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From a Regulatory Powerhouse to a Superpower of Digital Growth

Key messages:

The data economy and digitalisation are necessary tools for boosting European competitiveness and sustainable growth. Tapping the potential and demonstrating global leadership calls for continued coordination of horizontal and vertical policy measures as well as various EU actions – mainly budgeting, policy tools and regulation.

The focus should be on transforming the EU from a regulatory powerhouse into a superpower of digital delivery. Effective and unified implementation of the recent legislative work will create digital growth in the EU. At the same time, legacy legislation should be recast for the digital age.

Attention should be given to the strategic development of communication networks and to the future structures of data intermediation and governance, high-capacity computing and artificial intelligence, through the cloud and the edge. As part of the EU's digital infrastructure goals, ensuring data mobility and interoperability is vital.

The EU's capacity to stimulate growth and exert influence on a global scale stems from a digital single market that is robust in structure and purpose. Efforts should be directed towards developing genuinely unified digital economic areas.

Ensuring coherence between the internal and external markets is crucial. The free movement of data with trust is a prerequisite internally, but it should also be the operational reality when working with our external technology partners.

Investments are needed to strengthen the resilience of critical communications infrastructure. Security by Design and Zero Trust principles should be ensured before the deployment of new technologies and taken as cornerstones in developing open architectures.

Transforming the EU from a regulatory powerhouse into a superpower of digital delivery

The EU's ambitious digital strategy and legislative programme have generated a good amount of regulatory output. They were strengthened by the 2030 targets for digitalised societies and the accompanying declaration on digital rights and principles, as well as by the legislative initiatives and the decisions taken on co-financing to promote development in critical areas. These form a solid basis that should be reflected in all future development.

The newly agreed legislation in the digital, data and cyber security sphere touches various sectors and poses a challenge especially to small and medium-sized European companies. Instead of focusing on further regulation, resources should be dedicated to supporting an efficient and unified implementation and to ensuring leverage through investment and innovation funds. We must also continue radically reducing the administrative overload created by the old structures and regulations so we can ensure that the EU is truly fit for the Digital Decade.

Implementing and operationalising the digital transition also calls for continued coordination of horizontal and vertical policy measures as well as increasing synergies between different EU actions – mainly budgeting, policy tools and regulation.

Practical examples of implementation

- Aim for a performance-based and goal-based regulatory mindset to create a framework that enables the market entry of applications for rapid technological development and the digital society.
- Focus on compliance cost: ease and unify compliance requirements for digital and make sure that certifications and validations are widely recognised throughout EU and that proof is requested only once without compromising the high level of trustworthiness and security.
- Recast the existing regulations so that society can better adapt and incentivise the use of digital means.

Investing in realising the EU's 2030 goals for digital business and society and bolstering the digital and clean transition

To fully exploit the digital potential for growth and the wellbeing of society, the EU's Digital Decade goals must be implemented strategically. The Digital Decade represents a future where the digital transformation has become the catalyst for progress in all sectors and at all levels of society. Digitalisation is also the means to manage the shift towards a carbon neutral and resource efficient circular economy.

Achieving EU's long term vision and objectives requires strategic targeting of funding for operations and technologies that are deemed critical and in which Europe can demonstrate and scale its excellence. This is also necessary in order to secure global leadership in critical areas, and is the only viable way to develop our own competencies and ensure our ability to attract top talents globally.

Attention should be given to the strategic development of communication networks as well as the future structures of data intermediation and governance, high-capacity computing and artificial intelligence through the cloud and the edge. The development paths of these critical technologies must be merged and aligned to support the standardisation and uptake of 6G and Web 4.0.

As part of the EU's digital infrastructure goals, we must ensure data mobility and interoperability in particular. The building up of structures for the utilisation of data is still only in its early stages. The execution of data infrastructures and data spaces should be guaranteed through the enforcement of the regulation and targeted funding.

Much more should be done in order to operationalise and mainstream digital assets and data for a clean and resource-wise future. The transition towards a circular economy can be leveraged by introducing digital product passports. This ensures that product data is shared in order to facilitate emission reductions, resource efficiency and the repairability of products during their complete lifecycle. Therefore, the development of product passports should fully utilise the common structures for the data economy, e.g. soft law, rulebooks and data models created for data spaces.

Ensuring that the digital transition itself is sustainable requires an even more holistic approach and measures. The EU should take stock of the current development and set up an EU-wide action plan for a clean ICT sector and data economy.

Attention should be paid to the sectors where the data economy offers the most potential. Mobility is a good example of a sector where digitalisation could bolster a clean transition, efficiency and user-orientation. However, this potential is still highly underused and hindered by old structures and practices. The development should be boosted through regulation (Multimodal Digital Mobility Services) and by focusing investments in particular.

Practical examples of implementation

- Review strategies for data structures, cloud and networks to create a long term vision along with a predictable operational environment and governance. This benefits the public sector when implementing the regulations but also provides legal certainty to attract private investments and ensure scalability. It is especially important to accelerate the construction of telecommunications infrastructure to meet future needs through market mechanisms.
- Although public funding is needed to accelerate development in some critical technological areas and R&D, the EU should be precise in communicating where and for how long public support is deemed necessary to enable private sector commitment and investments.
- Find means to respond to the requirements of the data protection regulation for the public sector domain without compromising the exchange of data between the relevant authorities in order to implement advanced technologies such as AI and use of cloud.

Fostering a thriving EU digital economy with trust and robust cooperation

The EU's capacity to stimulate growth and exert influence on a global scale stems from a digital single market that is robust in structure and purpose. One of the key pillars of this robustness is trust, both within our borders and beyond. Trust in the digital economy and digital societies is built upon a firm foundation of cyber resilience and security. By incorporating principles such as Zero Trust and Security by Design, we can enhance the security of digital markets without jeopardising opportunities for cross-border cooperation and business. These principles, coupled with energy efficiency, technology neutrality and demonstrable compliance, must be factored into the standardisation of new technologies and phenomena.

Digital trust facilitated with eIDs and digital wallets offers huge potential for the EU. It also enables partners of EU to take part in the EU's internal market directly from their countries of origin. It also provides a means to demonstrate compliance with the EU's requirements related to the rule of law, thus uniting people under a common framework of trust and cooperation. This approach not only offers concrete possibilities for economic collaboration but also binds people and these countries to our shared values and opportunities. For some countries, this could also precede actual negotiations for EU enlargement.

Within the EU, we must strive towards businesses and citizens being unconstrained by geography. We should direct our efforts towards developing genuinely unified digital economic areas. European Digital Innovation Hubs (EDIHs) and European Digital Infrastructure Consortia (EDICs) are a good start, but more large-scale projects and shared goal-setting are required. With targeted investments, we can generate regional success stories.

Building the necessary trust networks and scaling up best practices among authorities can lead to more agile and uniform governance. The Nordic countries could serve as a model in this regard. Joint Nordic infrastructures, such as cloud services, along with a common European digital identity and digital wallets, can further strengthen the take-off of the European digital economy.

We need to focus offering companies better opportunities to scale. For example, the development in the Nordics around soft data infrastructure for the real-time economy to ease business-to-business transactions and business-to-government reporting, e.g. in taxation, could be built up in the Nordic-Baltic area and then scaled throughout the EU. Scalability also calls for solutions to utilise data and AI seamlessly between smaller language areas.

Currently, the data economy is the fastest-growing sector in the EU. Solutions that focus on collaborative digital value creation are central to this economy and provide unprecedented growth opportunities for European actors. However, this cooperation and these ecosystems require common tools and continuity in governance. Therefore, in order to fully leverage the data economy, investments are needed not only in common soft infrastructure but also in institutionalised structures to maintain their EU-wide governance. The EU should also put more emphasis on fostering software companies, as this is one area where the EU is currently lagging behind other continents.

Practical examples of implementation

- As part of the implementation of eIDAS, the Data Governance Act and Interoperable Europe Act develop compliance management and reciprocally recognised compliance and interoperability tools to harness cross-sector and cross-border interoperability and scalability without compromising trustworthiness and while maintaining a high level of security.
- Develop EU-wide capabilities for generative AI and LLM (Large Language Models) to cover smaller language areas in order to increase the trustworthiness of AI, sustain a maximum knowledge base, promote European cultural heritage and attract skilled workforce to increase inclusivity for all citizens.
- Facilitate and utilise the activities of digitally well-performing Member States, i.e. the Nordics and Baltics, as benchmarks for creating open and scalable standards and structures in the areas of health, mobility and real-time economy, among others.
- Secure funding and institutionalise governance of open and common infrastructures for the data economy.

Coherence between the internal and external markets

The EU's internal market policy concerning digital matters is becoming increasingly intertwined with its foreign policy. Facilitating and extending the global reach of our businesses calls for the elimination of discontinuities between the internal and external levels. This means combining goals that preserve the EU's open strategic autonomy with actions that create coherence between the internal market and the global business environment while enabling global talent acquisition.

Cloud services offer increased capabilities for the digitalisation of smaller businesses. Despite this, the EU's cloud policies have been developed on parallel tracks that do not intersect. We must find a common interpretation and the means to demonstrate and validate 'secure enough' requirements within the EU and when operating with our external partners.

The free movement of data with trust is a prerequisite internally, but it should also be the operational reality when working with our external technology partners. Therefore, efforts should be made to open data spaces to partnering countries that fulfil concrete trust criteria covering areas beyond GDPR compliance, such as data transfers and cyber security.

The resilience of digital markets requires ongoing effort to provide a strategic roadmap that complements the regulatory framework with standardisation and open commons for the interoperability of key applications, technologies and structures for data sharing and use. As such, the EU must remain a firm partner in discussions regarding the free movement of data with trust within international organisations such as the G7, OECD and WTO. By fostering internal robustness, the EU will not only protect its external interests, but will also become a stronger partner on the global stage. It is crucial that standardisation is viewed and harnessed as a strategic asset in delivering trustworthy yet open and interoperable frameworks on a global scale.

Practical examples of implementation

- Continue work in international fora to better align the adequacy decision requirements of the GDPR, DGA and CRA into a comprehensive, demonstrable set of compliance requirements for data transfers in international trade.
- Use standardisation as a strategic asset and work through multilateral cooperation and standardisation organisations and in close dialogue with the business sector and developers to prevent further fragmentation, whether it is for the future of open internet, limitations to the free flow of data, future generations of network technologies, space technologies, AI or virtual worlds, as well as and the decentralised computing capabilities they build on.

Strengthening the EU's digital resilience by securing ICT supply chains and boosting investments

The European Information and Communication Technology (ICT) supply chain, which encompasses submarine cables, mobile networks and satellites, is pivotal for the EU's digital resilience and open strategic autonomy. To bolster this autonomy, the EU must prioritise strengthening the resilience of its critical communication infrastructure. This involves reassessing the current policy framework, emphasising security in standardisation – especially for 6G – and integrating emerging technologies such as AI and quantum computing into risk management models.

Security by Design and Zero Trust principles should be ensured before the deployment of new technologies and taken as cornerstones in developing open architectures. Active participation in standardisation and demonstrated security create a competitive edge for trusted European suppliers of digital technologies. Special attention should be paid to emerging network technologies before their actual deployment. The 5G security toolbox approach should be applied before the deployment of future networks such as Open Radio Access Networks and 6G. This will require an ex-ante assessment and management of the risks associated with the use of these technologies. Proactive risk assessments enable timely investments and early deployment decisions.

The EU should adopt a progressive spectrum policy for mobile networks in order to stay competitive in the global wireless market and reach its digital targets for 2030. The need for additional spectrum for mobile wireless technologies such as 5G and 6G will grow by 2030. Early adopters in spectrum policy should be allowed to be the first movers globally by keeping spectrum policy within national competence.

Beyond risk management, it is important to actively participate in the development of emerging digital and network technologies. Investments should be channelled into augmenting capacity in mobile networks, submarine cables and satellites, with a focus on the clean and digital transition and Web 4.0 demands to promote e.g. the use of cloud, edge, high capacity and quantum computing and AI. The EU needs new resilient infrastructure covering strategic smart submarine cables, satellite and space technology.

To ensure critical data transfer under all circumstances and in all locations, it is important to exploit the full potential of the Arctic connections and Northern digital infrastructure, as well as various forms of data transfer such as satellite and radio link connections, independently of physical data transfer infrastructure. A cool climate, clean energy and leading resource-efficient solutions in the digital sphere offer a unique environment for data centres and pan-European HPC infrastructure.

Practical examples of implementation

- Carry out proactive risk assessments for future telecoms network security for early deployment of 6G.
- Adopt a progressive spectrum policy for mobile networks in order to stay competitive in the global wireless market and reach the EU's digital targets for 2030. The need for additional spectrum for mobile wireless technologies such as 5G and 6G will grow by 2030.
- Participate actively in the standardisation of emerging digital and network technologies and invest in the development of open and secure architectures and connected end-to-end internet infrastructure.