
AT A GLANCE: LATEST DEVELOPMENTS IN THE EU INSTITUTIONS – EUROPEAN COMMISSION DRAFTS RECOMMENDATIONS FOR THE NEXT DIGITAL PRIORITIES – COMMISSION PRESIDENT-ELECT’S DIGITAL AGENDA – CONSULTATION ON EU ICT INDUSTRIAL POLICY – ELECTION OF NEW EXECUTIVE DIRECTOR – RESPONSE TO PARLIAMENT BLOCKCHAIN AND TRADE POLICY RESOLUTION – HOW CAN EUROPE BENEFIT FROM BLOCKCHAIN TECHNOLOGIES?

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GLOSSARY

AI: Artificial Intelligence, the simulation of human intelligence processes by machines, especially computer systems.

COUNCIL OF THE EU: Co-legislator, made up of representatives from Member State Governments. Has a six-month rotating presidency, currently held by Romania until the end of June 2019.

DG CONNECT: The European Commission Directorate General for Communications Networks, Content and Technology.

DLT: Distributed ledger technology, digital system for recording the transaction of assets in which the transactions and their details are recorded in multiple places at the same time.

EEA: European Economic Area countries, including EU member states and Iceland, Liechtenstein, and Norway into an internal market governed by the same basic rules.

ENISA: European Union Agency for Cybersecurity located in Athens, Greece, since 2004.

EP: European Parliament, institutions of the European Union constituted of 751 Members of Parliament directly elected by European citizens.

GDPR: General Data Protection Regulation, it replaces the Data Protection Directive 95/46/EC and is designed to harmonize data privacy laws across Europe, protect and empower all EU citizens data privacy and reshape the way organizations across the region approach data privacy.

MEP: Member of the European Parliament, a co-legislator within the EU that is made up of representatives from political parties throughout Member States.

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EU ELECTIONS

Latest developments in the EU institutions

At the beginning of the month of July 2019, after intense negotiations, the European Council proposed a package for the top EU jobs. The President of the European Commission, who was later endorsed by the European Parliament, will be Ursula von der Leyen (German/Christian Democrats) for the next five years. The President of the European Council will be Charles Michel (Belgian/Liberal) from December 2019 to May 2022. Christine Lagarde (France/Christian Democrats) will be heading the European Central Bank, while Josep Borrell (Spain/Socialist) is to be the next Foreign Affairs High Representative. Finally, David Sassoli (Italy/Socialist) is the new President of the European Parliament.

While Ursula von der Leyen won the support of the European Parliament, she did so by a very narrow majority (383 votes in favour, 327 against and 22 abstentions), which raises questions over her legitimacy. This is only a little above the absolute majority of 374 she required.

The vote also signalled a lack of party discipline in the next European Parliament, which is likely to be visible on every future legislative dossier. Several Members of the European Parliament (MEPs) from different political families went against the line of their group. The Socialists are the strongest example, with the group publicly declaring its support to von der Leyen ahead of the vote, while only a small fraction actually voted in favour.

To date, fifteen countries have confirmed their designated European Commissioner candidate. If the future President of the Commission, Ursula von der Leyen, is to honour her promise to have a gender balanced Collège, she will have to pressure remaining countries to designate more female candidates, as for the moment there are only five confirmed women on the list.

Moreover, in mid-July 2019, the European Parliament elected its new Committee Chairs and Vice-Chair for the next two years and a half. **Adina-Ioana Valean** (Romania/Christian Democrats) will be chairing the Industry, Research and Energy Committee, while **Petra De Sutter** (Belgium/Greens) will be chairing the Internal Market and Consumer Protection Committee.

(Source: Intere!)

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EU ICT PRIORITIES

European Commission drafts recommendations for the next digital priorities

The European Commission Directorate General for Communications Networks, Content and Technology (DG Connect) is in the process of drafting recommendations to the new Commissioner on the next digital priorities. These priorities will feed into the Commission political agenda in the autumn.

A leaked document outlines that Artificial Intelligence (AI) is one key policy priority, as are ensuring strategic autonomy in cybersecurity and a Digital Services Act, as a possible alternative to an E-Commerce Directive review. Regulating data sharing is also a high profile issue the next Commissioner would have to address. There is also a hint of a legislative package on blockchain, but no further information is available at this stage.

Firstly, the EU is aiming at **global leadership in Artificial Intelligence**. In terms of regulating AI, DG Connect is suggesting to create a legal instrument setting out transparency obligations on automated decision-making and impact assessments on fundamental rights. These horizontal rules could be complemented by sector-specific requirements and voluntary measures (certifications, codes of conduct). For increased investment, the EU could use the various funding programmes, such as Horizon Europe and the Digital Europe Programme to invest in research and innovation and develop AI testing sites.

Secondly, **digital strategic autonomy and cybersecurity** are high on the agenda, since dependence on Huawei in 5G deployment is seen as a concern. Regarding strategic autonomy, DG Connect recommends a flagship legal act in the form of a policy blueprint to build the EU's digital strategic autonomy. This would identify priority areas for investment, such as microelectronics, cloud computing, quantum communication and high performance computing.

A Private Sector Act will set ex ante data sharing and portability obligations in sectors such as automobile, energy and health. Portability of consumer data created by connected objects and public sector access to private sector data at preferential monetary conditions are also under consideration.

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When it comes to **cybersecurity for ICT products**, services and networks, the Commission will consider two options to define cybersecurity requirements for products and services: legislation describing mandatory security objectives (horizontal or sector-specific); or co-regulatory measures in the form of a “duty of care” for manufacturers and producers. In addition, cybersecurity certification schemes will be rolled out for priority areas, such as IoT, with an assessment of whether certification for certain products or services should be mandatory.

Thirdly, a **human-centric transformation of economy and society** is desired, to find a balance between economic benefits created by digitalization and values such as freedom, equality and human dignity. For digital services, DG Connect recommends a so-called Digital Services Act that would set rules for all digital services, including on liability, illegal content, algorithmic accountability, online advertising. This could either be done via a review of the E-Commerce Directive or via a new instrument. Legislation on blockchain is also suggested.

Finally, DG Connect wants to reinvigorate democracy, trust and cultural diversity by addressing disinformation (via a co-regulatory framework) and protect children against cyberbullying, sexual harassment, self-harm and hate speech.

(Source: European Commission)

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Commission President-elect's digital agenda

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In the future President of the European Commission's political **manifesto**, Ursula von der Leyen laid down her tech priorities, which are very similar to the leaked recommendations from the Directorate General for Communications Networks, Content and Technology (DG Connect) outlined in the article above. Her main commitments are the following:

Artificial Intelligence legislation in the first 100 days: She pledged to put forward a text "for a coordinated European approach on the human and ethical implications of Artificial Intelligence". She also wants to ensure the multiannual financial framework prioritises investments in AI.

Digital Services Act: DG Connect, currently working on the challenges raised by the platform economy, raised this idea. A new Digital Services Act will "upgrade our liability and safety rules for digital platforms, services and products," von der Leyen wrote. It remains unclear whether this would mean re-opening the e-commerce directive or creating a new instrument.

Platforms: To "protect democracy," Von der Leyen wants a law on transparency for paid political advertising online, as well as a joint approach and common standards to tackle fake news and hate speech.

Data sharing: She mentions the need to find a balance between using data and ensuring security and privacy. However, she doesn't go as far as DG Connect, that talks about a new piece of legislation for data sharing in the private sector. She does however allude to "tools to allow data sharing and data usage."

Digital sovereignty: Part of her digital strategy is devoted to "technological sovereignty," specifically in blockchain, high-performance computing, quantum computing, algorithms. She wants to "jointly define standards... that will become the global norm." This matches the latest telecom council conclusions that called on EU institutions to beef up digital sovereignty.

Cyber-security: She said the EU "needs to move from 'need to know' to 'need to share'" in terms of intelligence sharing and suggests to do this through a joint Cyber Unit.

(Source: European Commission)

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Support for SMEs: ICT SMEs have been overburdened and underexploited and it is observed that initial success on the EU market does not easily translate into global competitiveness. Access to capital should be facilitated, reducing funding barriers. This would also support a culture of entrepreneurship.

Build a European start-up culture, where failure does not carry stigma: Nurturing the European start-up culture can help stimulate the building and the accelerating of start-ups, as well as their further development into scale up companies. Supporting a risk-based entrepreneurial culture and using venture capital will be key in that regard. Universities and technical colleges can play a role in that.

Cybersecurity skills and training: Building a strong cybersecurity skills base in Europe is a key prerequisite.

Building on these recommendations, ENISA is asking for feedback from interested stakeholders on a number of issues, including:

- Do you agree with the principles outlined in this paper? Please outline where you agree or disagree.
- Do you think Europe should focus on developing the cybersecurity market? If yes what do you think are Europe's competitive advantages and how do you envisage that these advantages will develop?
- Do you agree a more thorough market analysis needs to be carried out to identify where Europe has a competitive advantage in cybersecurity/ICT?
- Are there any other initiatives that could be put in place to stimulate the European cybersecurity/ICT market?
- Are there any other issues that you would like to raise to contribute to this debate?

(Source: ENISA)

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Election of new Executive Director

The management board of the EU Cybersecurity Agency (ENISA) elected Juhan Lepassaar as its new Executive Director. The Estonian is a former head of cabinet on digital affairs at the European Commission. During the past five years, he has been working on the EU Digital Single Market, steering key digital files including the Cybersecurity Act, which provided ENISA with additional competencies.

Before he is officially appointed, he still has to face the European Parliament's Industry committee in September 2019. This public hearing will serve as a test to assess if he is fit to take up his new role in mid-October.

Members of the Parliament Industry, Research and Energy Committee, experts interest in the security of 5G networks and the modalities of the agency's cooperation with third countries during a debate held in the Parliament on 23 July with Despina Spanou, Director for Digital Society, Trust and Cybersecurity at DG Connect. They are likely to ask the elected Executive Director of ENISA questions about the agency's view on digital sovereignty, on the proposed European Cybersecurity Competence Centre **proposal** by the Commission, and on the future of AI and Internet of Things security.

ENISA's management board decision is a sign of the EU's cybersecurity policy changing from a largely technical affair to a political instrument in the EU's toolbox to ensure it keeps up with global competition. Indeed, European capitals, which are traditionally resistant to share security powers, previously elected technical experts to this key position.

(Source: ENISA, European Parliament)

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BLOCKCHAIN

Response to Parliament blockchain and trade policy resolution



The European Commission has **published** its follow-up to the European Parliament resolution on **Blockchain: a forward-looking trade policy**. The Parliament document explored some of the potential impact of blockchain and distributed ledger technology (DLT) on trade and in particular how it could enhance and improve the EU's approach to global trade – including Free Trade Agreements (FTAs), Mutual Recognition Agreements (MRAs), Authorised Economic Operators (AEOs), and trade defence.

Areas of concern included the external aspects of customs and trade facilitations, cross-border data flows, SMEs, interoperability and scalability, while the Commission was asked to maintain its commitment to blockchain.

Responding to the report, the Commission stresses that it is important to avoid fragmentation and duplication of effort, noting that the European Commission Directorate General for Communications Networks, Content and Technology (DG Connect) is already developing a strategy to seize the opportunities, address the limitations, and define policies that will promote the uptake and development of blockchain-based applications in the EU. The Parliament's report should feed into that work.

The Commission also notes that it is examining the potential of blockchain for a number of trade-related aspects (excise duties, customs logistics, and traceability), but does not adopt the Parliament's suggestion to set up new advisory groups and carry out new analyses, as they feel this will result in unnecessary proliferation. A lot of work is currently ongoing under the European Blockchain Partnership and the EU Blockchain Observatory and Forum. Discussions in these groups are currently focussing on interoperability between blockchain systems, but also scalability, sustainability, how to set up an eIDAS compliant Blockchain implementation, and what the legal obstacles for Blockchain systems deployment are.

On privacy concerns, a report by the European Blockchain Observatory has shown that there were no fundamental issues that made blockchain non-compliant with the General Data Protection Regulation (GDPR).

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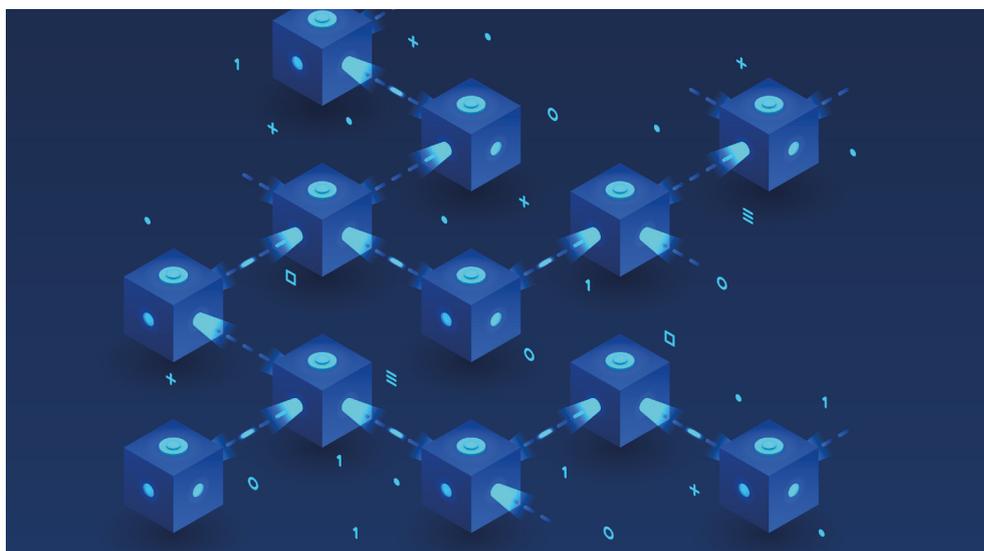
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(Source: European Commission)

How can Europe benefit from blockchain technologies?

The European Commission Directorate General for Communications Networks, Content and Technology (DG Connect) **published** a factsheet on how Europe can benefit from blockchain technologies.

The document explains that blockchain is the best known distributed ledger technology, which thanks to its decentralised nature of record keeping in combination with encryption of data provides users trust, traceability and security for exchanging their data and/or assets. Therefore, the Commission believes there is high potential for blockchain to be used in many different areas such as in financial services, supply chains, energy, healthcare and the public sector.

Concretely, the EU is supporting this “important innovation” in four different ways:

Building expertise and knowledge: Through the European Blockchain Observatory and Forum that maps blockchain initiatives in the EU; shares experience and pools expertise; identifies obstacles to scale innovative solutions; and organises debates at EU level.

Financial support: The EU has supported blockchain pilot projects through Horizon 2020, its research and innovation programme, investing €141 million since 2017 in areas such as digital identity, ehealth and energy. This could potentially grow to €300 million by 2020. One of the projects is a prize for the best project promoting Blockchain for Social Good.

Building a European blockchain services infrastructure: The European Blockchain Partnership brings together EU Member States and European Economic Area (EEA) countries, Norway and Lichtenstein in the common goal to build a Blockchain Services Infrastructure to provide digital public services across borders in a trusted environment (tax, customs, identity management, notarisation of auditable documents, professional diplomas etc).

Supporting interoperability and good governance: The Commission facilitated the setup of International Association for Trusted Blockchain Applications in Belgium as a global multistakeholder forum that brings together developers and users of

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blockchain technologies. The industry lead forum will work with public authorities and standard-setting bodies to remove obstacles for scaling innovative solutions and promoting good governance. The Commission ensures that standards for blockchain/DLT are compatible with European values and principles by actively participating in standardisation bodies.

(Source: European Commission)

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