Make it Simple: Our blueprint for a more innovative Europe.

The Innovation Club’s ideas for Europe’s Digital Future.

21 May 2024
In the past legislative period, the European Union’s ambitious regulatory agenda for the Digital Single Market has not only laid the foundations to build resilience, reduce strategic dependencies and improve European long-term competitiveness, but also coincided with an exponential acceleration of technological developments. It is becoming increasingly evident that emergent technologies, including generative artificial intelligence, are having a huge impact on our economies.

Europe therefore finds itself at a crucial juncture. Much of the intellectual property that underpins innovation comes from Europe or from Europeans. With a significant number of EU legal acts adopted in recent years, we have jointly created a comprehensive European legal framework to underpin the digital transformation. In the coming years, its effective and efficient implementation must be prioritised. We need to create an innovation-, investment- and competition-friendly environment, while also ensuring that burdens and costs for businesses, especially start-ups and SMEs, are reduced in the digital sphere. Systematic barriers and cumulative regulatory burdens must be identified and properly addressed.

Towards this end, below, the Innovation Club offers recommendations to the European Commission built on four pillars: (i) reducing the regulatory burden, (ii) ensuring high-class digital infrastructure, (iii) advancing Europe on its path to a data economy, and (iv) harnessing standardisation at the international level.

Fully endorsing the Council Conclusions of 21 May 2024 on The Future of EU Digital Policy, the Innovation Club recognises that this paper does not cover all areas of EU digital policy deserving of attention. Jointly, however, the following recommendations lay the foundations necessary to develop and take advantage of the transformative potential of artificial intelligence and other emerging technologies, while we maintain and strengthen the protections of the existing legal framework, particularly with regard to consumer welfare and sustainability in the Digital Single Market.
1. **Reduce the regulatory burden and promote innovation.**

In the EU Digital Single Market, cumulative burdens arising from unnecessary regulatory overlap and reporting obligations create significant compliance costs, as well as inefficiencies. Especially start-ups and SMEs face obstacles when scaling up across borders, and bringing new digital products and services to the market. We are committed to reducing remaining barriers in the EU Digital Single market, which remains unduly and overly fragmented, in order to reap the full benefits of European economic integration whilst setting high standards.

Alongside other cross-sectoral, ambitious measures to reduce administrative and compliance burdens, the decisive goal in the next European legislative period must consequently be to evaluate, consolidate and optimise the regulatory framework to ultimately achieve a less burdensome digital environment for businesses and individuals. The outcome must be to boost Europe’s global competitiveness and ability to innovate, while maintaining high standards of consumer protection.

Therefore, the Members of the Innovation Club call upon the Commission to:

- Ensure the transparency, consistency and predictability of the regulatory processes in the Digital Single Market by putting a stronger focus on impact assessments. This requires both the performance of regular sector-based ex-post evaluations on cumulative impacts (“practice checks”), as well as the full realisation of the existing two-phase ex-ante evaluation tools. Subsequent to the well-established impact assessment accompanying the Commission’s proposal, the Council should perform targeted impact assessments before adopting its position, if there are significant changes to the initial text, and if this is considered to be appropriate and necessary for the legislative process.

- Focus on the needs of SMEs and start-ups, given that unnecessary cumulative (regulatory and compliance) costs disproportionately affect them, especially by consistently conducting the Better Regulation Toolbox’s ‘SME test’ in impact assessments.

- Increase efforts to reduce reporting obligations by 25% in the EU; focusing on compliance costs and especially reducing cumulative regulatory impacts on businesses, without undermining the policy objectives of the related initiatives.

- Scrutinise, in particular, the impacts of the Commission’s delegated and implementing acts as, in practice, a significant proportion of the cumulative burden in the Digital Single Market originates from tertiary acts. Simple, precise and short guidelines without legal effect, where appropriate
for the implementation of legislation, are helpful additions and should be provided as actionable checklists.

- Enhance and expand efforts to create a *once-only technical system*, per the SME Relief Package and Single Digital Gateway Regulation. Citizens and businesses should **not have to supply the same data to public authorities more than once**. Interoperability should enable competent authorities to query within and across member states for available data, provided they have a legal basis.

- Likewise, prioritise the **development and use of the Single Digital Gateway for citizens and businesses**, facilitating a better user-experience, giving transparent data protection guarantees, innovating public services and modernising further cross-border data exchange. Providing strategic oversight to guarantee the cross-sectoral interoperability of European information systems is vital for breaking the silo effect in EU digital services. Rather than installing new bodies to oversee progress, specialist EU agencies, such as eu-LISA, should be relied on.

- Continue the development of the **European Digital Identity Framework including European Digital Identity Wallets**, and encourage their voluntary broad usage by businesses, public services and individuals. In the long term, this will reduce bureaucracy, inter alia by simplifying and securing business and government processes.

- Enhance existing EU contact points to support businesses, foremost the **European Digital Innovation Hubs** (EDIHs), while the regulatory burden is being addressed systematically. The Commission shall develop a virtual assistant (e.g. Chatbot) which is able to provide authoritative information on relevant EU regulations and which shall offer multilingual support, reducing costs. It shall be able to interlink with existing instruments and initiatives. The Commission should provide the contact points with their guidance in actionable formats (e.g., checklists for start-ups and SMEs on AI Act compliance).
High-class digital infrastructure is a pre-condition for a successful digital transformation to the benefit of both our society and economy. It boosts the Single Market from within, contributes to the EU’s digital sovereignty and raises the EU’s global competitiveness. While significant progress has been achieved, not all Europeans are able to benefit from the full potential of this infrastructure yet. Concurrent challenges, such as rapid technological developments and the geopolitical context, must be considered in their further roll-out. The European Union must promote the achievement of connectivity goals, and recognise that today’s challenges require adequate and flexible approaches and the right distribution of competences. The EIB has a role to play with a view to supporting the necessary investments and helping to address critical challenges.

Therefore, the Members of the Innovation Club call upon the Commission to:

- Promote the development of sustainable, high-class digital infrastructure that strengthens EU-wide digital sovereignty, as well as address cross-border infrastructure gaps. Recognise that this does not only require openness to new approaches, but also the consistent and vigorous implementation of existing measures.

- Uphold a legislative framework for digital connectivity that incentivises competition, competitiveness, investment, innovation and consumer welfare at the same time. Competition and competitiveness have proven to be relevant factors of innovation and consumer welfare.

- Pursue the possible scenarios under Pillar III of the White Paper of the European Commission on digital infrastructure and the actions outlined in the Cable Recommendation.

- Establish a clear governance framework for high-class, resilient, trustworthy and secure submarine data cable.

As an impetus for resilient connectivity infrastructure (e.g. resilient submarine data cables, land-based cross-border connections) has already been set for the next European legislative period, these initiatives should recognise that success lies in a layered approach between the EU and member state level.

2. Ensure high-class digital infrastructure as an enabler for a digitally transformed Europe.
infrastructure. The framework must avoid unnecessary administrative burdens for businesses and member states, and ensure confidentiality of the collected and exchanged data. The approach at EU level should interlink efficiently with any approaches at international level and should recognise existing best practices.

- Diversify and develop land-based, cross-border data connections, including by advancing the TEN-E and TEN-T projects.

- Provide, where feasible, uniform infrastructure monitoring and technical support, similar to the European Maritime Safety Agency’s air monitoring, to oversee and protect land-based and submarine data cable infrastructure.

- Promote sustainable and high-performance computing centres, including for the training of large language models (LLMs), which is sufficiently equipped for foreseeable technological demands. These centres shall improve access and opportunities, especially for start-ups and SMEs pursuing high-performance LLMs and other developments made in Europe.

- Maintain the net neutrality principle as a paramount principle of the telecommunications framework, and an important means to preserve the free and open internet. It should therefore be recognised as such and enshrined as one of the core principles of European telecommunications policy.

- Address the significant funding and investment needs identified for the timely roll-out of gigabit and 5G-infrastructure by including such investments in the Taxonomy Regulation. Carry out assessments which digital technologies should be defined as ‘sustainable’, in order to foster investment.
Data is a key asset for innovation, economic development and global competitiveness for the EU. Major advances in Artificial Intelligence (AI) are predicated on the availability of massive data sets. The volume of data continues to increase exponentially, but Europe is failing to take advantage of the many data assets our businesses, people and governments generate every day.

During the past decade, Europe has put in place a comprehensive legal framework for data access and reuse (in the form of the GDPR, Data Act, Data Governance Act and Open Data regulation). However, much remains to be done to realise the goals set in legislation, and further steps are required to make the use and reuse of personal, non-personal, public and private data more common. With ambitious action, we should aim for the data economy to constitute 10% of EU GDP by 2030.

We need to better utilise technical and organisational approaches such as the 'once-only' principle, robust anonymisation and pseudonymisation to ensure data minimization, transparency, security and control over data, while allowing for better reuse and access to data in standardised formats.

Individuals should be empowered through control over their personal data, ensuring transparency, security, and trust in the digital economy.

Therefore, the Members of the Innovation Club call upon the Commission to:

- Ensure the comprehensive and consistent interpretation and implementation of existing data protection frameworks across the EU, which are adaptable to the evolution of technology, digital services and business models in the data economy.

- Propose and implement technical infrastructures, guidelines, incentives, and standards where these support consent-based data sharing, enabling government and citizens to share their government-held data with third parties.

- Consent management services for end-users in accordance with the GDPR should be implemented as tools to provide users with greater informational self-determination and safety online, while providing reliable consent to service providers.

- Recognise and incorporate privacy-enhancing technologies (PETs) to enable the reuse of sensitive and personal data, and include them in EU and other public sector projects, to demonstrate their value and feasibility. For example, the use of PETs should be encouraged in data sharing for healthcare and cross-border services, but
also as means of compliance with privacy obligations in general.

- Foster the uptake of PETs by publishing comprehensive guidelines and best practices for the implementation of PETs across sectors, and dedicate additional funding for their research and development.

- Create regulatory and technological sandboxes for businesses and the public sector to test innovative digital and data-driven solutions in a real-world environment, without immediately incurring all regulatory requirements.

- Expand initiatives towards Common European Data Spaces and develop data marketplaces for the private and public sectors. These initiatives enable seamless data sharing and interoperability across borders, sectors, and businesses in a secure and privacy-preserving environment.

- Require and, as far as necessary, enable public and private sectors to make open data more accessible, fostering innovation and the development of new data-driven services and products, for example by establishing new high-value data set categories and interfaces.

- Provide recommendations and guidelines to member states on how to attract top AI, data and digital talent, including by establishing a programme to identify and draw skilled professionals to the European Union. Promote a pan-European community of data experts covering all stakeholders, including the private sector, government, research institutions, civil society, and citizens, as similarly already exists in form of cyber defence communities in some member states.

- EU AI governance must have innovation and businesses at its heart, and send a strong signal to the global AI ecosystem, with a view towards attracting top global talent. The goal must be to make Europe an even more attractive place in light of global competition.

- Improve the uptake of the data generated by the EU Space Programme for the policies of and use by other Directorates and executive agencies, thus increasing the return on investment of the EU Space Programme and its infrastructure.
4. Leverage standardisation to boost EU competitiveness.

As regulation and technical standardisation increasingly interact in EU initiatives, a more strategic approach is necessary, which supports the competitiveness of our industries (i.a. manufacturers, network operators, service providers) by way of standard-setting in international forums.

Recent changes in the geopolitical and technological environment require our diligence in international forums. We need to be determined to work more actively in order to firmly advocate for standards for digital technologies reflecting the principles of democracy and human rights.

Therefore, the Members of the Innovation Club call upon the Commission to:

- Support the increase of the number of European experts in standardisation bodies. European actors, in particular from our industries that deliver innovation and including civil society, must engage or be supported in their engagement in global and EU-level standard-setting forums, especially for cutting-edge topics, data technologies and data governance. **Active involvement in standardisation bodies** (e.g. as chair or vice chairs of working groups) ensures EU businesses remain competitive on a global scale, and that they have a say in the standards’ ultimate parameters.

- Ensure **better communication** regarding the importance of standardisation for European companies and civil society organisations. Start-ups and SMEs, in particular, should be informed of developments in the standardisation committees so that they can voice their interests in good time if necessary.

- **Consider technical requirements to facilitate regulatory compliance** and take into account the strengths of European companies, their innovation capabilities, and technological advantage over third countries, in the process of developing standardisation requests, recognising that this is an important tool for the EU to influence the development of European standards.

- **Encourage the implementation of unified standards for data** as a tool to facilitate data exchange, interlinkage and re-use, by specifying applicable standards in regulation or tertiary acts, where possible. The benefits of standardised business data are manifold, allowing for interoperability in B2B, B2G, G2G and G2B operations.

- **Accelerate the development of common technical standards, specifications, and certification schemes needed for successful implementation of the renewed eIDAS Regulation including the EU Digital Identity Wallet, thus avoiding additional fragmentation in Europe.**
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