

PromethEUs: “European digital sovereignty should not lead to a protectionist logic but rather to a more competitive and autonomous Old Continent on a global scale. To do this, we need to trigger a virtuous circle between regulation and investments”

30 November 2021 – Control over digital technologies has become essential to maintain the EU’s credibility, both internally and externally. The EU’s technological dependence on both the US and China has raised strong concerns among MS leaders, on the Union’s ability to protect its founding values and its citizens’ rights from questionable practices such as surveillance and misuse of data by third countries. It is in this context that the concept of European digital sovereignty, i.e. the Old Continent’s ability to act independently in the digital world, has become central to the political debate in Europe and beyond. In recent months, the EU has moreover launched a renewed cooperation in the digital and technological sphere with the United States through the Trade and Technology Council (TTC). What does this new approach entail in terms of policy initiatives, regulatory interventions and international relations? Which opportunities and challenges arise for the future of EU-US relations?

These are some of the questions that the paper entitled “The multisided path to European digital sovereignty and the future of EU-US relations”, produced by [PromethEUs](#), the network of think tanks specialized in digital issues and made up of four research centers in Southern Europe, seeks to answer. In addition to the [Institute for Competitiveness \(I-Com\)](#) - which coordinates it - the [Real Instituto Elcano](#) (Spain), the [IOBE - Foundation for Economic and Industrial Research](#) (Greece) and the [Institute of Public Policy](#) (Portugal) are also part of the network.

The study, which focuses on the concept of European digital sovereignty and compares current policy initiatives, regulatory actions and international relations (in particular with the US), was presented at a conference today attended by several MEPs, Commission officials and representatives of associations and industry. Representing the Institute for Competitiveness (I-Com) in the debate was President **Stefano da Empoli**, for the Real Instituto Elcano the policy analyst **Raquel Jorge**, for IOBE - Foundation for Economic and Industrial Research - the

scientific advisor **Aggelos Tsakanikas** and for the Institute of Public Policy President **Paulo Trigo Cortez Pereira**.

The role of digital technology in international competition has become geopolitically central, given the new risks emerging from the pervasiveness of digital products and platforms in the economy. As PromethEUs analysts pointed out, *"although the EU, the US and Japan dominated digital markets in the 1990s, the development of new technological powers such as China and India has called into question the control of strategic digital technologies"*. The European executive has therefore presented important initiatives together with a compass for the Digital Decade, in order to develop a set of rules and objectives able to protect the economy and consumers, but also to strengthen the digital and technological capacity of the Member States.

"While on the one hand the new regulatory framework is necessary to address some critical issues arising from the rapid evolution of the market, on the other hand too many strings and ties risk hampering the market as well as inducing a too stringent limitation of innovations, benefitting consumers, such as targeted advertising and recommendation systems" said I-Com President **da Empoli**. Indeed, the study shows that *"the EU has lagged behind its main competitors in almost all relevant aspects of the digital economy but has the opportunity to catch up on lost technological ground, especially digital"*, according to **Andrès Ortega**, Senior Research Fellow at the Elcano Royal Institute in Madrid.

To this end, a fundamental contribution must come not only from a set of rules capable of protecting consumers and citizens, but also by the quantity and quality of technological investments. The empirical analysis carried out in the PromethEUs paper, shows that *"European companies are less mature in the diffusion of digital technologies and in the use of these technologies for new services and business models"*, as stated by Associate Professor **Aggelos Tsakanikas**, Scientific Advisor at the Foundation for Economic and Industrial Research in Athens, adding that *"if a government aims to increase its integration of technology, the most critical factors are the dimension of citizen use of the Internet in general"*.

The paper also expresses the need for Europe to gain greater weight on the global stage, thanks to regulation, investment and fruitful cooperation, with other areas and countries in the world, starting with the United States. In order to do so, a virtuous circle between regulation and investment must be created, which is currently lacking and which it is by no means certain that the new regulatory framework will be able to generate (given the real risks to the contrary). The policy lessons learned from previous cloud computing cases showed by Raquel Jorge chapter provide a valid example on how to improve current attempts to strengthen EU's tech competitiveness.

According to PromethEUs analysts, a fundamental contribution must come from the development of new cooperation forums such as the Trade and Technology Council, in addition to those already existing. *"The Trade and Technology Council is a promising platform to deepen transatlantic commercial ties, based on liberal democratic values and respect for human rights"*, affirmed **Paulo Trigo Cortez Pereira**, President of Institute of Public Policy in Lisbon, adding that *"it does however not come without challenges, including digital platform regulation, digital taxation, data protection, transfer and storage regulation"*. The concept of open European digital sovereignty is thus developing on all fronts, not only towards the United States - a fundamental ally with which the EU shares many deep values - but also towards other non-European countries.

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