

Policy Recommendations for a European Tech Agenda

Europe's opportunity to preserve an enabling environment for innovation and ensure its global competitiveness and security

The Information Technology Industry Council (ITI) is the premier advocate and thought leader for the global technology industry. ITI's membership comprises 70 of the leading technology and innovation companies from all corners of the information and communications technology (ICT) sector, including hardware, software, digital services, semiconductor, network equipment, cybersecurity, and Internet companies.

The technological innovations of ITI's members, and the digitalisation of the economy more broadly, bring innumerable benefits to European industry and society. The tech sector empowers European companies of all sizes and across industries – from agriculture to education, financial services to manufacturing, healthcare to energy and transportation – to leverage frontier innovations towards competition and success in the global marketplace. Whether it is sensors that detect health and safety hazards for workers in real time, or artificial intelligence that allows doctors to analyse complex medical data faster than ever, technology allows us to address some of the most challenging issues of our time and improve the quality of everyday life for Europeans. The tech sector is also already taking significant steps to help prepare the workforce of the future for the shifting skills and competencies that are required in the 21st century.

Tech policy is a crucial priority in the 2019-2024 EU term, one on which Europe has an opportunity to play an international leadership role on policy issues that are increasingly global. ITI and its members believe that building trust and fostering the public interest in the era of digital transformation are essential. Our companies have made great strides in bringing the positive societal benefits of transformative technologies to fruition and remain committed to upholding the fundamental principles of privacy, inclusivity, transparency, and democracy that underpin European society. We believe in the importance of preserving an enabling environment for innovation to ensure Europe's global competitiveness and security. Europe's digital infrastructure is the foundation for that. 5G is a core element to support digital transformations in industry and society, estimated to enable more than €2.2 trillion worth of economic output in Europe by 2030.

ITI has developed recommendations outlining concrete steps that policymakers can take, in partnership with industry, academia, civil society, and other stakeholders, to effectively implement the ambitious agenda for **"Shaping Europe's Digital Future"** launched by the European Commission in February 2020. Our recommendations address the economic and social implications of technology and the role of our industry, in a manner that supports innovation, while recognising the public interests at stake.

Read ITI's full EU Policy Recommendations [here](#).

Trade

Promoting 21st Century commitments for Europe and the global economy

Amid turbulence in the international trading system, the EU is positioned to further its standing as a champion of multilateralism and open markets through leadership both at the World Trade Organisation (WTO) and in its domestic policies. Europe can demonstrate to economies around the world that open economic policies facilitate productivity gains and investment, which in turn foster new technologies, research and innovation. The ICT sector shares the view that a rules-based trading system provides the necessary stability to ensure continued growth, development and inclusivity in the global economy. Global trade challenges demand meaningful international cooperation, and ITI will support the EU's efforts to drive the reforms necessary to ensure that global trade rules remain relevant, effective and enforceable.

The last decade has seen a fundamental shift in the way global trade is conducted. **Globally competitive companies across all sectors rely on a vast array of data-driven digital technologies to produce, export, market, and sell goods and services.** Global cross-border data flows grew by 45 times from 2005 to 2015, and 75 percent of the value created by cross-border data flows accrues to traditional industries. Technology products and services drive growth and job creation in virtually every sector of the economy. EU manufacturers of automobiles and aircraft depend on real-time access to global data as a means of conducting their day-to-day operations, driving innovation in the implementation of new technology, and improving product performance and safety. EU small businesses of all types leverage technology platforms to reach new customers in foreign markets – an impossible feat only a decade ago.

However, commitments in trade agreements have not kept up with the rapid pace of change in global trade. Companies are increasingly subject to conflicting and restrictive national policies governing digital services and emerging technology, driving the need for strong trade policy tools. **Updated digital trade rules at the WTO and in future free trade agreements (FTAs)** are necessary to ensure that companies can continue to grow, innovate and create jobs. As the EU continues its active engagement in WTO E-Commerce Negotiations, it should seize the opportunity to lead in the advancement of trade provisions that meaningfully combat barriers to digital trade, including discriminatory data governance policies in order to uphold, while advancing best practices for regulatory frameworks that serve the public interest and allow for the transparent and non-discriminatory transfer of data across borders.

At the same time, the EU's efforts to expand its trade and investment relationships with key trading partners provide important opportunities to advance commercially meaningful, high-standard outcomes and foster regulatory compatibility in areas of emerging technology. This remains crucial in the context of the **transatlantic commercial relationship, the largest bilateral trade and investment relationship in the world.** The U.S. is the largest non-EU consumer of EU digitally enabled services exports, accounting for \$179.6 billion in 2017, more than all comparable EU exports to Asia and Oceania. Through deepening engagement, the EU and the U.S. have the opportunity to establish a model for the promotion of regulatory compatibility across sectors, including through increased reliance on global, industry-driven, voluntary consensus standards. Convergence on these solutions is increasingly important as both governments pursue fit-for-purpose approaches to regulating digital services and emerging technology. In addition, working with the U.S., Japan and others, the EU can build on recent successes (like the [Joint Statement of the Trilateral Meeting of the Trade Ministers of Japan, the United States and the European Union \(14 January 2020\)](#)) by **fostering consensus on new rules to address unfair trading practices.**

Elsewhere, we support the EU's efforts utilize existing bilateral initiatives with countries like Indonesia to **directly confront barriers to trade in ICT goods and digital services**, including the potential imposition of tariffs on electronic transmissions. Similarly, the EU should seek to advance strong, non-discriminatory intellectual property protections, including through provisions that curb counterfeiting and piracy.

Finally, as the EU engages the UK to establish the parameters of **the future economic relationship**, we strongly support its efforts to pursue a mutually beneficial, forward-looking bilateral arrangement that prioritises the **continued cross-channel movement of data**, as well as **pragmatic, flexible approaches to regulatory compatibility** that facilitate innovation, the open exchange of goods and services, and strong protections for privacy, security, safety, and the environment.

Our Recommendations

1. **Pursue a vision of free trade and open markets.** Through political prioritisation and continued intergovernmental cooperation, we call upon the EU to safeguard and revitalise a multilateral trading system that continues to provide a stable, predictable, and effective framework for companies of all sizes across the world. This will help economies grow and prevent the risk of trade disputes.
2. **Advance the EU-US trade relationship.** ITI strongly supports a **structured dialogue between the U.S. and EU** to deepen trade engagement and facilitate greater cooperation on areas of common concern. This dialogue could serve as a venue to facilitate greater collaboration on unfair trade practices of common concern, including subsidies, state-owned enterprises and barriers to digital trade; facilitate greater collaboration on security challenges of common concern, including through alignment of, i.e. export control policies; and engage on emerging digital policy initiatives with a view to fostering interoperability and limiting the emergence of market access barriers.
3. **Develop a forward-looking framework for economic partnership with the UK.** In near-term engagement with the UK on the terms of the EU-UK future economic relationship, we encourage the EU to pursue a mutually beneficial, forward-looking bilateral arrangement that prioritises the continued cross-channel movement of data, as well as pragmatic, flexible approaches to regulatory compatibility that facilitate innovation, the open exchange of goods and services, and strong protections for privacy, security, safety, and the environment.
4. **Craft a balanced approach to data flows in trade agreements.** We encourage the EU to work with industry and like-minded governments to craft a balanced approach to data flows in trade agreements that allows data to flow freely across borders while safeguarding strong privacy protections. Trade agreements should not be used to regulate or circumscribe appropriate privacy or cybersecurity practices. They should rather contain narrowly tailored exceptions to digital trade provisions to allow participating countries to adequately protect data while preventing the imposition of overly restrictive or discriminatory measures.
5. **Advocate for fair and open trade relationships vis-à-vis global partners.** In collaboration with industry and like-minded governments, Europe should address policies and practices of third countries (e.g. China, Vietnam, South Korea, India, Indonesia) that unjustifiably restrict the movement of data, disregard intellectual property protections, create unfair competitive conditions and hinder the development and use of innovative technologies, including market-distorting subsidies, forced data localisation measures, and other requirements to use local servers and software, rather than best available technology.
6. **Advance engagement in the WTO E-Commerce Initiative.** The EU should seek to secure the strongest possible commitments for eliminating or reducing barriers to trade and facilitating the development of strong, interoperable regulatory frameworks in areas like privacy and cybersecurity. These include

commitments to facilitate the flow of data across borders; prohibit localisation of data and forced disclosure of source code, algorithms, and encryption keys; expand market access commitments in sectors key to e-commerce, and simplify and expedite customs clearance procedures. The EU should continue to lead in seeking a permanent moratorium on customs duties on electronic transmissions.

7. **Pursue strong digital trade chapters in FTA negotiations.** We encourage Europe to factor the commitments noted above into its work on bilateral and regional FTAs. Doing so is particularly important in bilateral engagements where such commitments would serve to directly address existing **barriers to trade in ICT goods and digital services.**
8. **Continue to advance the Better Regulation agenda.** The European Commission should do so with respect to proposed regulatory approaches to digital services and emerging technology, with a view toward increasing regulatory transparency, ensuring coherence across legislative acts, improving WTO notification practices and preventing the emergence of technical barriers to trade.