Joint statement to D9+ Ministerial meeting, Poznań, May 10, 2023 Business in D9+ Member States (B9+) support a strong D9+ and urge policymakers to strengthen Business to strengthen Europe in a digital decade.

As key industry representatives in the D9+ countries, the national business associations share and support the ambition of a beneficial digital and green transition for Europe. As key partners in this transition, we welcome and encourage the ongoing joint efforts by our national government Ministers, as the D9+, to proactively shape, promote and enable further digital and green innovation both at home and across the EU, strengthening collective economic and societal opportunities and resilience.

This year, we celebrate the 30<sup>th</sup> anniversary of our Single Market, which coupled to an outward looking approach, provided greater opportunities to foster trade, investment, and enhance wellbeing. As European digital frontrunners<sup>1</sup>, who stand to benefit further from digitalisation<sup>2</sup> the D9+ should take the lead in promoting Europe's digital competitiveness. In addition, the EU and its members also stand to benefit from deepening a digitalised Single Market, while remaining open to international trade and intensify working with likeminded partners ('open strategic autonomy'). Consequently, we believe, the D9+, in working together and with its partners, must be an important platform and voice for an outward-looking, secure, competitive, innovative, and pro-enterprise EU.

Stronger business means a stronger Europe, with benefits flowing both ways. This will only happen by focussing on our digital competitiveness and reinvigorating our Single Market. Europe must work with, not against digital innovation, through better regulation, ensuring data flows, modern and secure connectivity, and an ambitious trade policy with likeminded partners<sup>3</sup>.

In this context, ahead of the Poznań meeting, the private sector encourages the D9+ to:

- 1. Secure digital competitiveness. In an era of heightened geopolitical instability, in the face of war in Ukraine, EU members states should explore reliable tools to back up and maintain countries' critical data and service regardless of interruptions (e.g., a large scale cyberattack or other crises).
  - Data embassies<sup>4</sup> offer a potential solution, explore the opportunities. Data embassies fit into the broader EU policy discussion on data resilience and continuity of digital infrastructure in relation to cloud services. A discussion on the further development and delivery of data embassies should consider what measures should be taken to protect these embassies from online threats and ensure compliance with EU data regulation; and how this could affect sovereignty, resilience, and international trade.
  - Ensure the free movement of cloud services across Europe through the development of a European Cloud Certification Scheme (EUCS), in accordance with Article 54 of the Cyber Security Act. We restate our principled approach to the development of the EUCS<sup>5</sup>. EU legislators should ensure the impacts of all proposed requirements in the

<sup>&</sup>lt;sup>1</sup> https://digital-strategy.ec.europa.eu/en/library/digital-economy-and-society-index-desi-2022

<sup>&</sup>lt;sup>2</sup> ECIPE (2022) <u>Leadership in European Digital Policy: Future Role and Direction for the D9+ Group</u>

<sup>&</sup>lt;sup>3</sup> 'Leading on competitiveness in digital decade', discussion hosted by Ibec and Confederation of Swedish Enterprise (Svenskt Näringsliv), Brussels, March 20, 2023

<sup>&</sup>lt;sup>4</sup> Case study: <a href="https://www.oecd.org/gov/innovative-government/Estonia-case-study-UAE-report-2018.pdf">https://www.oecd.org/gov/innovative-government/Estonia-case-study-UAE-report-2018.pdf</a>

<sup>&</sup>lt;sup>5</sup> See B9+ statement (<u>September, 2022</u>).

draft EUCS scheme on businesses and the Single Market are thoroughly considered and addressed. Political considerations should not be delegated as per the ECJ ruling<sup>6</sup>.

- 2. Be ambitious and open to trade with likeminded partners. Create conditions that work with, not against beneficial digital innovation.
  - Intensify work with likeminded partners to lower global barriers to digital trade, investment, and innovation. Enable international data flows and work with likeminded partners. Safeguard a smart technological sovereignty approach<sup>7</sup> that encourages capacities across the EU while remaining open to further international co-operation and trade with likeminded partners so Europe can access and safeguard the economic benefits of further digital transformation. Leverage FTAs, the EU-US Trade and Technology Council (TTC) and engage enterprise, including SMES and start-ups. Build on the positive momentum of the recent EU-US political agreement and US Executive Order; and the European Commission preliminary decision on transatlantic data transfers, and swiftly deliver a revised, robust, and resilient overarching framework for EU-US data exchange, addressing privacy issues as well as the needs of modern digitalised business.
  - Get the AI Act right to realise the opportunities and benefits of trusted AI. Efforts to give a focused definition of AI systems are highly positive, reflecting the idea of autonomy in the definition helps align with the work done at the OECD level. This approach must be retained. Ensure a fair and proportionate allocation of responsibilities and distribution of information between the various actors of AI in the AI value chain, allowing for contractual freedom to do so. Safeguard a proportionate and risk-based approach to AI regulation. Ensure consistency with sectoral legislation, avoiding overlaps or the creation of competing obligations with existing legislation as well as regulating high-risk AI applications in areas where a clear regulatory gap has been demonstrated. Focus on systems with an intended purpose which are truly considered as high-risk and avoid regulating software and "general purpose" tools as high-risk which are not considered AI per se or act as building blocks of AI systems.
  - Reflect and rethink on the Data Act. Competitiveness must be considered at the heart of this Act. There are significant transnational and cross-sectoral business concerns about this proposal<sup>8</sup>. The proposal must protect trade secrets, safety, security, and privacy by including effective safeguards. This Act must not create new obstacles to international data flows, which are critical to European companies' operation and growth in foreign markets. Allow for a longer transition period, to give companies time to prepare for such complex regulation.
- 3. Strengthen the policy responses at the EU and national levels to tackle labour and skills shortages which have become a key concern for businesses. They constitute a bottleneck to economic growth potential and a missed opportunity for human potential.

<sup>&</sup>lt;sup>6</sup> CJEU (Case C-355/10)

<sup>&</sup>lt;sup>7</sup> BusinessEurope (2020) <u>Smart technological sovereignty: how it could support EU competitiveness</u>

<sup>8</sup> https://www.businesseurope.eu/sites/buseur/files/media/position\_papers/internal\_market/2023-02-01 data act - joint industry statement.pdf

- In this regard, the 2023 European Year of Skills should lead to effective responses to current labour shortages and skills mismatches, activating the unemployed as well as inactive persons, and recognising the positive contribution of talents from third countries in answering labour market needs.
- Foster inclusive digital skills and the wider set of STEM skills, in close cooperation with each other at all levels of education and training.
- Work with education and vocational training providers and the industry to identify and anticipate needs.
- **4.** Intensify engagement. Be the authoritative platform and voice for an outward-looking, secure, competitive, innovative, and pro-enterprise EU. We welcome the valuable engagement and contributions that the D9+ forum has made to date<sup>9</sup>. The D9+ initiative is important. We continue to support the D9+ expressed ambition for Europe's digital decade to 2030 and stand ready to support that ambition further. We call on the D9+ to:
  - Champion and lead further digital connectivity, innovation and entrepreneurship and shape a better regulation approach to digital policies. Support meaningful engagement and an evidence based and risk-based approach to regulation.
  - Develop and deepen enhanced structures and engagement within the D9+ and with the B9+ and at national levels on sharing experience and learnings to enhance and safeguard our collective digital transition. We have different experiences in technological specialization and important knowledge to share.
  - Develop and deepen enhanced structures and engagement within the D9+ and with the B9+ on the impacts of current and proposed regulation. The private sector supports a stronger emphasis on better regulation, including ensuring proper impact assessments are done for all new regulations, regulatory coherence and reducing unnecessary regulatory burdens. It is also essential that companies have the necessary time and stability to adapt to the new regulations. Given the significant volume of digital regulation in the last two years, we support an assessment of its collective impact on the competitiveness of a digitalised Europe.
  - Looking ahead to the next EU mandate (2024-2029), enterprise stresses that a regulatory pause is now badly needed to allow new rules to take effect and to provide organisations with the necessary breathing space to implement all new regulations<sup>10</sup>. Organisations are confronted with a lot of new rules. The implementation of all these and the interplay between these rules (including the interplay with existing rules) is complex. To avoid fragmentation and added complexity, Member States need to refrain from imposing additional national rules. A holistic strategic approach is needed from Member States to ensure coherent innovation stimulating policies and investments. New rules should only be imposed where this is truly necessary to fill in (horizontal) regulatory gaps.

<sup>10</sup> BusinessEurope (2023) A call for action to boost competitiveness and create regulatory breathing space

<sup>&</sup>lt;sup>9</sup> D9-B9+ discussions in 2021 and 2022.























