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***Atlantic Council Webinar: "Digital Agenda for the CEE Region: Niche Technologies and Policy Priorities"***

Webinar

August 13th, 2020

The future is digital in all its senses.  The global race for digital leadership has been taking place on the basis of the digital sovereignty principle. The EU and US can participate in this race in separately, or even as foes, or can agree to work together on the basis of a cooperative approach.

We are living in times, which offer a unique opportunity of avoiding parallel regulatory spaces in the digital area. Unfortunately, negotiations regarding standards in new fields of AI or robotics that have taken place between EU and US for a while now move forward at a snail speed. This is neither in the interest of the corporate world nor in the interest of consumers. Experience shows that negotiating adjustments or aligning of standards that had been established and used in different systems is dramatically difficult. In case of the digital reality, the world is at the beginning of the road, which gives us a chance to go for shared approaches.

Running the leadership race in separation implies developing in parallel separate regulatory standards spaces. As a result, companies will have to function in several regulatory spaces. This might be affordable, though costly, for well-established big multinationals. For new firms with growth potential it might be too costly, if at all feasible, particularly, if we take into account that the digital is not a sector but a general-purpose technology, affecting business models, societal change, education, skills, data, all sectors of production and services.

In practical terms, as of 1 January 2021, the transatlantic corporate world will function in three separate spaces for standards: The EU, UK, and the US. This requires some reflection in where the western world where would like to be on the digital in ten to fifteen years from now. Certainly avoiding a "Balkanised"a digital

regulatory space would allow a for more efficient use of the digital potential for a better life.

Digital dialogue and aiming at shared standards space seems also to be a perfect candidate for a transatlantic reset. And it goes without saying that a serious reset is needed in the transatlantic relationship and competition within a joint standards space can be a strong boost to the EU-US bond, currently somewhat frayed but having at its foundation fundamental values of human freedoms which is the essence of the digital.

Digital sovereignty has become a buzzword on both sides of the Atlantic. For Europeans it is not an innocent term from many points of view. And it is even more loaded for people from Central and Eastern Europe. The term could be easier to accept if it were based on values. I suspect, however, that unfortunately the trend is to base it rather on geography or geopolitics. In any case, if on both sides of the Atlantic the idea of digital sovereignty stays as a way to go forward on digitalisation, then we should definitely work it through together.

Sovereignty has played its role in the European history. In particular, in the CEE history. Actually, to large extent the history of Europe had been about losing or gaining sovereignty. And it has been reserved in political imaginary for the national realm. It still means ordering European politics along the nation state axis. Unfortunately, today the idea of digital sovereignty plays nicely into hands of anti-European, nationalistic politicians with authoritarian inclinations, all set to abuse digitalisation as an instrument to control society.

Talking about European sovereignty, as President Macron proposed, seems confusing. For some it sounds autarkic, for others federalist, giving EU state attributes. Also being used in the digital context the term does not fit the essence of digital. Digital reality by definition means open societies, open markets, no physical borders. Digital future would be better addressed through a managed interdependence policy based on shared standards than by slicing the digital world alongside the sovereignty-based principle.

In the EU, the debate on European digital sovereignty is ongoing. It started with trade, it was boosted by the challenge of the digital single market, with digital taxation, going back and forth on data protection, the fake news phenomenon, cyber

security, and many other related issues. It clearly shows today that aiming at slicing the world into bits and pieces in line with sovereignty based on geography or geopolitics is a bad solution. For the sake of striking a good balance between trade openness and protection, a new paradigm of open strategic autonomy has been invented. It includes efforts to find the limit of tolerance for protective measures before they become protectionist measures. This debate is mostly linked to trade openness but applies as well to the digital dimension of change. It would be most unfortunate to see it take us toward more autarkic Europe, self-sufficiency and state supported industrial champions.

Over decades, Europe has developed its winning regulatory power. Some months ago, it has offered through Commissioner Phil Hogan's manifesto a dialogue on what I would call a regulatory alignment with the US on digital issues. Of course, frustrations with dysfunctionality of our relations have been weakening European appetite to make further efforts to align with US on standardisation and shared regulatory space for the digital. Nevertheless, a cooperative approach is the only way to make the transatlantic digital bond a win-win solution.

Apparently, the Chinese say that when the winds of big change blow, some build walls, others build windmills. This time around, they seem to be clearly inclined to build walls. However, the EU and US should rather look to building windmills and invest in becoming partners for common digital regulatory space.

In the EU digital change comes through the single market, its standards, its networks of cooperation, shared values behind data protection, digital privacy, cybersecurity. Digital implies technology that works for people. It means a fair, open and competitive economy. It comes with trust and an open, democratic society. All that adds up to a kind of ecosystem. These elements are also cherished in the US system, which makes a joint regulatory space justifiable and feasible. However, political will is needed to make first steps in this direction. Well-established international standards in digital reality do not exist yet. This opens a window of opportunity to build a regulatory space together. For the corporate world this means that a win-win fair competition environment becomes more likely.