

BEYOND THE DIGITAL SINGLE MARKET: HOW TO DEVELOP AND DESIGN THE FUTURE OF THE DIGITAL TRANSFORMATION

20 November 2017

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State of Bavaria to the EU

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The internet and digital technologies are influencing our world. But there are still many barriers that deny access to goods and services and that limit different actors to make use of the advantages of the new digital means. The European Union therefore aims to complement the Single Market in terms of digitalisation by creating a Digital Single Market. The exposure to digital technologies is one of the most current and most discussed topics in the European Union, but what has actually been reached regarding the Digital Single Market, what kind of progress still needs to be made and which challenges will have to be overcome in the future? These were some of the questions addressed during the event 'Beyond the Digital Single Market: How to develop and design the future of the digital transformation' on 08 November 2017. The event took place as part of 'Think Digital!' – a year-long series on the opportunities and challenges of the digital transformation, organised jointly by the European Office of the Konrad-Adenauer-Stiftung, Google, Siemens and ZVEI (German Electrical and Electronic Manufacturers' Association).

The event featured a keynote speech from Prof. Dr. Dieter Wegener from Siemens who was subsequently joined by Henna Virkunnen (Member of the European Parliament, EPP), Dr. Andreas Schwab, (Member of the European Parliament, EPP), Luukas Ilves (Counsellor for Digital Affairs, Permanent Representation of Estonia to the EU), Adrian Harris (Director General, Orgalime) and Ondřej Socuvka (Senior Policy Manager, Google).

In his keynote, Wegener shared the industrial point of view on digitalisation. He stated that not only vertical but also horizontal value chains need to be integrated in order to make full use of digitalisation and that digitalisation needs to be seen as a technical development in many areas such as production or service offerings.

But how should the European Union work on the digital transformation? Wegener listed several aspects that Europe needs to keep in mind in order to stay on the right track, such as an industry-friendly regulatory framework for the European data economy, enough incentives for investments in high-performance digital infrastructure and the awareness of future digital job markets. Eventually he made clear that already the micro-economics from one single company influences human or social decisions, such as the work place or education, and that therefore only a common effort on an EU-level will manage "the European challenge to handle the digitalisation of the industries, the factories and the production plans".

In the panel discussion, all speakers complimented the attitude of the European countries towards digitalisation and their approach in tackling the upcoming challenges. At the same time it was made clear that, in a worldwide comparison, the European Union was not a pioneer. Especially digital skills are wanting: "44 percent of adults have low or no digital skills at all", said Henna Virkunnen.

To improve the development and integration of digital technologies in our everyday life, Adrian Harris mentioned that a strong collaboration between politics and the econ-

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omy is of particular importance. This should lead to an improved implementation from theoretical decisions into practical exercise, which is one of the most difficult but at the same time one of the most important steps. In order not to only focus on challenges, problems or difficulties for the Digital Single Market, Wegener emphasized its advantages: A strong European Digital Single Market could help us to accomplish and finalise the many benefits of the European Union, such as the freedom to travel or the cultural diversity. This means that the digitalisation of our society and economy is a great opportunity.

Although the European Union devotes a great effort to creating a better digital single market, maybe an investment problem might be a stone lying in the way of developing and designing the future of the digital transformation. Andreas Schwab explained that investments are always connected to risks, as in Europe there is a suboptimal infrastructure compared to the United States and other leading economies. But, as the key-focus in concern of digitalisation exquisitely is on investments, as Luukas Ilves made clear, improvement must be made in this regard.

Furthermore, the panellists highlighted that collaboration and harmonised laws for all member states are one of the most important aspects in order to improve progress and to diminish the investment gap between the countries. Modulation between the member states does not only play a role with regards to laws but also concerning data-protection in the EU. Until now, in Europe there is still heavy administrative burden which makes the European economy less flexible and therefore less competitive.

The panel discussion was followed by a question and answer session, which saw a lively debate between the audience and the representatives from politics and the economy.

For example, one of the participants addressed the effect that a free flow of data would have on companies. Andreas Schwab, agreed that *"we should care about how to*

allow companies and start-ups to get data" but then also explained how a liberalisation of data protection rules would be a huge balancing act, in particular as Europe has always put data under strict protection.

The panellists and the audience further discussed ways of improving digitalisation: Wegener stated that Europe had to practice in the field of digital, and then to use the experiences made in this process to create new rules for a better digital development.

He went on to say that the European Union needed to teach all people the necessary digital skills in order to avoid the risk of having two groups of people: Those who profit and those who do not profit from digitalisation.

To conclude, the panellists made clear that digitalisation is a great opportunity for Europe and that policy makers and business owners will need to focus on the digital transformation in order to develop and design the future. At the same time, challenges will need to be tackled and many steps will need to be made. But all speakers on the panel were optimistic that in the long-run Europe can only profit from digitalisation.