

# GROWING THE TRANSATLANTIC DIGITAL ECONOMY

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Digital technology is at the center of today's economic debate due to its wide use during the COVID-19 outbreak. While technological advancements were already changing the world over the past two decades, the pandemic has further amplified the adoption of new technologies. In the CEE region, the lockdown-induced digital acceleration was particularly visible during the first months of the coronavirus crisis, with the rate of growth of the [digital economy](#) being almost twice as high as the year-on-year change observed in 2017–2019.

Synchronized with the EU's recovery plans and strategic priorities, it is already clear that the future growth model for CEE should be based on digital and green technologies. At the same time, the region's digital transition is an opportunity to grow not only its economic future, but also its political influence within the EU and in the transatlantic relationship.

Over the past couple of years, the area of digital policy has been affected by tensions between Europe and the US. The contested issues ranged from the Donald Trump-led push against Chinese providers of [5G technology](#), the invalidation of the [US privacy shield](#) by the EU Court of Justice, to Europe's plans to impose [digital taxes](#).

The approach of the new Biden administration towards the EU-US relationship in public policy in general as well as technology policy depends on which party gains control of the US Congress, which will become clear after the Senate elections in Georgia on January 5<sup>th</sup>, 2021. However, given Biden's lifelong propensity for transatlanticism, we can expect that the tone of debates will shift from friction towards more collaboration respect regardless of the January results.

Keeping this in mind, we hereby propose a set of design principles that should be taken into consideration by policy makers on both sides of the Atlantic to help them nurture the transatlantic digital economy in 2021 and beyond.

## 1) REINVIGORATED TRANSATLANTIC DIALOGUE ON TECHNOLOGY & TRADE

In her State of the Union [address](#), EU Commission President von der Leyen presented the future of Europe and how the EU must work to address challenges both globally and within Europe. She stressed the importance of the transatlantic relationship, pointing out that in spite of recent disagreements, 'we will always cherish the transatlantic alliance—based on shared values and history.' One of the solutions could be a joint US-EU "[Trade and Technology Council](#)," an idea first proposed by the former EU Trade Commissioner Phil Hogan to give Western powers a framework to coordinate their position vis-a-vis Chinese technology and trade.

## 2) EU-US STRATEGIC INTERDEPENDENCE

The notion of 'digital sovereignty' has recently emerged as a way of promoting European leadership and strategic autonomy in the digital field. However, it is important to note that this should not mean that Europe becomes more isolated. Quite the opposite – Europe needs to create strategic alliances with trusted democratic allies including the US, and work on creating common regulatory standards.

It is vital that this strategy doesn't omit the importance of open markets, and the value and long-term contribution of existing cooperation with trusted non-EU partners including the US. It is also essential to further ensure a global level playing field for export-dependent countries of medium size, which are most CEE countries. The position of Europe's tech industry should be strengthened through stronger support for producing critical tech components including semiconductors, batteries, and other strategic products, as well as creating a common EU approach on digital infrastructure such as the [next generation cloud for Europe](#). Investing in digital education, upskilling and re-skilling of workers will also be of vital importance.

## 3) TECH REGULATION

The efforts to harness the powers of Big Tech have been present on both sides of the Atlantic. Recent examples on the US side include a [House Judiciary Committee report](#) backed by Democrats advocating for far-reaching remedies for perceived dominance, as well as [Senate hearings](#) with top executives from some of the largest tech companies such as Facebook, Twitter and Google. On the EU front, the upcoming [Digital Services Act](#) will tackle issues such as platform liability and content moderation and also introduce new rules for the largest tech players, the so-called gatekeepers.

Given the context of the pandemic, we are witnessing a changed consumer behavior marked by the accelerated digital adoption. COVID-19 changed the way we work, shop, entertain ourselves. It is therefore important to keep in mind that consumers have high expectations of internet services and digital products. Customers expect connected journeys while browsing websites, personalization and innovations, as well as privacy protection, and this should be taken into account when regulating. At the same time, there are increased expectations for businesses to be part of solutions and to provide transparency and confidence in their products. A rigorous public-private dialogue is therefore essential in enacting the next generation of laws ruling the digital sphere and ensuring that these continue to support innovation, facilitate economic growth, and help consumers. A re-established dialogue and cooperation between the US and Europe on trade and technology will play a crucial role in this process.

#### **4 ) CEE & US COOPERATION**

In line with the EU's digital agenda and priorities, CEE has an opportunity to become a more significant interlocutor for the US in the area of tech policy. At the moment, US policymakers rarely see the CEE region as a partner with regards to trade or digital policy (unlike in security and defense policy in NATO). However, a coordinated regional drive toward an advanced digital economy could change this perception, for example through the digital pillar of the Three Seas Initiative. An enhanced regional cooperation would raise the region's profile on the digital issues both for US investors and policymakers. Increased performance of the region will also help the EU reach its digital objectives more swiftly.

#### **CONCLUSION**

For smaller EU countries with long-standing tradition of Atlanticism, such as most CEE countries, it is particularly crucial that trade and technology policy are dealt with on the transatlantic basis. While the last four years have been very challenging for the transatlantic relationship, we can expect that the future Biden administration will reengage European allies and partners and seek closer cooperation. Building up on the convergence points in the tech agenda could be one piece of the puzzle helping rebuild that trust.

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