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On Digital Policy Priorities for the European Elections in 2024

"A Europe Fit for the Digital Age" has been the most comprehensive and most ambitious work program for digital policy ever proposed at the European level. Since 2019, the European Commission has initiated an overhaul of virtually the entire legal framework for Europe's digital economy with profound implications for citizens, businesses, and the public sector. Most legislative initiatives aimed at addressing specific risks associated with digital technologies and establishing European values in the digital economy. However, when it comes to Europe's ambitions for digital sovereignty, innovation and competitiveness, this approach only moves the needle halfway.

The European elections in 2024 are a much-needed opportunity to refocus the EU's digital policy priorities. Bitkom calls on lawmakers in the Commission, the European Parliament and the European Council to not only address the risks of new technological developments, but also **promote their potential for society and economy**. Europe must not only uphold its values in the digital economy, but also **foster technological and innovative capacities here in Europe**. This requires to not only ensure that companies play by the rules, but also demands creating the conditions for businesses to thrive in Europe's digital economy. **It is time for a *Zeitenwende* in EU digital policy.**

To this end, Bitkom proposes the following:

1. A **Mindset Shift** for policymaking on digital: Instead of creating new regulation, Europe should focus on implementation, enforcement, effective authorities and a lean regulatory framework. **Policy implementation should be established as a political priority** during the next term to ensure that new laws not only look good on paper, but also work in practice. To ensure this, Bitkom calls on the Commission to introduce a **digital competitiveness check** as a mandatory element of all impact assessments and to fully operationalize the **Better Regulation Guidelines and Tools**.

2. A **Policy Shift** towards competitiveness and innovation: The potentials of digital technologies must be placed at the heart of new legislation. Europe needs a **Digital Green Deal** specifically designated to mobilizing digital solutions to achieve Europe's green ambitions. Moreover, lawmakers should

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strengthen innovative capacities by bridging the gap between academic research and the industrial application of key technologies via a **European Lab-to-Fab Framework**. Additionally, the EU must take a strategic approach to improve the conditions for businesses, especially SMEs and startups, to enter, operate, and compete in the digital economy.

3. A **Gear Shift** for Europe's digital transformation: It's half-time for Europe's digital decade; yet the EU is still far from achieving its 2030 digital targets, and it is falling behind internationally. Europe must find a way to strategically foster digital skills, fund key technologies, and position itself in international digital trade. Moreover**, it is time to plan ahead and define the targets and milestones necessary to turn Europe into a global leader in the digital sphere from 2030 onwards.**

A Mindset Shift for EU Digital Policy Making

Regulation is not the only tool available for Europe to pursue its digital ambitions. Following an extremely regulatory-intensive period since 2019, it is worth assessing whether the overall legal framework that has been created works in practice. **EU digital policy should shift its focus towards implementation and enforcement.**

Additionally, the EU must improve the quality of its legislative proposals. According to the Commission's internal Regulatory Scrutiny Board (RSB) the "assessment of impacts was the weakest element of all first submission impact assessments in 2022". 38 % of impact assessments received a negative first opinion between 2020 and 2022. Moreover, the RSB criticizes that more than 50% of cost-benefit analyses insufficiently quantify monetary costs and often times fail to account for all relevant costs and affected stakeholders.

This lack of quality is particularly concerning given the magnitude of recent legislative proposals for the digital sector. To create a competitive and supportive environment for businesses to thrive in Europe, lawmakers should be more precise when assessing the impact of new regulation on businesses. This must go hand in hand with efforts to fix regulatory overlaps and reduce disproportionate administrative burdens.

To this end, Bitkom proposes the following measures:

- **Implementation: Policy implementation should be established as a political priority of the next legislative term**. Europe must dedicate the necessary time, resources, and political capital to ensure that EU digital policy not only looks good on paper, but also works in practice. This requires providing guidelines at an early stage on practical aspects of compliance, governance structures, and regulatory overlaps. Moreover, sufficient resources need to be allocated to relevant bodies and agencies at EU and member state level. Finally, swift and precise monitoring of implementation activities as well as best practices exchanges between member states can make a meaningful contribution to more coherent implementation across the EU.

- **Digital Competitiveness Check**: Every new piece of legislation should undergo a mandatory **digital competitiveness check**, as called for by the Council, to assess whether a proposal will contribute to an innovation-oriented and competitive business environment that is necessary for a digitally sovereign Europe. Such a check could follow the guidelines set out by the European Economic and Social Committee to ensure relevant factors are being considered. Additionally, it should account for the implications of digitalization in other economic sectors as digital technologies and services have the potential to enable innovation, create added value for consumers and businesses, and contribute to sustainability objectives throughout the entire economy.

- **Better Regulation**: To further improve the quality of legislative initiatives, the Commission should ensure a **more thorough application of the Better Regulation Guidelines and Tools**. This requires effective measures to improve the quality of cost-benefit analyses in impact assessments, for example through a better involvement of stakeholders during the consultation phase. Additionally, implementing the one-in-one-out approach should be a priority during the first year

of the new legislative period. For every major digital policy proposal of the past legislative period, the EU should implement at least one initiative to offset the administrative burden on companies. Finally, assessing the potential impacts of new regulation should no longer be confined merely to the drafting phase of a policy proposal. Instead, impact assessments should also be conducted during ongoing legislative procedures where amendments fundamentally change the nature and/or scope of a proposal.

- **Streamlining: Fixing regulatory overlaps should become a guiding principle** for EU digital policy. Across policy areas ranging from product safety legislation to liability rules and the legal framework for Europe's data economy, there are too many examples where the scope of application overlaps with upcoming or existing legislation, regulatory requirements are not streamlined, and definitions remain unclear. To address these problems, the European institutions should place a stronger emphasis on the evaluation of existing policies and improve coordination between decision makers working on different dossiers. Moreover, a thorough involvement of affected stakeholders can contribute to identifying and avoiding regulatory overlaps.

A Policy Shift towards Competitiveness and Innovation

A competitive and supportive environment for businesses to thrive is central to Europe's ambition for digital sovereignty and can no longer be neglected. Sovereign access to key technologies and in turn the capacities to advance the digital and green transformation largely depend on Europe's ability to incentivize companies to invest, innovate, and produce digital technologies, products, and services in the EU. **Therefore, Europe should shift its policies towards placing the potentials of digital at the heart of new legislation.**

After all, digitalization is neither an end in itself, nor a mere nice-to-have. It is essential to safeguard Europe's social and economic prosperity in the future. The digital transformation will be crucial in realizing the EU's ambitions for climate protection and resource efficiency, creating economic value for Europe's economies, and improving the functioning of public administrations and their services.

To realize these potentials**, the EU must turn Europe into an attractive, innovative, and competitive location for the digital sector**. The EU institutions should focus on improving the conditions for businesses, especially SMEs and startups, to enter operate, and compete in digital markets. This requires truly living up to the ambitions of the Twin Transition by promoting the use of digital technologies for Europe's green transformation as well as a targeted approach to promoting the development, uptake, and use of key technologies.

To this end, Bitkom proposes the following measures:

- **Digital Green Deal:** Digital technologies can [contribute up to 41%](#) to achieve Germany's 2030 climate target. **Hence**, **it is time for a Digital Green Deal specifically designated to mobilizing digital solutions to achieve Europe's green ambitions**. This should include a **binding digitalization check** for all EU environmental and sustainability initiatives to set out how the digital potential for the environment and sustainability can be increased. In particular, a Digital Green Deal should take a 'digital look' at the areas of circular economy, climate adaptation, decarbonization and biodiversity, and promote true European-wide harmonization on the nexus between digitalization and sustainability.

  - **Circular Economy:** EU Circular Economy initiatives should put **more focus on the leverage of digital technologies for a truly circular economy**. This includes digital platforms for the efficient exchange of resources, IoT-enabled sensors for tracking materials along the value chain, blockchain technologies for transparency and traceability of recycling processes, 3D printing for its resource-saving properties, and AI-based analytics to optimize material flows and identify recycling potential. Circular economy initiatives, such as the **Circular Economy Action Plan, need to focus more on promoting and integrating these solutions** across the different policy areas.

  - **Environment:** The EU needs to harness the full **potential of digital technologies to adapt to climate change and protect biodiversity**. Satellites and sensors will provide early warnings of extreme weather conditions. Supercomputers will be used to create and simulate complex climate models to help adapt to future climate change. Populations of animals and plants can be monitored by GPS

tracking devices and identified by image recognition and AI algorithms. For awareness and education, interactive learning materials, apps and virtual reality applications are being developed to raise awareness of biodiversity. In short, digital technologies are already helping, and the list of use cases is long. EU policy initiatives should take this more into account.

- **Decarbonization:** Technology can contribute significantly to reducing emissions, for example by allowing a more efficient use of energy or by shaping consumer behaviour in favour of green options. The EU should prioritize initiatives aimed at harnessing this potential across all sectors. Legislation should remove obstacles for innovative products and services that push Europe closer to its ambitious decarbonization targets.

- **Infrastructure:** Strengthening Europe's telecoms market to promote a high-quality connectivity infrastructure and **accelerate 5G and 6G networks** should be a key priority for the next legislative term. Europe still has a long way to go to achieve its connectivity targets, and it also lags behind in global comparison regarding the deployment of very high-capacity networks. The key problem remains the investment gap as identified by the Commission of at least 174 billion €, despite significant financial efforts by European telecommunications operators to upgrade and expand Europe's network infrastructure over the past decade. One key lever could be accounting for the investment gap in competition policy – merger policy in particular – to enable infrastructure investments by allowing for sufficient scale in the market. Additionally, existing funding programs for 5G and 6G must be continued and further developed, involving all partners, including user industries.

- **Cloud:** In order to promote Europe's **long-term competitiveness in the cloud sector**, consistent openness and considerations of international innovations should be the guiding principles for future actions. Both the public sector and the private sector, need high-performance, secure and trusted cloud and edge offerings. The EU should further develop and interlink ongoing initiatives such as the IPCEI-CIS and the European Alliance for Industrial Data, Edge and Cloud and ensure their coherence with the targets of the Digital Decade Policy Program and other cloud-related activities. In this context, Bitkom supports efforts to create more transparency, clarity and legal certainty via the EU Cloud Rulebook as well as the preliminary work by Gaia-X. Additionally, the practical implementation and operationalization of the Data Act's cloud switching requirements constitute another important field of action.

- **Data Policy:** While the EU has proposed far-reaching rules for the **data economy** (e.g. via the Data Act and the Data Governance Act), their success largely depends on **fair enforcement and feasible compliance**. Therefore, the EU should review enforcement mechanisms in the wider field of data policy, including at the intersection of horizontal and vertical rules. Moreover, as legal terms and concepts differ between data laws, their alignment should be a priority of the next term to allow for a consistent, understandable, and enforceable regulatory framework. Finally, to mobilize the use of data for good while safeguarding privacy rights, there needs to be more guidance on anonymization and corresponding technologies. Therefore, a technology expert group should be established to provide such guidance and support in the drafting of technical standards where necessary. Such efforts could go a long way in creating legal certainty and incentivizing the use of data to create added value for citizens and businesses alike.

- **Cybersecurity:** The EU has taken important steps to further improve cybersecurity in Europe's critical sectors (via the NIS2 Directive and the CER Directive) and connected devices (via the Cyber Resilience Act). The challenge for the next legislative period will be to ensure they work in practice. **When it comes to cybersecurity, complexity leads to insecurity**. Hence, the guiding principle should be to reduce complexity by fixing regulatory overlaps and aligning processes and reporting obligations as much as possible. This would go a long way in supporting companies, especially SMEs, to meet their legal obligations in time and provide for a high level of cybersecurity. Moreover, information sharing in cybersecurity is not a one-way street. Providing access to information on cyber incidents to businesses can help mitigate risk and improve the visibility of potential threats. Finally, any action at EU level should focus on criticality rather than the mere size of a company.

- **Virtual Worlds:** The development of **virtual world technologies** is still in the early stages. To realize their full potentials, policymakers should identify and remove regulatory hurdles that stand in the way of the metaverse. This includes provisions that require physical presence or written approvals in specific cases of remote training, consultations, or the conclusion of contracts. When it comes to defining rules for virtual worlds, policymakers do not need to reinvent the wheel, but should build on existing standards and link their efforts to international initiatives. Finally, a network infrastructure that is fit for virtual worlds is a crucial precondition that policymakers should focus on.

- **European Lab-to-Fab Framework:** The EU should propose a **European Lab-to-Fab Framework that aims to translate Europe's strong academic advancements in various technology areas into scalable industrial applications**. Such a framework should start with a thorough technology assessment to identify the most persisting challenges and obstacles to knowledge transfer in a specific technology field. Additionally, it should provide a toolbox to address those hurdles, for example through cooperation mechanisms, targeted funding, capacity building, targeted regulatory initiatives, and sandboxes. The establishment of Industry Advisory Bodies can ensure that all measures align with the specificities of the respective technology fields in question. Such a framework could be particularly beneficial for technologies such as artificial intelligence (AI) and quantum computing.

A Gear Shift for a Digitally Sovereign Europe

It is half-time for Europe's digital decade; yet the EU is still far from achieving its 2030 digital targets, and it is falling behind internationally. Many challenges that are decisive for a successful digital transformation and Europe's digital sovereignty have not been properly addressed during the past legislative period.

The EU needs a strategic approach to fund key technologies. It needs to speak with a unified voice in digital trade policy. It needs to systematically address the shortage of skilled labour and the need for digital skills and education. Those questions are of fundamental importance to keep up with international developments in the digital sector and position Europe as a sovereign player on the global stage. **The digital world is not going to wait for Europe – it is time to shift gears.**

To this end, Bitkom proposes the following measures:

- **Funding**: The **EU's funding policy should be revised** to meet the strategic demands of digital sovereignty as well as the dynamics of technological developments. Most importantly, the EU should double funding for the forthcoming Framework Program for Research and Innovation, since research and development is key to our competitive edge, and [Europe currently invests significantly less than the US and China](#). Revising funding policy should also feature simplified application procedures, as well as faster and more transparent decisions on grant distributions. Additionally, a stronger emphasis on short-term programs, could improve the ability of current funding policies to address relevant developments in a dynamic way. A structured inclusion of companies and trade associations can support this process and improve the transparency and accessibility of EU funds. This should go hand in hand with a more diversified distribution of funds across different Technology Readiness Levels.

- **Skills**: The EU must put forward an ambitious plan to close the digital skills gap. According to the [Digital Economy and Society Index (DESI)](#), 4 out of 10 adults and one third of working adults in Europe lack basic digital skills. This is far from the Commission's target to ensure that 70 % of adults have basic digital skills by 2025. Therefore**, the Digital Education Action Plan should be expanded to include concrete commitments for investing in digital infrastructure, digital teaching materials and training of educators across all educational institutions**. Additionally, the EU should focus on strategically addressing, encouraging and supporting women on their path to equal participation in our digital future. As the DESI shows, women are particularly under-represented in technology-related professions and studies, with only one in six ICT professionals and only one third of science, technology, engineering and mathematics graduates being women. Initiatives such as the **Digital Skills and Jobs Coalition should be continued and expanded** to include concrete incentives for both private and public stakeholders to participate and commit to strengthening both digital skills and jobs.

- **Startups:** The importance of young, innovative and often also disruptive companies should be matched at the political level, starting with **a European Commissioner who is solely responsible for startups** and accompanies the implementation of **a dedicated European Startup and Scaleup Strategy**, that extends and deepens existing agendas and plans to support startup throughout their lifecycle – from the

development to the IPO. Such a strategy should **expand the newly launched European Tech Champions Initiative by increasing total commitments to at least €50 billion** to help the European VC market compete in size with similar funds in the United States and Asia. This has to be accompanied by an initiative to simplify and harmonize IPO requirements and procedures across Member States. Furthermore, harmonizing employee participation models, including administrative procedures and tax regulations, among EU countries is essential.

- **Democracy: Public discourse in the digital age remains a crucial issue for democratic societies**. Since the European elections in 2019, the EU has passed comprehensive legislation for platforms such as the Digital Services Act and the Digital Markets Act, and it proposed additional rules for transparency and targeting of political advertising. Hence, **the upcoming elections in 2024 are a crucial moment to ensure the effective application of the new rules in a uniform way across member states and to examine the need for additional regulation based on evidence**. Furthermore, privately financed audio-visual media services are essential guarantors of media diversity. This applies equally to national and international television and video-on-demand offerings. To strengthen the European media market, promote competition and facilitate refinancing of such services, lawmakers should refrain from increasing regulatory hurdles. Particularly, the adjustment of quota requirements, investment requirements for specific content, and restrictions on advertising can have serious negative consequences for the European media market. This should be taken into account in a potential revision of the Audiovisual Media Services Directive. Moreover, regulators should preserve and strengthen the European country of origin principle for pan-European offerings.

- **Trade**: To pull its full weight in international export controls, the EU should **contribute to the formation of a new body of like-minded partners to discuss dual-use goods**. Recent bilateral arrangements, such as between the Netherlands, Japan, and the United States on the export of manufacturing equipment for semiconductors to China, undermine a coherent European export control regime and prevent the EU from effectively pursuing its digital sovereignty ambitions. Additionally, the EU needs a **more coherent approach to customs policy and the screening of foreign investments**. Finally, reducing the scope of international trade agreements could contribute to more flexibility and speed up agreements for specific sectors.

Europe is halfway through the Digital Decade. **Lawmakers at EU and member state level must accelerate their efforts to achieve the 2030 digital targets**. As highlighted by the Commission's 2023 Report on the state of the Digital Decade, the EU still has a long way to go regarding investments in technologies, digital infrastructures, and skills. Particularly worrying are the trends at the global level: "the EU's share of global revenue in the ICT market has drastically fallen in the last decade, from 21.8% in 2013 to 11.3% in 2022". Turning this trend around must become a key priority of the next legislative period. Finally, the EU must also plan ahead for the time after the digital decade. **Bitkom calls on EU leaders to define the targets and milestones necessary to turn Europe into a global leader in the digital sphere from 2030 onwards.**

Bitkom represents more than 2,200 companies from the digital economy. They generate an annual turnover of 200 billion euros in Germany and employ more than 2 million people. Among the members are 1,000 small and medium-sized businesses, over 500 start-ups and almost all global players. These companies provide services in software, IT, telecommunications or the internet, produce hardware and consumer electronics, work in digital media, create content, operate platforms or are in other ways affiliated with the digital economy. 82 percent of the members' headquarters are in Germany, 8 percent in the rest of the EU and 7 percent in the US. 3 percent are from other regions of the world. Bitkom promotes and drives the digital transformation of the German economy and advocates for citizens to participate in and benefit from digitalisation. At the heart of Bitkom's concerns are ensuring a strong European digital policy and a fully integrated digital single market, as well as making Germany a key driver of digital change in Europe and the world.

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