

CAB GABRIEL/589)

The Digital Economy: an Accelerator for Regional Growth

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Scene setter

You are the key note speaker at the conference titled "The Digital Economy: an Accelerator for Regional Growth ". The event runs from 13:30 until 16:00. The program is annexed, as is the 2018 DESI for EL.

Objective(s)

- Underline the importance of swiftly adopting the remaining proposals.
- Reiterate the positive momentum that DSM and digital is currently experiencing.

Speaking points

Ladies and gentlemen,

- It is a great pleasure for me to be here with you today.
- As the Commissioner for the Digital Economy and Society, I have the great privilege to work on the Digital Single Market where success is paramount, not only for Europe's competitiveness and growth, but also for our future way of life.
- **It has been said many times that the digital revolution is a defining process of our time;**
 - From our daily communications and the way we learn about global events, through online shopping, to numerous innovations like e-Health that improve our quality of life, **the impact of digital technologies is already felt in almost everything we do.**
 - This impact is only likely to grow as digital technology continues to evolve. Driven by artificial intelligence and other innovations in computing and communication paradigms, it will permeate all economic sectors and serve to improve our lives. For example, Artificial Intelligence is already used in image recognition technology, allowing radiologists to work faster and offer more accurate diagnoses.
 - It would be foolish not to acknowledge that the digital revolution brings its own range of problems, but it would be futile to resist the tide and it is also clearly a source of enormous opportunity for European citizens and businesses that we should grasp.

- Therefore, we must work collectively to address the real challenges associated with the digital revolution and shape a digital future that respects our core values and ensures that the benefits of digital are broadly shared.

[DSM State of Play and achievements in 3 years]

- With that in mind, 3 years ago the Commission proposed a Digital Single Market Strategy.
- The Strategy identified priority areas where action at EU level was most urgently needed to harness the benefits of the digital innovations.
- The strategy was built on 3 fundamental pillars
 - (1) Breaking down barriers to ensure better access for consumers and businesses to online goods and services
 - (2) Creating the right conditions for digital networks and services to flourish
 - (3) Maximising the growth potential of the Digital Economy which requires investment in ICT infrastructures, technologies and research to boost industrial competitiveness and provide better public services, inclusiveness and skills.
- I'm happy to say that the Commission has delivered on all the key measures, presenting close to 60 initiatives, including 29 legislative proposals.
- A lot of good work has been done, and thanks to the dedication and strong political will demonstrated by the Member States, the European Parliament and the Commission, we can now see the design of an integrated Digital Single Market Strategy beginning to take shape.
 - In the last year we have seen the end of roaming charges and the establishment of portability of content – letting users access their online subscriptions to films, sports events, eBooks, when travelling within the EU.
 - Citizens will soon benefit from Internet connectivity in public spaces through the WiFi4EU initiative; online sales will be facilitated by simpler and more efficient VAT rules for start-ups and SMEs, and unjustified geo-blocking will soon be illegal.
 - On the global stage the EU is establishing itself as a proponent of cutting-edge policy that dynamically responds to the opportunities and challenges of the digital revolution, be it in the field of data and consumer protection, privacy, and online platforms.

- As of six days ago, EU citizens' personal data is protected by the highest standards in the world. As a consequence of this, the size of the internal market and the international businesses that act in it, the EU has set the global gold-standard in this field; more than half of US multinationals say that compliance with GDPR is their top data-protection priority.
- I should also mention The EU's Open Internet Regulation, providing the most comprehensive framework, on a solid legislative foundation, protecting users while ensuring flexibility for innovation, and setting an example for the rest of the world on how to ensure net neutrality for Europe's citizens and businesses.
- A number of important proposals from the DSM Strategy are still under negotiation by the co-legislators and we owe it to everyone that agreement is achieved as soon as possible.
 - For example, in the face of changing market and technological realities, the adoption of updated rules on audio-visual media services is necessary to ensure the EU media framework is fit for the 21st century.
 - Connectivity is a prerequisite of a digital economy. This will not happen spontaneously, so we need to adopt new, investment-friendly telecoms rules to bring Europe closer to achieving leadership in affordable, ubiquitous high capacity broadband connectivity.
 - The new Telecoms code aims to provide social inclusion for citizens and countless possibilities for economic development brought about by high quality connectivity.
 - The potential benefits of 5G alone are forecast to amount to EUR 113.1 billion per year in the automotive, health, transport and energy sectors.
- Looking beyond the regulatory framework, soft non-legislative measures in the form of EU-level cooperation or funding are an important part of the DSM policy mix.
 - Member States and industry have cooperated in implementing a number of important initiatives to digitise European industry, boost digital skills, digitise public services and stimulate key ICT R&D (for example in cybersecurity, HPC and AI).
 - Through EU-scale cooperation, investment, and exchange of best practices we can achieve more together.

[A focus on the most recent proposals]

- While we can reasonably congratulate ourselves on the progress made, in the fast evolving world of digital technology, neither industry nor policy makers can be complacent. Regulation and policy must run parallel with

transformation to ensure its benefits are maximised and emerging risks managed.

- To this end, we are carrying out continuous analysis and stakeholder engagement, and the Commission is prepared to put forward additional initiatives. We did this as recently as April.
 - In the field of data, which is an invaluable resource for digital innovations, we are complementing last September's Free Flow of Data Proposal with further measures to unlock the power of public and scientific data and to offer guidance on sharing private data.
 - To safeguard a fair, predictable, sustainable and trusted business environment in the online economy, we proposed new rules for the online platforms.
 - Online disinformation undermines trust in traditional and digital media and institutions and distorts public opinion. By its nature, this is a phenomenon that recognises no borders. It is hard to see what would be gained by one Member State enacting legislation when the source of the disinformation emanates from another. Equally, different rules in different Member States would simply create the confusion and lack of clarity in which disinformation flourishes.
 - Thus, it is essential to join forces and work consistently and collegiately to provide a comprehensive response that protects all European citizens and ensures respect for European values. That is why the Communication proposes a range of measures that will bring together relevant actors to make concrete progress starting from July 2018. The measures include an EU-wide Code of Practice on Disinformation, support for an independent network of fact-checkers, and a series of actions to stimulate quality journalism and promote media literacy.
- The Commission also recently proposed a reform of the corporate tax system and interim measures to ensure that digital business activities are taxed in a fair and growth-friendly way.

[A look at the future and conclusion]

- Things change quickly and we must look at the future. When I became a Commissioner I said to the European Parliament that I would listen and consult, so whatever the technical and policy developments might be, our policy of pro-active engagement will continue.
- Due to its unique structure bringing together Member States, the European Union presents an exceptional opportunity for national jurisdictions to tear down the barriers, regulatory and non-regulatory, that limit business opportunities or hamper SME growth. Breaking down those barriers is all the more important in the digital age when scale and speed pay off.

- It is clear that prosperity in the 21st century will come from investments in digital capacity, from upskilling our workforces, and from digitising services and industry.
- In Europe in 2017, 43 % of the population had an insufficient level of digital skills. It is a serious problem in an increasingly digitised environment, and it is our responsibility to ensure that all citizens are equipped with the right skills for their jobs and their life.
- We also need to look at the EU labour force. 35% do not have the basic digital skills most jobs now require, making them less attractive to employers. At the higher skill level, the number of vacancies for ICT specialists in Europe is more than 350.000 vacancies.
- To be able to unlock cutting-edge innovations across sectors while avoiding a digital divide, we must have the right mix of funding and policies in place.
- We are right in the middle of the digital revolution. Algorithms already inform many of the choices we make from what news we read to what advertisements we see. Semi-autonomous vehicles are here, and fully autonomous ones are, literally and figuratively, around the corner. Advances in eHealth already diagnose diseases and suggest treatments. All of these advances bring challenges, but sticking our heads in the sand or opposing them is counter-productive and pointless.
- We have to embrace these changes. If we don't our competitors certainly will, and we risk our businesses losing their place in global supply chains. This, of course would have significant consequences for employment and ultimately, our social model.
- By embracing it, shaping it, and managing it, we can take the opportunities it will provide us with to ensure that the digital future we are building together empowers our citizens and businesses and fully reflects our societal values.

Background notes

Pillars	Policy initiatives	legislative proposal	2015	2016		2017		2018	
			2nd Sem	1st Sem	2nd Sem	1st Sem	2nd Sem	1st Sem	2nd Sem
Access	Modernise eCommerce	Geo-Blocking	X						
		Digital contracts – supply of digital content	X						
		Digital contracts – online sales of goods	X						
		Reduce VAT burden for eCommerce	X						
		Parcel delivery	X						
		Consumers rights enforcement	X						
		Report on eCommerce sector inquiry							
	Cross-border portability		X						
	Intellectual Property Rights Enforcement	Guidance on IP enforcement aspects							
	A modern copyright framework	Copyright Directive	X						
Digital environment	Spectrum – UHF band (470–730 MHz)								
		Audiovisual Media Services Directive (AVMSD)	X						
		Online platforms	X						
		Wholesale Roaming	X						
		European Agenda for Collaborative Economy							
	Connectivity	BEREC Regulation	X						
		European Electronic Communications Code	X						
		WiFiEU	X						
		Towards a Gigabit Society Communication (incl. Connectivity targets)							
		5G Action Plan							
Economy and society	European Data Economy	Guidelines on significant market power in the telecoms sector							
			X						
			X						
	e-Government	Communication on Building a European Data Economy							
	Standardisation & interoperability	2nd Data Package (Free flow of non-personal data)	X						
		3rd Data Package (PSI Review, private data sharing, scientific data sharing)	X						
	Digital skills	ICT Standardization priorities							
		European Interoperability framework							
	European Cloud initiative	New Skills Agenda for Europe							
		Digital Education Plan							
	Communication on AI	European Open Science Cloud							
		High Performance Computing	X						
	Recommendation on tackling illegal content online								
	Communication on Fake News								
	1st top level domain regulation		X						
	Fintech Action Plan								
	Communication on eHealth								

Commission Initiative adopted									
Commission Initiative to come									
Aim to reach agreement in Parliament and Council									
Adoption in Parliament and Council (agreement reached)									

DSM

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Personal data

Skills

F4)