednesday, stressed that there would be no so-called “strategic autonomy” for Europe, without a concerted effort to fostering digital sovereignty.

The term ‘digital sovereignty’ is widely in EU policy circles and refers to the bloc’s ability to obtain a sense of independence from third-country providers of key technologies.

But the EU would not necessarily seek to adopt a protectionist approach in its bid to acquire a sense of digital sovereignty, Michel said. With a new US president at the helm in Washington, he expressed hopes for closer collaboration in digital affairs on both sides of the Atlantic.

“We have a fresh opportunity to forge a joint EU-US tech agenda. A consensus is emerging – on both sides of the Atlantic – that online platforms and Big Tech have the potential to threaten our common democratic values,” he said.
Digital innovations should be used as a tool for environmental protection and climate action, but we must act now, Germany’s minister for the environment, Svenja Schulze, told EURACTIV in an interview.

Svenja Schulze currently serves as Germany’s Minister for the Environment. She conducted this interview with EURACTIV’s Samuel Stolton.

You’ve previously said you believe Europe’s digital transition could help reach the bloc’s climate goals for 2030 as part of the Green Deal. In what ways would you expect digital tools to be employed to help meet these targets?

Digital solutions are the key to bringing about the social and environmental transformation of our society. Digital management enables us to tap previously unimagined potential for efficiency, reduce resource consumption and achieve the climate goal of a CO2-free economy. Digital technology forms the basis for the energy transition and the mobility of tomorrow; just think of how traffic in cities can be reduced through smart management and linking sharing services with a strong public transport system.

By collecting and analysing vast amounts of data, we are also harnessing the potential of AI for environmental protection and climate action.

But we must act now. In the next few years, essential investment decisions will be made to achieve our climate goals. This period of profound change will be key, making it even more important not to set the wrong incentives in the recovery phase during and after the coronavirus pandemic. However, digitalisation does not necessarily lead to more sustainability, its ecological footprint is continuously growing and it can

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also increase existing problems. That is why we have to shape the digital transformation through policy.

Early this year, the EU executive is due to present a so-called ‘Digital Compass,’ setting out the bloc’s future ambitions in the digital arena for 2030. What should these objectives focus on, in your opinion? And how much should our green ambitions feature here?

First of all, we cannot separate the digital transformation from sustainability issues, this is important. The two issues are closely intertwined, which is why the Green Deal calls it the “twin transition”. Sustainability must become an underlying principle of digital policy, both at European and national level.

With my Digital Policy Agenda for the Environment, which I presented last year, I formulated the clear political mandate to make digital innovations a tool for environmental protection and climate action and to firmly embed environmental and climate aspects in the regulation of digital technologies. Digitalisation may not be an end in itself; it must be put at the service of people and nature.

Digital sovereignty is also repeatedly mentioned in the context of the Digital Compass. For me, part of this sovereignty is that we define and blaze our own, uniquely European digitalisation trail, which is based on our values. It revolves around data protection and reconciling different interests, around inclusion and sustainability.

The European Green Deal and the General Data Protection Regulation are good first steps. Now it is also important to design policies such as the Digital Services Act, the Digital Markets Act and the Data Governance Act in such a way that the future digital economy bears a clear European signature.

Technology has often been criticised for its impact on the environment. For example, Germany has made much of the EU’s plans to significantly build up its cloud services infrastructure, however, data centres are regarded as being particularly emission-intensive. In what ways can the damaging environmental effects of technology be mitigated?

Since you asked specifically about data centres: of course, European data should stay in European hands as much as possible. If we think we need these cloud infrastructures, then it is up to us to provide them. This will allow us to maintain our digital sovereignty and make it easier to ensure that the cloud infrastructure is operated sustainably.

Making digital technologies more climate-friendly is a multifaceted undertaking. For devices like smartphones, for example, the focus is mainly on raw material extraction, production and disposal, while the emphasis for digital infrastructures is more on energy consumption from ongoing operations.

In the case of data centres, inadequate capacity utilisation and cooling are areas that currently generate more emissions than necessary. At the moment, the market structure for data centres is still not at all transparent. In the long term, we need to enable consumers of computing power to distinguish between providers in terms of how green they are.

Last year, during the German Council Presidency, the EU Commission was mandated for the first time to initiate measures for sustainable digitalisation. These included eco-design criteria, incentives for durable devices and climate-neutral data centres.

And last but not least, we can't forget the data transmission networks. For instance, data transmission networks often consume more energy than data centres for one hour of online streaming. The general rule of thumb here is that cable-based data transmission is more efficient than mobile transmission.

Another area at the intersection of technology and the environment that has often been spoken about in Brussels has been how our devices are used and recycled. In a bid to reduce e-waste, the European Parliament has long supported the notion of introducing a ‘right to repair.’ What is your opinion of such plans?

We strongly support the Commission’s plans for a Sustainable Products Initiative and consider it a good sign that Parliament is on the same page. The Sustainable Products Initiative aims to strengthen what is called the right to repair, i.e. to make it easier for consumers to repair a product instead of buying a new one. One aspect here is that products are designed to ensure that components can be easily taken apart, that manufacturers provide consumers with spare parts for a long period of time and at reasonable prices and that there is clear repair information.

Another aspect is improving consumer rights, for example in terms of how long a claim can be made for a defect. A period of only 2 years to claim

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a defect under a guarantee is too short, especially in the case of products like household appliances. Manufacturers and retailers must be encouraged by clear rules to sell durable products – this is good for both the environment and for consumers.

Talking of unnecessary electrical waste, research has shown that old mobile phone chargers generate more than 51,000 tonnes of electronic waste per year. According to recent reports, the Commission aims to present a legislative proposal for establishing a ‘common charger’ for devices in mid-July. However, the plans have long been derided by certain smartphone manufacturers, including Apple. What is your stance on this initiative?

The fact that chargers are not standardised has certainly been a problem for resource conservation for a long time. Unfortunately, manufacturers have not yet found a solution voluntarily. I am therefore pleased that the Commission is now addressing this issue in the context of the Ecodesign Directive and looking at regulatory options. We are pushing for a) chargers to become standardised and thus interoperable and b) for retailers to sell smartphones and chargers separately, i.e. not together in one box.

After all, if chargers are interoperable, households will no longer need a separate charger for each device. Incidentally, we do not just want interoperability within the product group of smartphones and tablets, but also for other well-suited products, such as digital cameras, portable speakers, e-readers, laptops etc.

**EU countries are currently outlining their spending plans as part of the bloc’s Recovery and Resilience fund (RRF), 20% of which will be allocated to digital projects. As part of this outlay, the Commission is said to favour plans that will foster the green and digital transitions in parallel with one another. In your opinion, how likely is it that member states will see the value in this, and will there be a harmonised approach when it comes to their spending plans in this area?**

During the German Council presidency in the second half of 2020, I received a lot of backing for putting the issue of digitalisation on the agenda together with environmental protection and climate action. The EU member states have clearly highlighted the importance of this “twin transition” with the Council conclusions on “Digitalisation for the benefit of the environment”.

An investment programme that links both aspects is therefore the logical next step. The EU and its member states need to provide adequate funding for key technologies such as AI, blockchain, the Internet of Things and high-performance computing now during these difficult times of tackling the pandemic. This is the only way we can meet our European environmental and climate goals, enable inclusive, socially just and sustainable economic growth and ensure an increase in competitiveness and prosperity. With the Council conclusions, the Commission is now called upon to propose specific measures for sustainable digitalisation. This is an enormous opportunity that makes me optimistic that we in the EU and in the individual member states will ambitiously pursue this issue.

**The EU’s Justice Commissioner, Didier Reynders, has recently accused companies of ‘greenwashing,’ referring to the practice whereby companies claim to be doing more for the environment than they actually are. How serious an issue is this and what is the best way that such claims can be held to account?**

Sustainable corporate governance is growing in importance, the business community as a whole has recognised this trend and the public also has a greater awareness of sustainable business. As a result, many companies already publish sustainability reports today. However, they vary considerably in scope and quality. This is where the EU Commission comes in because people have a right to reliable information.

Justice Commissioner Reynders’ statement shows that the current legal framework for sustainable corporate governance and transparent sustainability reporting is not yet sufficient. In many product categories, such as organic or fair trade, there are established labels that make our everyday consumer choices much easier. I think that we need an overall set of rules for sustainable corporate governance and complementary standards and labels for the environmental performance of products and companies. The label “climate- or CO2-neutral” often stands for very different things.

The term greenwashing no longer applies if two conditions are met: emissions offsetting must be embedded in a mitigation strategy. When a carbon credit is issued, there must be exactly one additional mitigation measure that is clearly attributed to this credit. In the long term, all companies will have to produce without emitting any CO2, and it is only fair that true pioneers should also have a competitive advantage or at least not be placed at a disadvantage.
Europe is still reeling from the pandemic’s effects and many countries are battling a third wave. Digital technologies have been proven to be essential in the crisis and are rightly viewed as a way to reinvent Europe’s economy after COVID. European Commission President Ursula Von Der Leyen has even called the next ten years the ‘digital decade’, pledging billions of euros to digitally transform our societies. But how can we make sure that in 2030 we live in a stronger digital Europe? This will be the key theme of our flagship European digital policy conference, Masters of Digital, on 3 and 4 February.

Europe has set aside an unprecedented amount of money to deal with the immediate effects of the crisis and put us in a stronger position when we emerge from it. 20% of the overall stimulus package has been earmarked for digital spending.

Member States must submit their spending plans to the Commission by 30 April. But three months before the deadline, only 11 have been handed in for scrutiny. Details are often scarce and the lack of transparency in some countries is worrying, especially as Member States don’t always have the best record in actually spending EU funds.

Of the plans we have seen there are promising signs. In Spain, there is a detailed plan to spend around one third of their EU funds on things like digital skills and 5G. In Romania, there is a big focus on modernising their healthcare, whilst in France there is a strong focus on the digitalization of...
SMEs and the start-up scene.

The best plans have one thing in common – engagement from the private sector. Last Autumn, we outlined ten pan-European digital investment priorities, complemented by over thirty concrete projects ready to be scaled. This is our blueprint for the digital recovery.

2. DIGITAL FOR THE GREEN DEAL

Ahead of the next big climate conference in Glasgow later this year, the European Union is setting ever more ambitious targets for cutting emissions under its Green Deal.

Digital technologies have tremendous potential to help Europe achieve its climate goals. They can help manage our resources more efficiently, monitor pollution and improve air quality. With the right reforms and investments, they could enable a 20% reduction in global CO2 emissions by 2030, across a range of sectors such as manufacturing and agriculture.

This will require us to embed digital technologies into all Green Deal initiatives, such as the ‘renovation wave’, which aims to upgrade the EU’s buildings, or the smart mobility strategy.

3. SUPPORTING EUROPEAN INNOVATION AND GRASSROOTS ENTREPRENEURSHIP

The greatest ideas of last century have started more often in garages than boardrooms. But the EU unfortunately has a poor record in nurturing promising scale-ups. Only 12% of the world’s unicorns come from Europe, and half of those are from the UK. We think this should be 30%.

We know the talent is out there. Every year, we set off to find Europe’s most promising SMEs in our Future Unicorn Award, those that have what it takes to become the next digital leader.

This year, we spoke to every nominee from the past three years to hear what they thought were the main barriers for them to grow in Europe. By far, their biggest investment priority was unlocking public data and building European data spaces. Second was investment in digital education, both to equip the next generation with skills and help make European citizens more comfortable using technology.

4. MAKING 2021 THE YEAR OF DATA

2021 will be a crucial year to shape how companies in Europe access and share the large amounts of data at our disposal. We expect a proposal for EU-wide AI legislation in the next few months, and a Data Act later in the year. At the same time, the Gaia-X initiative aims to build Europe’s own cloud infrastructure.

The EU must take advantage of the massive wealth of industrial data we’re sitting on – 80 per cent of which remains unused. This is especially a problem for smaller companies, only 12% of which are currently accessing the potential of big data and therefore missing out on a big growth driver. Access to large amounts of high-quality data is crucial for technologies like artificial intelligence.

The big challenge is to boost data availability, access and sharing, both within the EU and beyond. The most efficient way to do this is through cross-industry collaboration, taking advantage of the best technologies available. This is not a chance to turn in on ourselves.

5. DIGITAL GOES GLOBAL

Digital knows no borders, and emerging technologies are increasingly intertwined with questions of foreign policy, defence, and security. Our world has radically changed from just one month ago: the UK has left the European Union and we have now a new US administration with an ambitious digital agenda. This calls for closer cooperation and for renewed efforts for the EU to lead in the global digital space. Collaboration between the private and public sector, such as my work with NATO, will be increasingly important.

The transatlantic relationship in particular will be crucial to figure out the answers to the big regulatory questions like artificial intelligence and cybersecurity. We recently set out our six priorities for EU-US digital collaboration. Most pressing is to find a solution to transatlantic data flows – essential for our digital economy and currently under threat.

If you want to hear more about these priorities, please join us on 3 and 4 February at Masters of Digital, our annual digital policy summit. This year we have a stellar line-up of speakers, including Commission President Ursula Von Der Leyen and European Council President Charles Michel.
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