



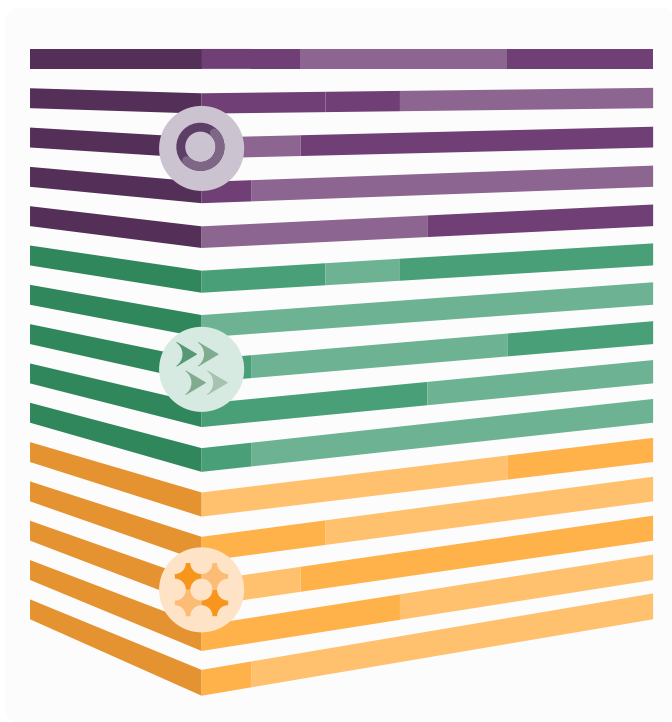
Computer & Communications
Industry Association

Open Markets. Open Systems. Open Networks.

 ccianet.eu

EU Digital Innovation: 2024–2029 Blueprint

Straight Talk, Hands-On: Tackling What's Holding Back Digital Innovation



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-  Fundamental challenges
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Foreword

Digital technology holds immense potential to help solve Europe's biggest challenges, from tackling climate change and boosting economic growth, to improving healthcare and mobility. Yet this potential cannot be unlocked as long as major barriers (often self-imposed) continue to hold the EU back.

The 2024-2029 Blueprint offers a hands-on roadmap for the next European Commission and newly elected Members of the European Parliament to make Europe a leader in tech innovation.

As an advocate for a thriving digital economy, the Computer & Communications Industry Association (CCIA Europe) authored this Blueprint with a view to fostering collaboration between EU policymakers and industry to create a framework that delivers for all stakeholders, and consumers foremost.

It's not about empty talk, but concrete actions to ignite digital innovation across the European Union.

A stylized, handwritten signature in black ink, appearing to read 'Daniel Friedlaender'.

Daniel Friedlaender
Senior Vice President & Head of Office, *CCIA Europe*



**Deliver a true Digital
Single Market and
a strong pro-innovation
agenda**



Fundamental challenges

The EU is suffering from a **worrying and growing trend** of national governments erecting **new barriers to digital trade**.

- ❖ Instead of harmonisation, this has resulted in more fragmentation of the Single Market over the past few years
- ❖ Anyone innovating at the cutting edge or providing affordable products **needs scale and true barrier-free access** to 450 million EU consumers

For digital and tech firms, the European **reality is constantly getting worse**:

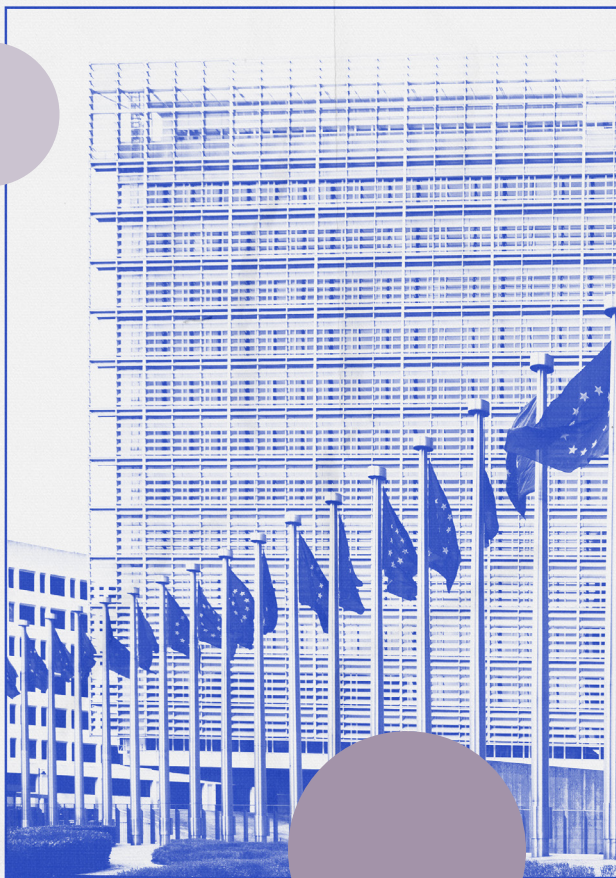
- ❖ Barriers hamper cross-border sales, restrictions on data access or use, disproportionate product liability rules differ per country, renewals of licences
- ❖ Governments that depart from newly adopted EU laws (e.g. Digital Services Act, consumer rules, Data Act) when transposing them into national law
- ❖ Blatantly discriminatory technical standards (e.g. original EUCS cloud certification scheme)

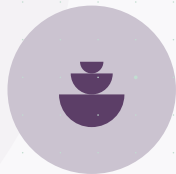
This is not an approach that exclusively punishes ‘big tech’ from outside Europe.

- ❖ On the contrary, the **EU also keeps its own tech companies artificially small** by allowing digital barriers to proliferate
- ❖ It **prevents home-grown talent from scaling up**, punishing success with excessive administrative and regulatory burden, as well as discrimination

Tech and digital firms have a **burning, yet uncomfortable, question for the EU...**

- ❖ After a regulatory tsunami – some rules directed specifically at particular companies – the sector is **now heavily regulated**
- ❖ That’s reality, but **what do businesses and consumers actually get in return?**
 - *A poorly enforced Single Market?*
 - *The proliferation of new national barriers that hamper innovation?*





DELIVER A TRUE DIGITAL SINGLE MARKET AND A STRONG
PRO-INNOVATION AGENDA

Five key policy ingredients to deliver real change

1. PREVENT COUNTRIES FROM INTRODUCING BARRIERS THAT UNDERMINE THE SINGLE MARKET

- ❖ The EU institutions need to stand firm and publicly reprimand any Member States that violate or contradict EU rules, using all treaty powers if necessary
- ❖ If not, this will only feed desire within the EU to retreat behind national borders
 - *This, in turn, will weaken the Union itself and its reputation on the global stage*
 - *Moverover, smaller EU Member States are the biggest victims of this protectionism-driven fragmentation*
- ❖ Addressing today's regulatory uncertainty will improve start-ups' ability to scale in Europe

2. ENSURE THE DIGITAL SINGLE MARKET CREATES OPPORTUNITIES, INSTEAD OF BURDEN

- ❖ Listen to companies trying to grow across all 27 markets, not just national incumbents that have a privileged relationship with governments
- ❖ In order to deliver innovation, the sector needs an investment climate with predictable and harmonised rules

3. INSTEAD OF RESORTING TO MORE RED TAPE, FOCUS ON POLICY THAT PROMOTES INNOVATION

- ❖ Define concrete policy outcomes, but leave it up to industry to decide how to reach those goals with their own innovative solutions
- ❖ Fund ambitious cross-border research projects that really push the boundaries
- ❖ Provide the EU workforce with concrete and relevant digital skills
 - *Make sure they continue to receive training throughout their entire career*
- ❖ Fight climate change by creating a sustainable Single Market that fosters investment into green tech by all companies, with positive knock-on effects across sectors

4. PUT THE CONSUMER AT THE HEART OF EU POLICY MAKING

- ❖ Consumer habits and needs keep changing rapidly, they really spur the competition that drives progress

- ❖ In order to deliver the innovation, openness, and flexibility that Europeans expect and demand today, EU digital policies should take a more user-focused approach in the future
 - *That is, policy should be aligned with what consumers actually want and use*
 - *Limiting choice, or imposing certain technologies, for political reasons is not in European consumers' interest*

5. FOSTER INNOVATION BY RESISTING THE URGE TO OVER-REGULATE

❖ The EU has fallen into a recurring trap where any new developments are seen as immediately needing regulation

- *When European sectors are judged to be “behind” the EU solution is always to introduce more, and more prescriptive, regulation*
 - ↳ *Think, for example, of the AI Act (too broad and too soon), the Data Act, and new rules on payments and banking*
- *This just puts a break on innovation and does not encourage real growth nor competition*

❖ Instead of new rules, the EU should focus on explaining how new developments are covered by the existing framework

- *When it comes to nascent technologies – which might not even be around anymore a few years from now – it would be better to have questions addressed by competent regulatory bodies, rather than drawing up new rules right away*
- *Discussions, let alone negotiations, on new EU rules shouldn’t be limited to the ‘Brussels Bubble’ – where the rush to be first in regulating, increasingly seems to supercede the real-world impact*



**Pledge to make EU
laws more effective
and consistent
'by design'**



Fundamental challenges

Looking at all tech and digital rules introduced in recent years, it's difficult to ignore that the EU framework has become a **patchwork of contradictions**.

- ❖ Major new laws **haven't been properly implemented yet, and the EU is already fast-tracking new rules** that overlap or contradict existing ones, while failing to provide timely implementation guidance

The Digital Services Act (DSA), for example, so far already conflicts with the:

- ❖ European Media Freedom Act
- ❖ GDPR (targeted advertising)
- ❖ Political advertising rules
- ❖ But also **national legislation**, such as the French influencers law

Europe really needs to overcome its fear of falling behind, and instead strive for excellence. This will not happen with **regulation designed to protect legacy industries** or specific companies.

- ❖ Otherwise, the EU **won't be able to meet the ambitions of its own digital champions**, who are so disserved by this kind of thinking
- ❖ Do we want a world in which the US innovates and China makes, while **Europe is only able to regulate?**

Member States are struggling with the frenetic amount of new EU legislation and implementation coming their way.

- ❖ There is too much coming, with many new responsibilities and contradictions
- ❖ This is leading to a multi-speed Europe, with also countries asking for a regulatory break

If the next Parliament and Commission are serious about digital innovation, they should first of all take a step back and reflect on what they can learn from recent years:

- ❖ How do we **properly implement and work with what we already have**, instead of rushing to just create more rules?
- ❖ And how can we **deliver smart and consistent regulation** going forward?

A large, light green number '5' is centered in the background. The entire page has a light green dot grid pattern. In the bottom right corner, there is a circular logo containing a stylized green icon of three stacked bowls or plates.

PLEDGE TO MAKE EU LAWS MORE EFFECTIVE AND CONSISTENT 'BY DESIGN'

Five key policy ingredients to deliver real change

1. PROPERLY ASSESS EXISTING LAWS AND THEIR IMPACT BEFORE EVEN CONSIDERING NEW ONES.

- ❖ Only consider new legislation if there are significant, well-evidenced shortcomings that cannot be addressed by:
 - *Better implementation or enforcement of existing rules*
 - *Application of non-legislative means and agreements*
- ❖ Subsequently, if there are no other remedies, first assess proposals' impact on innovation, before moving forward with new rules

2. STRENGTHEN THE ROLE OF THE REGULATORY SCRUTINY BOARD (RSB)

- ❖ Give this existing body the power to veto unnecessary or incoherent rules at all stages of the legislative process
 - *Involve the RSB from the first draft to the very last amendment*
 - *While some ex-ante control already exists, it is especially the lack of regulatory scrutiny of amendments made by the EU co-legislators that needs to be addressed*

- ❖ This is long overdue and would be a true game changer, markedly improving the quality of EU legislation

3. COMMIT TO EVIDENCE-BASED POLICY MAKING, SOLVING REAL PROBLEMS

- ❖ Aim to address actual problems experienced by European citizens
- ❖ Legislate based on data and fact, not anecdotes or wishful thinking
- ❖ Formulate new policy based on solid evidence, which requires:
 - *Improving public consultations*
 - *Respecting technology neutrality*
 - *Listening to experts instead of those with a self-serving agenda*
- ❖ Introduce mandatory (cyber)security proofing of EU rules prior to adoption to avoid unintended consequences

4. REJECT THE IDEA THAT ASYMMETRICAL LEGISLATION IS THE SILVER BULLET

- ❖ Guarantee equal opportunities and responsibilities for all market players
 - *Denounce discrimination based on a company's size or origin*
 - *Do not single out and charge (successful) parts of a sector to subsidise others*
- ❖ The asymmetrical thinking introduced by the DMA and DSA should remain strictly confined to those two frameworks
- ❖ Recycling asymmetrical concepts in new legislation is inappropriate, as it leads to inconsistencies, barriers, and discrimination
 - *It simply does not make sense to cross-reference market categories defined in a specific context (e.g. VLOPs, gatekeepers) in other laws*

5. ALLOW ENOUGH TIME FOR COMPANIES TO ADAPT TO NEW LEGISLATION

- ❖ Guidance should be available well before important obligations kick in and reflect the realities faced by the tech industry
- ❖ As the lack of clear and timely guidance on DSA implementation demonstrated, the European Commission needs significantly more resources and people
 - *If guidance is not provided with enough lead time, compliance deadlines should be pushed back accordingly as well*
- ❖ Centralised enforcement of new EU rules should be the default, and national enforcement the exception to that rule
- ❖ Rules that impact hardware require sufficient lead-time, which often isn't the case right now
 - *Twelve months, for example, is not enough to redesign entire products, change the manufacturing process, and allow previous models to phase out naturally*
 - *Regulatory timelines should reflect actual development and production cycles in the future*



**Strengthen relations
with global allies to
boost growth and
competitiveness**



Fundamental challenges

In the **pursuit of ‘strategic autonomy’** or ‘digital sovereignty’ the EU has been **neglecting its closest partners** and **key principles** such as **non-discrimination**.

- ❖ A strong protectionist – and sometimes even nationalist – mindset has proliferated among EU lawmakers since 2019, especially in the field of tech

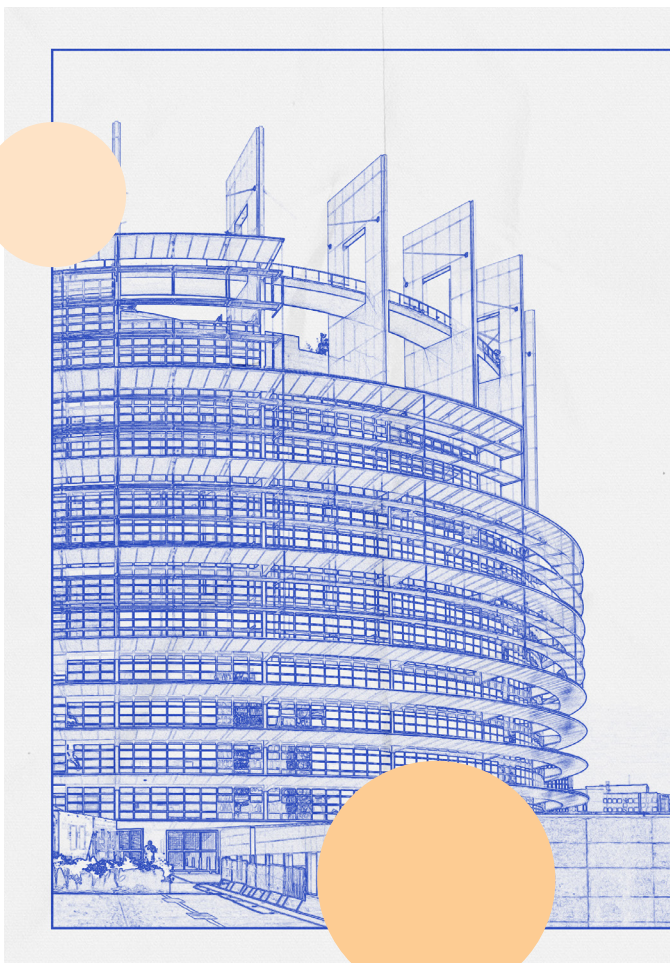
As long as the EU doesn’t fully **recognise the interdependence between Europe and its strategic partners**, any talk about ‘open strategic autonomy’ remains a pipedream.

- ❖ The EU cannot solve any of its problems by retreating from the world, harming its partners, or resorting to protectionism
- ❖ Yet there’s a structural lack of strategic thinking by the EU on how to **nurture long-term partnerships with its allies**

The EU-US Trade & Technology Council (TTC) needs to be taken more seriously for instance.

- ❖ The EU doesn't do enough to **use the TTC to structurally address concrete problems**
- ❖ What's **missing is a hands-on dialogue geared towards fixing problems** that EU companies experience in the US, and the barriers faced by US firms in Europe

In other words, the European Union urgently needs to show greater commitment to **properly cementing the transatlantic relationship** in order to boost its own growth and competitiveness.





STRENGTHEN RELATIONS WITH GLOBAL ALLIES TO BOOST GROWTH
AND COMPETITIVENESS

Five key policy ingredients to deliver real change

1. KEEP THE EU MARKET OPEN FOR EUROPE'S CLOSEST PARTNERS

- ❖ Modernise the European Commission's mandate for future free trade agreements
- ❖ Forge industrial partnerships with Europe's key partners
- ❖ Create beneficial access rules to foster partnership and direct investment
- ❖ Consider the trade implications of EU and domestic policies for our closest allies

2. STRIVE FOR STRONGER REGULATORY AND POLICY CONVERGENCE WITH THIRD COUNTRIES, BUT DIFFERENTIATE THE SCOPE AND DEPTH

- ❖ Don't turn the EU into a fortress, with even our closest allies requiring explicit permission every time they want to enter
- ❖ Instead, introduce a tiered system (looking at application and service level) of ambitious digital trade agreements
 - *Countries that meet the highest standards should be eligible (e.g. through a transparent scoreboard) for comprehensive EU trade deals*
 - *Assessment based on concrete criteria, such as: market economy status, protection of intellectual property (IP), data protection, privacy, other fundamental rights*
- ❖ This would also help to identify new trade deals – automatically driving the process forward, instead of waiting for political momentum
- ❖ Countries with lower levels of compliance could be offered limited agreements that focus on specific areas of interest or non-sensitive sectors, if any at all

3. INTENSIFY DIALOGUE ON REGULATORY CONVERGENCE WITH LIKE-MINDED PARTNERS

- ❖ Establish bilateral talks to address technical barriers to trade head-on
 - *For example in the fields of data protection, cybersecurity, and IP*

- ❖ Seek convergence on extraterritorial government data access laws

- ❖ Push for more internationally established (technical) standards and enforcement
 - *Convergence will allow for the development and deployment of more scalable global solutions*
 - *The EU should take the lead on developing universal playbooks that can be shared across the world*

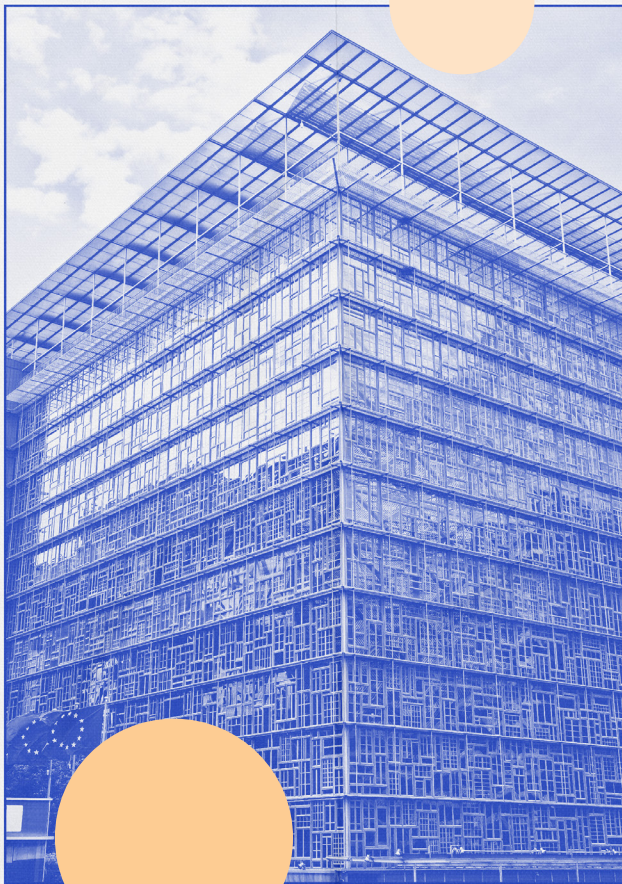
- ❖ Cement the EU-US Trade and Technology Council (TTC), including by:
 - *Increasing stakeholder engagement*
 - *Creating fewer high-level working groups. Instead, introducing new technical working groups that actively:*
 - *Alleviate mutual trade barriers*
 - *Address technological issues*

4. STEP UP COMMITMENT TO PROTECTING RULE-BASED INTERNATIONAL SYSTEM

- ❖ The EU should elevate transatlantic achievements to multilateral fora, starting with G7, G20, OECD, and WTO
 - *For example, how work on a EU-US AI Code of Conduct helped to shape the OECD's Hiroshima Process*

5. LOOK BEYOND THE HORIZON

- ❖ Much of the political debate in recent years only focused on a few countries and a handful of companies
 - *Yet the EU's relationship with the world also concerns other countries whose companies play a key role in Europe*
- ❖ The EU needs to work on a closer international tech alliance that includes Australia, Canada, Japan, South Korea, Switzerland, and the UK among others



About CCIA Europe

The Computer & Communications Industry Association (CCIA) is an international, not-for-profit association representing a broad cross section of computer, communications, and internet industry firms.

As an advocate for a thriving European digital economy, CCIA Europe has been actively contributing to EU policy making since 2009.

CCIA's Brussels-based team seeks to improve understanding of our industry and share the tech sector's collective expertise, with a view to fostering balanced and well-informed policy making in Europe.



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Rue de la Loi 227, First Floor • 1040 Brussels • Belgium