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# Ten priorities for the EU-US Trade and Technology Council – a partnership that can deliver



## Executive summary

DIGITALEUROPE welcomes the creation of the **EU-US Trade and Technology Council (TTC)**. The transatlantic partnership is a trillion-euro trading relationship<sup>1</sup> between like-minded partners, linked by democratic values. We hope that through the TTC, **both sides of the Atlantic can truly make the 2020s the Digital Decade**, and further contribute to our secure, prosperous and democratic societies through digital transformation and technological innovation.

As such, making the TTC a success and **delivering concrete results** would not just have an impact on the digital sector alone, but would have a much wider effect on our citizens and economies as we come out of the COVID-19 pandemic.

We believe the TTC should provide both a forum for dialogue, as well as propose real solutions. Its agenda must **set the strategic course**, look at **solving problems faced day-to-day by citizens and industries**, as well as **identify additional areas for collaboration**.

Below we set out **ten priorities** that we think the TTC could and should deliver within the next six months to a year. **We as industry stand ready to offer our expertise**.

Our recommendations below cover vital topics which include **data flows, common standards for emerging technology such as artificial intelligence and cybersecurity, green and sustainability standards, and supply chain resilience**. In the same vein, we attach great importance to collaboration on **research and development, a safer internet, competition rules, export controls, digital skills, digital diversity and inclusion**.

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<sup>1</sup> <https://trade.ec.europa.eu/doclib/press/index.cfm?id=2180>



## DIGITALEUROPE's Key Performance Indicators for a stronger digital Europe

DIGITALEUROPE has set a **number of Key Performance Indicators (KPIs)** for the EU's digital development - an approach that has also been adopted by the European Commission in its **Digital Decade** strategy. **As concrete goals** we set in our DIGITALEUROPE Manifesto<sup>2</sup> that by 2025 the data economy should represent 6 per cent of the EU27 GDP. Concerning **digital for a green recovery**, it is estimated that by 2025, digitalisation could save over 26 billion tonnes of CO2 emission globally. In **digital for SMEs and scale-ups**, we set the goal that by 2025, 50 per cent of SMEs should be using big data analytics. In **digital education and skills**, by 2025, 80 per cent of school teachers should feel ready to use digital technologies.

On **equal opportunities**, currently 6 per cent of the male workforce in the EU works as ICT specialists and until 2025, we want the same share of female workforce. Lastly, we have seen that 72 per cent of large enterprises in the EU have defined a dedicated **ICT cybersecurity policy**, whilst for small enterprises, this number is only 27 per cent. DIGITALEUROPE is convinced that by 2025, this needs to grow an additional 20 per cent for small companies. We believe this KPI-led approach is also relevant for the TTC and DIGITALEUROPE is ready to engage with policy makers about setting our targets.

### 1. A permanent forum directly involving industry expertise

If during the last US administration transatlantic relations were challenging at the political level, businesses continued to play their part in keeping the EU-US relationship thriving. Total US investment in the EU is three times higher than in all of Asia. EU investment in the US is around eight times the amount of EU investment in India and China together.<sup>3</sup>

Businesses on the ground have abundant experience in dealing with diverging regulations, standards and norms in the area of digital technologies. We can identify common issues and practical ways to solve them. The TTC should make use of this knowledge from shop floors and be a strategically pragmatic problem-solving body.

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<sup>2</sup> <https://www.digitaleurope.org/key-indicators-for-a-stronger-digital-europe/>

<sup>3</sup> <https://ec.europa.eu/trade/policy/countries-and-regions/countries/united-states/>

### ▶▶ Desired outcome

- **Create a permanent and regular transatlantic digital industry dialogue as part of the TTC stakeholder track**, including political representation at the highest level. At the same time, regular stakeholder engagement at the working level is necessary to ensure a frequent and comprehensive exchange between policy makers and industries.

## 2. Data flows and cooperation at the bilateral and multilateral level

Let us get the fundamentals right. Data flows are a crucial enabler for many of the other policy priorities set below. Data flows are essential in order to realise the full potential of digitisation in our economies and societies, not only in ICT, but also in manufacturing, healthcare, financial services, and all digitising sectors.

Only 9 per cent of all companies based in Europe, big and small, do not transfer data outside of the EU. 94 per cent of the vast majority that do transfer data internationally transfer data to and from the US.<sup>4</sup> As our **thought leadership study, *Data Flows and the Digital Decade*** shows<sup>5</sup>, at a conservative estimate, a loss of cross-border data flows for the key sectors of the EU's Digital Decade would cause an annual reduction of at least €330 billion – around 2.5 per cent – of total EU GDP.

While negotiating an enhanced Privacy Shield may take time and involves a separate track, the TTC should foster EU-US alignment on solutions to common challenges, such as government access, and drive our common goals in the international context.

The TTC should similarly be used to jointly agree to strengthen multilateral institutions, such as the WTO. On those issues where a multilateral solution is achievable, bilateral dialogue should reinforce steps towards international standards and rules.

### ▶▶ Desired outcomes

- **A set of common principles** for government access to personal data held by the private sector for the purposes of law enforcement

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<sup>4</sup> *Schrems II impact survey report*, available at [https://www.digitaleurope.org/wp/wp-content/uploads/2020/11/DIGITALEUROPE\\_Schrems-II-Impact-Survey\\_November-2020.pdf](https://www.digitaleurope.org/wp/wp-content/uploads/2020/11/DIGITALEUROPE_Schrems-II-Impact-Survey_November-2020.pdf)

<sup>5</sup> DIGITALEUROPE new study, *Data flows and the Digital Decade*: <https://www.digitaleurope.org/news/new-study-the-eu-can-be-e2-trillion-better-off-by-2030-if-we-secure-cross-border-data-transfers/>

and national security, building on current OECD work and leading to a broader international agreement.

- The EU and US should take the opportunity of the proposal of **the first European data space for health** to engage in a dialogue, in order to promote international cooperation for advancing research to combat pandemics and diseases, by addressing specific interoperability, privacy, and security challenges.
- The EU and US should coordinate their efforts **to strengthen multilateral institutions**. Concrete examples include the WTO e-commerce negotiations and the Information Technology Agreement (ITA) expansion.

### 3. Common standards for artificial intelligence and cybersecurity

#### Artificial Intelligence (AI)

The TTC should deliver a common framework that fosters innovation, not overregulation, fragmentation or duplication. On those issues where establishing a common framework may not be immediately feasible, we call on the EU and US to work towards ensuring the compatibility of frameworks.

AI is a good example. The proposed EU AI Act introduces a horizontal framework with various obligations on a large set of products, services and sectors. To give a real-life example, the medical devices sector has already very strict sectorial rules, on quality, risk assessment and post-market surveillance procedures. We need to consequently avoid any overlap between these well-established sectorial rules and the new horizontal AI legislation. Otherwise we risk not only introducing confusion and legal uncertainty, but also delaying patient access to innovative products and solutions.

Overall, AI rules across the board will need to rely on solid principles translated into clear technical guidance through industry standards. The EU and US need to work together in order to build a common framework for regulatory cooperation, with policy makers and industry experts; the framework will then be available to be referenced by regulation both in the EU and US.

### ▶▶ Desired outcome

- Create a dedicated expert group on standards relating to AI and other emerging technologies, to foster regulatory cooperation and international alignment under the “Technology Standards Cooperation” working group. The group’s work should reflect consensus approaches that emerge from higher-level TTC policy discussions and related industry input.

## Cybersecurity

Alignment and further collaboration on cybersecurity are vital to the protection of our societies as well as our strategic interests. While mirroring each other’s regulations is not always possible, interoperability of frameworks should be the goal, especially as they pertain to technical requirements which are implemented globally. Similarly, the EU and US should maximise opportunities for joint transatlantic investment in areas of common interest by collaborating with international institutional partners such as NATO.

### ▶▶ Desired outcomes

- The EU and US should initiate a technical dialogue towards the **mutual recognition of cybersecurity certifications and conformity assessment regimes**, based on **international standards** and **industry best practice**.
- The EU and US should initiate a permanent **dialogue with NATO** aimed at facilitating alignment of funds for joint cybersecurity Research and Innovation (R&I) projects.

## 4. Green and sustainability standards

Digital technologies will play a critical role in reaching the Paris Agreement’s climate goals and the United Nations Sustainable Development Goals (SDGs). The climate challenge does not stop at each other’s borders. Transatlantic leadership will be key in driving the climate change agenda globally, and we can clearly see the reason for establishing the “Climate and Clean Tech” working group in the TTC.

Policy makers in the field of digital and sustainability should work hand in hand, and leverage digital technologies as key enablers for the green transition while ensuring a sustainable digitalisation. The EU and US should exchange and align on green financing instruments, such as the EU sustainable finance package, as

well as on requirements for sustainability disclosures and responsible business conduct, while promoting global standards and international frameworks. A concrete example from the European manufacturing sector is the construction of buildings. DIGITALEUROPE thus encourages harmonisation of technology standards in the EU and US, such as in the construction sector, and a taxonomy related to product environmental footprint.

Another concrete and impactful case in the green transition is the sustainable public procurement of ICT. Public sector procurement in the EU is worth €1.8 trillion annually, whilst the value of public procurement in the US is estimated at \$1.8 trillion<sup>6 7</sup>. Together the EU and US have the opportunity and scale to define global best practices and standards in this area.

Thirdly, there is also an opportunity to take global leadership on circular economy. Creating eco-systems of EU and US partners to develop joint solutions, combining our respective strengths, will be key to setting global standards in circular electronics.

#### ▶▶ **Desired outcomes**

- **A common regulatory framework on sustainability** should be established, including the building circularity passport.
- **Green financing instruments** should be available both in the EU and US and should include digital technologies as enablers for positive change; In addition, both the EU and US should promote global standards for sustainability disclosures and responsible business conduct.
- Closer EU-US cooperation should be used to **spearhead new initiatives in circular economy, a joint taxonomy and green standards** in public procurement.

## 5. Semiconductor shortage, supply chain resilience and R&D

Semiconductors are a foundational technology for the current and future economy. In 1990 the EU led the world with 44 per cent of semiconductor manufacturing, dropping to about 8 per cent today. The US share of global semiconductor manufacturing has declined from 37 per cent in 1990 to 12 per cent today.<sup>8</sup> Recent developments have demonstrated that the world needs more

<sup>6</sup> [https://ec.europa.eu/environment/gpp/what\\_en.htm](https://ec.europa.eu/environment/gpp/what_en.htm)

<sup>7</sup> <https://www.open-contracting.org/wp-content/uploads/2020/08/OCP2020-Global-Public-Procurement-Spend.pdf>

<sup>8</sup> <https://www.semiconductors.org/wp-content/uploads/2020/09/Government-Incentives-and-US-Competitiveness-in-Semiconductor-Manufacturing-Sep-2020.pdf>

capacity and resilience along the full semiconductor supply chain - starting with innovation and design, through substrates, fabrication, advanced packaging and testing, and ideally geographically balanced. The EU and US share the objective of increasing domestic semiconductor manufacturing capacity to reduce supply chain disruptions. Given the substantial investments required and rewards to be gained, the EU and US must join forces to increase capacity at all the steps of the semiconductor supply chain, including in research and development (R&D), and in advanced manufacturing capacity at the scale needed and in a way that is sustainable. However, hardly any region of the world will be able to meet the worldwide demand for semiconductors by its own efforts. Cooperation is therefore necessary to support technological and economic development for all stakeholders. We believe first results in the field of semiconductors could be achieved quickly under the TTC, and the focus should lay on strategic alignment.

#### ▶▶ **Desired outcomes**

- The EU and US should work together towards a joint strategy to increase **capacity in the semiconductor sector, including increased public funding**. Such funding should be made available to industry as driven by market demand.
- Ensure that **R&D initiatives for critical technologies/components** as part of respective COVID-19 recovery packages are **aligned and complementary**.
- **R&I programmes** in key technology areas should be set up to leverage public funding and further enhance **private sector investments and foster collaboration** between business and research communities.

## 6. Compliance and conformity

Mutual recognition of conformity assessment and market access should be achieved in the TTC, taking advantage of the New Legislative Framework (NLF) risk-based approach, which includes self-assessment in the EU. Our goal should be to foster adoption of international standards in order to promote harmonisation. To achieve this, we encourage collaboration between the EU and US on product certification, compliance, testing, documentation and reporting duties. This is closely linked to the standards section, and particularly relevant in the context of cybersecurity, product safety and new AI rules, such as the proposed EU AI Act and its chapter on market access obligations. These approaches to technical standards should also allow flexible adoption of sectorial standards in addition to international horizontal standards.

As an example, electronic labelling (e-labelling) solutions that refer users to websites hosting the appropriate technical documentation per jurisdiction, would be a more efficient and sustainable way to demonstrate compliance and improve traceability and transparency of products.

▶ **Desired outcome**

- The EU and US should aim at **international standard harmonisation**, and where this may not be immediately possible, **mutual recognition** of conformity assessment. A concrete deliverable can be applying **e-labelling solutions** to facilitate demonstration of product compliance and lower market barriers for ICT products and services.

## 7. Technology Platforms and Competition

Success for the TTC will also be measured against both the EU and US' willingness to address common challenges between both parties on technological regulatory issues. The "data governance and technology platforms" working group should for example drive some of the most complex, yet important discussions around measures including the Digital Markets Act (DMA).

**Desired outcomes**

- Ensure that TTC discussions address important topics such as the **DMA as part of the data governance and technology platforms working group**.
- Work towards key principles and shared values, covering issues such as **due process, non-discrimination, security, countering authoritarian surveillance**, and the rule of law that would guide future engagement and outcomes under the TTC.
- Ensure that the EU-US Joint Technology Competition Policy Dialogue and the Data Governance and Technology Platforms Working Group under the TTC **exchange views regularly** to avoid operating in silos.

## 8. A safer internet

We welcome transatlantic discussions on how to help boost trust in the internet and provide clarity on the role and responsibilities of online intermediaries to address the problem of illegal and harmful content online. This is a global challenge which requires global cooperation.

Internet regulation is a balancing act between protecting fundamental rights, innovation and preventing illegal and harmful activities online. We believe the EU's proposed Digital Services Act (DSA) struck the right balance by preserving the core elements which have allowed Europe to develop a vibrant internet economy. Maintaining principles such as limited liability and the ban on general monitoring is key to the continued innovation and growth of digital platforms in Europe.

We believe the DSA due diligence requirements and transparency mechanisms, if developed in a proportionate and workable way, will provide opportunities to enhance collaboration among all stakeholders leading to a safer online environment.

▶▶ **Desired outcome**

- Work towards a **harmonised framework** for content moderation, for example through a transatlantic exchange of policy makers.

## 9. Export Controls

Both sides announced their intention to jointly address the “misuse of technology threatening security and human rights”.<sup>9</sup> We support more alignment between both parties on what type of new technologies should be controlled, and what types should be de-controlled and under which specific circumstances. At a time when the EU attempts to define and control cybersurveillance, we encourage transatlantic alignment and joint efforts to multilateralise any new approaches, preserving preference for the Wassenaar process, as bilateral collaboration should support and not replace the multilateral process. Alignment on cloud-based, software as a service (SaaS) controls would similarly be welcome.

▶▶ **Desired outcome**

- The EU and US should jointly **align on criteria** for what type of new technologies would require controls, **promote multilateral solutions** such as the Wassenaar Agreement, and jointly follow up on common **implementation**.

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<sup>9</sup> [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_21\\_2990](https://ec.europa.eu/commission/presscorner/detail/en/IP_21_2990)

## 10. Digital skills, digital diversity and inclusion

In a rapidly changing world, there is an increasing demand on people and workers to learn how to use new technologies. Today, 52 per cent of European workers are in need of reskilling.<sup>10</sup> In parallel, both partners should also look at ways to improve connectivity and access to ICT, enabling everyone to join trainings and education programmes remotely. Today, 36 per cent of the population in Central and Eastern Europe is unconnected compared to 19 per cent in Western Europe.<sup>11</sup> In the US, nearly 17 million school children lacked internet access at home during the pandemic<sup>12</sup>. Bridging the digital divide is an urgent pre-requisite for equipping our society with the right skills and assets for tomorrow's world.

Investing in digital skills and continuing education as well as ensuring connectivity of all Europeans is not an option. It is an imperative in the post-pandemic world when looking at the future of work and online education.

### ▶▶ Desired outcomes

- The TTC should assist the design of **EU and US joint programmes**, enhancing digital skills, access to ICT and the Internet and contributing to the work of the “promoting SME access to and use of digital technologies” working group.
- Promote **diversity, inclusion and gender equality** in digital education.
- Foster the **digital transformation of small and medium enterprises (SMEs)** by creating a reliable framework for transatlantic digital trade that takes into account their specific needs and enables them to reach their full digital potential.
- Coordinate strategies and exchange best practices to **increase connectivity and bridge the digital divide**, e.g. by investing in new infrastructure.

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<sup>10</sup> <https://www.digitaleurope.org/policies/digital-skills/#:~:text=Today%2C%2052%25%20of%20European%20workers%20are%20in%20need%20of%20reskilling.&text=At%20DIGITALEUROPE%2C%20we%20have%20also,and%20Jobs%20Coalition%20since%202013>

<sup>11</sup> [https://www.itu.int/en/ITU-D/Regional-Presence/Europe/Documents/Events/2021/Meaningful%20Connectivity/01\\_Sarpong.pdf](https://www.itu.int/en/ITU-D/Regional-Presence/Europe/Documents/Events/2021/Meaningful%20Connectivity/01_Sarpong.pdf)

<sup>12</sup> <https://www.fcc.gov/about-fcc/fcc-initiatives/homework-gap-and-connectivity-divide>

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## About DIGITALEUROPE

DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies. DIGITALEUROPE ensures industry participation in the development and implementation of EU policies.

# DIGITALEUROPE Membership

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**Austria:** IOÖ

**Belarus:** INFOPARK

**Belgium:** AGORIA

**Croatia:** Croatian Chamber of Economy

**Cyprus:** CITEA

**Denmark:** DI Digital, IT BRANCHEN, Dansk Erhverv

**Estonia:** ITL

**Finland:** TIF

**France:** AFNUM, SECIMAVI, numeum

**Germany:** bitkom, ZVEI

**Greece:** SEPE

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**Netherlands:** NLdigital, FIAR

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**Portugal:** AGEFE

**Romania:** ANIS

**Slovakia:** ITAS

**Slovenia:** ICT Association of Slovenia at CCIS

**Spain:** AMETIC

**Sweden:** Teknikföretagen, IT&Telekomföretagen

**Switzerland:** SWICO

**Turkey:** Digital Turkey Platform, ECID

**United Kingdom:** techUK