EU leaders move Brexit talks onto future trade relations

In March 2018, EU leaders have agreed to guidelines to start negotiations on the framework for the future EU/UK trade relationship that will be set out in a political declaration accompanying and referred to in the final Withdrawal Agreement. This was made possible following progress made on the legal text of the Withdrawal Agreement covering citizens’ rights, the financial settlement, and a back-stop position to avoid a customs border in Ireland. The agreement includes a 21-month transition period from the moment the UK officially leaves the EU on 29 March 2019 to the end of 2021. In order to maintain market access during this period, the UK will apply all EU laws but without any representation in the EU’s institutions. A joint committee will be set up to handle any disputes, though with the European Court of Justice as the final arbiter. The UK will be able to negotiate and sign, but not implement, trade deals with countries outside the EU during the transition. The talks now focus on the future relationship on goods and services. Given the UK’s red lines of leaving the internal market and customs union, the EU has narrowed the scope down to a Free Trade Agreement, with guarantees for a level playing field. The EU is willing to be more ambitious should the UK’s position change. To allow time for parliamentary ratification, the framework for the future relationship and the Withdrawal Agreement should be agreed by October 2018.

SOURCE: INTEREL
ARTIFICIAL INTELLIGENCE

Europe faces shortage of artificial intelligence workforce

According to a study of the European Political Strategy Centre (EPSC), Europe is increasingly facing a “major shortage in artificial intelligence talent.”

The study suggests that the EU should (1) improve conditions and facilitate access to data for companies working on artificial intelligence; (2) boost and foster specific skills; (3) update the existing regulatory framework; and (4) establish itself on the global artificial intelligence landscape.

The European Commission is expected to come up with a communication on 25 April 2018. The Communication, which will be a non-binding policy instrument outlining an EU-wide strategy on artificial intelligence, will cover a wide range of policy topics, including the impact of artificial intelligence on the labor force, ethics, and the impact of artificial intelligence on consumers.

Source: Interel and Politico Pro
DIGITAL TAX

EU Commission unveils new digital tax measures

On 21 March, the European Commission unveiled a new initiative that aims to tax the revenues of larger technology companies. This tax will cover revenue from online advertising and digital intermediary activities (e.g. online marketplaces) and will affect companies with global revenue of €750 million and EU revenues of €50 million.

The Commission also issued a longer term initiative to upgrade the EU’s corporate tax rules. The reform would ensure that company profits are “registered and taxed where businesses have significant interaction with users through digital channels,” thus allowing countries to tax a company even if it has no physical presence in the EU. To achieve this, the proposal introduces certain criteria that constitutes a “significant digital presence,” which includes revenue generated in a certain jurisdiction, a number of registered users, and a number of contracts concluded.

Any tax initiative needs to be unanimously approved by EU governments in the Council before it can enter into force. In a joint statement, a group of the EU’s five biggest economies, including France and Germany, said they welcomed the proposal for a digital tax. Nevertheless, the new EU initiative faces a strong opposition from a group of countries, including Ireland, Luxembourg, Cyprus and the Nordic states, which favor a global solution through the Organisation for Economic Co-operation and Development (OECD).

Source: Politico Pro, European Commission
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**CYBERSECURITY**

**MEPs set to vote on the Cybersecurity Act**

Members of the European Parliament are set to vote on the proposed draft report on the Cybersecurity Act, which addresses both ENISA’s role and a European cyber certification scheme. Following the Commission’s proposal in September 2017 and the Opinion by the Parliament’s Internal Market Committee, MEP and Rapporteur Angelika Niebler, who will now look for support for her text in the Industry Committee.

While welcoming a stronger role for ENISA, such as establishing European cybersecurity schemes together with Member States and stakeholders, the setup of the schemes should be complemented by consultation platforms with the involvement of relevant industry stakeholders and professional associations.

The text also suggests a clearer scope of application of the proposal concerning certification schemes, which should not only cover products and services, but also processes throughout the life cycle of a product. Certification should remain voluntary at the basic and substantial assurance levels, but not for ICT products, processes, and services with assurance level high.

MEPs in the Internal Market Committee are expected to vote in May 2018 following amendments to the text, while the Industry Committee will cast its vote on the entire report in June 2018. Once the Parliament and Council agree on their respective positions in June, trilogue negotiations with the Commission to find a compromise agreement will kick off, possibly after the summer.

*Source: Interel*
EU Parliament president Tajani to investigate misuse of data

Facebook and Cambridge Analytica could face a hearing in the European Parliament as the EU is preparing for a strict approach to data protection.

The enforcement of EU data protection rules is the responsibility of data protection authorities, which are likely to start a joint investigation into the case as part of the workings of the so-called Article 29 Working Party. European Parliament President Antonio Tajani said his institution will also “investigate fully” the reports that Facebook misused data for political purposes. Although the European Parliament does not have the authority to force industry representatives to testify, it can put political pressure on these companies to do so, especially in light of increasing public awareness of privacy that the GDPR, which will take effect on 25 May 2018, will bring about.

Source: Politico Pro
ROAMING CHARGES

Parliament renews push to cut intra-EU phone charges

The European Parliament called on other EU institutions to eliminate surcharges for calls between EU countries, according to a letter addressed to EU ministers.

MEP Dita Charanzová (ALDE, CZ) is gathering signatures for the letter, which is to be addressed to ministers in charge of telecommunications policies in the hope of convincing them of the political need for reforms to complete the single market of telecommunications services. In addition, the European Parliament is asking for the Commission to come forward with new research on the landscape of intra-EU calls.

With a decision on the matter expected at the end of April 2018, it remains to be seen whether the European Commission and Member States, who have been working to agree on parts of the reforms on spectrum allocation and 5G in the Electronic Communications Code, will accept the proposals.

Source: Politico Pro