

**Mr Andrus Ansip**

Vice President for the Digital Single Market  
European Commission  
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BE-1049 Brussels  
BELGIUM

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Dear Vice President,

BusinessEurope has long been calling for greater public financial support in strengthening Europe's digital economy in order to stimulate further private investment that is needed to fill the existing digital investment gap. The Commission has already laid out an ambitious digital single market programme. These policies also need to be brought to reality through sufficient public investment.

That is why BusinessEurope supports the Commission's ambitious intention of creating the first ever Digital Europe Programme that aims to invest €9.2 billion through the next Multi-annual Financial Framework (2021-2027) in order to support digital transformation and ensure citizens and business derive the full benefits from it.

We believe that slight improvements can be made throughout the co-legislative process in order to better reach these objectives. However, the draft report of the Industry, Research and Energy (ITRE) Committee has not yet achieved this. Yet European industry is carrying out important efforts to digitise its traditional sectors, many are small and medium enterprises (SMEs). We believe that European policy makers should support all of these efforts in order to enhance European independence in our digital capacities and further our global competitiveness.

The Digital Europe Programme has the potential to achieve this. To this end, BusinessEurope can express that:

- Europe should lead the way in B2B Artificial Intelligence (AI) development and application. This should be specifically recognised within Article 5 through specific funding for industrial and B2B applications of AI especially in those sectors where Europe already leads (eg. robotics, automotive, manufacturing, sanitary tools, space and defence technologies).
- If the Cybersecurity Act is to grant further tasks and responsibilities to the European Union Agency for Network and Information Security (ENISA) in terms of coordinating national responses to cyber threats, capacity building and awareness campaigns, then it should also be sufficiently funded. Article 6 should specifically mention ENISA funding in that instance. More detail on funding possibilities to protect 5G platforms should also be added as an important step to strengthen Europe's cyber capacities, ensure a robust Industry 4.0 and enable trusted innovation for all. In relation to Article 6(d), we believe funding should also be earmarked to better equip SMEs to implement it, there is a need for simple guidance related measures.

- Further specifics should be added to Article 7 in order to direct where digital skills need improving, with a specific focus on strategic infrastructures and SMEs' needs. We believe that critical areas where Europe would derive the most benefits on offer should be the focus to drive digital capacity building for civil society and industry. Even experienced workers require upskilling in both general and specialised skills. This also includes allocating further funds to Vocational Education and Training (VET) and to public-private partnerships with the specific aim of improving skills for AI and cybersecurity. Digital Innovation Hubs (DIHs) will play a critical role in leveraging the structure needed to emulate digital skills. The migration of students and experts from one Member State to another through programs such as the Digital Opportunity Traineeship Scheme should be more greatly funded.
- Parliament proposes a new Article 8a which will ensure actions carried out under the programme meet the Union's ethical standards. This should be balanced with the innovation principle. Complementing Europe's precautionary principle with a more innovative approach can help the EU to be a leader in AI development. AI's economic and societal benefits need to be embraced and should be fully reaped. Regulatory intervention should only be taken, where real market failures exist.
- While supporting European digital and strategic autonomy is the essential aim of Digital Europe it should not ignore that markets and value chains evolve and exist based on cooperation between businesses from inside and outside the Union. Yet Parliament's draft report would delete Article 10 in relation to EFTA and 3<sup>rd</sup> country access. EFTA countries should continue gaining access to these programmes through the EAA agreement as mutual obligations concerning cooperation in a number of areas exist within it. Article 78 of the Agreement states that the EU and the EEA EFTA States: "*shall strengthen and broaden cooperation in the framework of the Community's activities in the fields of: research and technological development, information services, the environment, education, training and youth, social policy, consumer protection, small and medium-sized enterprises, tourism, the audio-visual sector, and civil protection*". Article 81 of the EEA Agreement as well, as this article states that the EEA EFTA States "*shall have access to all parts of a programme*". Furthermore, Article 81 lays down that entities of EFTA States shall have the same rights and obligations as those applicable to entities of EC Member States. We therefore would like to see the Commission's Article 10(1) reverted to.
- With regard to 3<sup>rd</sup> country access, Article 10(4) should also be reverted to albeit with some amending. As funding through agreed framework programmes should be reinforced by adding similar guarantees to those under Article 12 of the proposed regulation establishing "*Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination*" (COM(2018) 435 final). It is important that the scope of association of each third country to the Programme shall consider the objective of driving Europe's economic growth and its digital autonomy. Accordingly, parts of the Programme may be excluded from an association agreement for a specific 3<sup>rd</sup> country.
- While the initiative within Article 16 to create a network of DIHs is supported, we believe that the criteria, control and acceptance of applying as a candidate have



been too removed from the Member States and from national initiatives that have been put in place on DIHs. It is also concerning that the Commission will have the final decision on whether a DIH is accepted. Whereas the Member States are usually closer to their DIHs. They also better understand the state of national technological capacities, knowledge of their markets and needs of citizens. In addition, DIH should be open to all kind of players (including companies of all sectors and sizes) in order to create spill-over effects, which can help to further diffuse digital innovations Finally it is crucial to acknowledge that in the past two years Member States have already created their national network of DIHs through the national initiatives on Industry 4.0, as requested by the European Commission in the “Digitising European Industry initiative” (DEI) in April 2016, and that all the different typologies of DIHs should be now recognised as fully operational by the EC.

- Assessment of criteria in order to make an award for funding should always be carried out in a manner relevant to its objectives. Boxing in possibilities for award in such a broad programme would only limit its efficiency. Therefore, we believe Article 20 in relation to award criteria should not set minimum elements but be more open to conditions relevant at the time to the specific funding programme.

BusinessEurope stands ready to discuss these matters further with you.

Yours sincerely,

Markus J. Beyrer