



## THEME 02

# Europe's double digital ambition

ECONOMY

GEOPOLITICS

TECHNOLOGY  
& INNOVATION

The European Digital Strategy is beginning to unfold. Following the GDPR, which was geared towards protecting personal data, a number of agreements are rapidly being made with which Europe hopes to gain more of a grip on the European digital Stack. These agreements pertain to the storage of data, secure data sharing and better, more honest digital services. The EU is thus attempting to reclaim the digital sphere from large (non-European) tech companies and simultaneously work towards a strong, just and prosperous Europe.

## Our observations

- [Earlier this year](#), we wrote about the digital ambitions of Europe and the possibility that they might actually lead to a European model for the internet. Such a European model, or European Stack, would put the user and citizen first, much more emphatically than the American and Chinese model do, and take away power from central (private or public) actors. Now, more has come to light about the different initiatives of the Union on different layers of the Stack.
- On the infrastructure layer, the [GAIA-X](#) is meant to form a European ecosystem for cloud storage and computing.
- The [GDPR](#) determines the rules of play, in line with European values, regarding the use of (personal) data.
- In order to fully utilize the potential of data, as well as protect citizens' and companies' data, the Commission recently launched the [Data Governance Act](#) that seeks to realize a level playing field for the exchange of data.
- In early 2020, Europe already presented plans for [data spaces](#) for specific sectors that have much to gain from pan-European data exchange. At the same time, the Commission presented its white paper on [Artificial Intelligence](#), in which it describes how Europe could responsibly become the frontrunner in AI.
- As regards the service layer, the E-Commerce Directive has been in effect in the EU since 2000. This will be replaced by the [Digital Services Act](#), which was launched this week and will address the responsibility and liability of online services. With respect to financial services, the [PSD2](#) has been in effect since 2015.
- Concurrent with the DSA, the [Digital Markets Act](#) should become operational as well, which is meant to curb the power of (foreign) tech parties.
- All of these measures are expected to contribute to a stronger Europe that converts the opportunities of digitalization into increased prosperity, but where, in the long-term, digital technology will also strengthen the European [democracy](#) and safeguard [sovereignty](#).

## Connecting the dots

With its [digital strategy](#), Europe is striving for a globally leading digital economy that will, moreover, expressly benefit society and, openly and honestly, serve the interests of its citizens. This endeavor comes at a time when Europe is in fact lagging behind digital giants such as the U.S. and China. In that sense, this will be a double challenge: Europe must catch up with the U.S. and China, as well as realize a large number of societal ambitions. These goals could easily be interpreted as conflicting, as the societal preconditions could be considered a roadblock to innovation and the adoption of new technology and services. Europe, however, presents this as a coherent strategy in which societal values are actually prerequisites for catching up technologically and economically. The thinking is that other countries, sooner or later, will have to set similar requirements, simply because their societies are also harmed by the unbridled growth of digital platforms. The first proof of this can be found in the U.S., where the curbing of big tech is gaining momentum amidst growing interest in GDPR-like regulation. By being in the forefront of regulation and giving substance to European values and norms, Europe could also come to take the lead in the development of platforms and services that tie in with these values and norms. Moreover, the European internal market is of great importance and the large international platforms will have to abide by European rules. This so-called "Brussels effect" makes Europe a potential "regulatory superpower".

What's interesting about the digital strategy is that different laws and initiatives cover every layer of the digital Stack, from infrastructure to data, intelligence, services and, ultimately, the governance of the digital sphere. Together these laws and initiatives are supposed to amount to the development of a truly European model for our digital future.

On the infrastructure layer, at the initiative of [Germany and France](#), Europe is working on a European ecosystem for data storage and cloud computing. This so-called [GAIA-X](#) project is meant to ensure that the entire Union will have an interoperable system that's open, honest and secure. Where data is concerned, the European regulation for the protection of (personal) data, the [GDPR](#), has helped ensure that online service providers can't just collect, use or sell all user data they can get their hands on. Other countries (and the state of California) are considering implementing the same rules, either for the protection of their own citizens or because they want (their own) companies to be better tailored to the European market.

The recently presented [Data Governance Act](#) aims to provide a data governance structure for sharing (public and private) data for the benefit of European governments, companies and citizens. With this act, the Commission hopes to create a level playing field (and end the hegemony of the current players) and inspire trust, so that citizens and organizations will be more willing to share their data, especially when this serves public interest and enables open modes of innovation.

In early 2020, Europe presented plans for several [data spaces](#). These data spaces should facilitate the easier exchange of data in specific sectors, such as [healthcare](#), energy, transportation and agriculture. This could be done by means of clear protocols on data structures and agreements on open access.

Regarding the service layer, the EU has been trying since 2000, by means of the E-Commerce Directive, to create a single, harmonized market for digital services. The Commission follows up on these measures with the [Digital Services Act](#). Essentially, the DSA will restrict the freedoms of online services and should create more clarity on the responsibilities and liabilities of these platforms. The emphasis here, is on the protection of consumers and service providers (such as delivery drivers or handypersons) and it will mostly be platforms on which products or services are sold that will come under scrutiny.

Concurrent with the DSA, the [Digital Markets Act](#) is also to come into effect. The DMA is meant to prevent large online platforms, which presently hail from the U.S. and China, from abusing their market power to thwart other, smaller (and mostly European) players. The DMA will therefore entail rules for so-called gatekeepers respecting the preferential treatment given to their own services, the bundling of services and making certain data available to other parties.

In early 2020, the Commission also presented its white paper on [Artificial Intelligence](#). In this paper, as yet without any legal framework to support it, the ambition is expressed to make Europe a frontrunner in the application of AI and, at the same time, to expressly uphold European values and norms. A group of 14 countries, including the Netherlands, has already responded with a plea for a [soft law approach](#), which should ensure that the development of technology (and applications) is not inhibited by legal barriers before it even begins.

Whether and how these laws and initiatives will actually put Europe back in the lead remains to be seen. One of the (typically European) challenges will be the balancing of interests of different member states. We're currently joined in battle against a number of foreign platforms, but the question is what will happen when a French, German or Spanish platform dominates (part of) the market. Will there still be consensus to combat that? The same applies to the European cloud ecosystem; will that be a truly European ecosystem, or will it remain a French-German affair for which other countries will be unwilling to sacrifice their own standards (and companies)? Ultimately, the European good will partly have to take precedence over the national good in order for these plans to be realized and to prevent us from all losing in the end. If we fail to do that, we will see the added value of technology flow to other economies and will be stuck with technological solutions that don't align with our ideas about the Good Life.

## Implications

- **While Europe is known for its reticence regarding technology (cf gen tech), of which the GDPR is an example, this strategy shows that Europe is in fact looking for ways to turn this reticence into a(n) (economic) weapon.**
- **Large foreign tech platforms will be confronted with far stricter rules concerning the products they offer, which data they are allowed to collect and what they may do with it, and how to deal with local service providers. They might also be confronted, even more so than in their own countries, with attempts to dismantle their monopolies.**
- **The package of European measures could be [interpreted](#) as an illegitimate form of protectionism (by hindering foreign parties and supporting Europe's own industries) and this could lead to a new (digital) trade war, e.g. between the U.S. and Europe.**