



Commission publishes mid-term review of the 2015 Digital Single Market strategy

Brussels, 10 May 2017

Questions and answers

The Commission has proposed by now all initiatives set out in the [Digital Single Market strategy](#) which was adopted in May 2015. Today's publication of the mid-term review gives an overview of the state of play of the Digital Single Market strategy, emphasising the political responsibility for the European Parliament and Member States to finalise key legislation and [complete the strategy by 2018](#). The review also outlines three main areas where the EU needs to act further (data economy, cybersecurity and online platforms).

The Commission also publishes today the annual [Europe's Digital Progress Report 2017](#) (EDPR), which monitors progress in digital policies in the Member States, such as developments in connectivity, digital skills or use of internet by citizens and by business. The EDPR includes reports on telecom market and regulatory developments in each Member State.

What is the Digital Single Market strategy?

The internet and digital technologies are transforming our world. But existing barriers online mean citizens miss out on access to goods and services. Internet companies, especially the smallest ones and startups have their horizons limited, and businesses and governments cannot fully benefit from digital tools. With this in mind, the European Commission launched its [Digital Single Market strategy](#) in May 2015 and has delivered 16 key measures, which in total adds up to 35 proposals and policy initiatives. Overall, good progress has been made and agreements have been reached on the allocation of the 700 MHz band, the portability of online content and wholesale roaming charges.

The other legislative proposals are now under discussion by the co-legislators – the European Parliament and the Council of the EU. *More agreements are expected – and needed – very soon, under the Maltese Presidency of the European Union, and the upcoming Estonian and Bulgarian Presidencies.*

I - A call for timely delivery and effective implementation

Why are you reviewing the strategy?

The ongoing digital revolution will transform our society very quickly. We need to act to address the issues raised around digitisation. Digital technology impacts every aspect of EU policy: how we produce and consume energy, how we move from one place to another, how capital flows throughout Europe. It is essential that EU businesses grasp the opportunities of digital technology to remain competitive at global level, that EU startups are able to scale up quickly, with full use of cloud computing, big data solutions, robotics and high speed broadband, thereby creating new jobs, increased productivity and sustainability.

All of the initiatives now need to become reality starting with the adoption by the European Parliament and the Council and following through with implementation by the Member States. The Commission encourages a swift adoption of the legislative proposals, which will guarantee digital growth and new opportunities in the EU. A fully functional Digital Single Market could contribute €415 billion per year to the EU's economy and create hundreds of thousands of new jobs.

The mid-term review adopted today identifies three main areas where further actions are necessary as soon as possible, to ensure a fair, open and secure digital environment: (1) spurring the European data economy, (2) jointly tackling growing cybersecurity challenges, and (3) promoting fairness and responsibility of online platforms.

The Review also shows that substantial additional investment in digital skills and infrastructure and technologies, combining resources from the EU, Member States and private sector is essential. We must also create a legal framework that stimulates innovation and tackles market fragmentation to enable a clear, stable and trusted environment where all players can operate under fair and balanced conditions.

II - Ensuring a fair, open and secure digital environment

Why is the data economy identified as an area for further action? What will be done in practice?

The data economy can enable business growth, modernise public services and empower citizens. The value of the data economy can increase to €739 billion by 2020, representing 4% of the EU's GDP, according to a high growth forecast scenario. For this to happen, data needs to be continuously accessible and allowed to move freely.

While the [General Data Protection Regulation](#) already sets the rules for personal data (and explicitly forbids localisation requirements unless they are for national security reasons), non-personal data is outside the scope of the current rules, meaning that restrictions on the free movement of such data can be imposed at national and regional level.

By autumn 2017, the Commission will prepare a legislative initiative on the cross-border free flow of non-personal data based on principles such as free movement of data, porting data and/or availability of certain data for regulatory control purposes.

In spring 2018, the Commission will prepare an initiative to improve the access and reuse of public and publicly funded data, for example, in the areas of public transport and public utilities. The Commission will also continue work on liability and other emerging data issues, e.g. ownership of non-personal data.

How does the Commission plan to tackle cyber threats?

As our economy and society moves to ubiquitous connectivity, we have become more vulnerable to cyberattacks, with security breaches causing significant damage. Connected products and systems need to be safe from the moment they are marketed. Big data, cloud applications or essential industrial capacity also need enhanced cybersecurity. If the EU fails to respond to cybersecurity challenges it could sacrifice up to €640 billion of potential EU economic value.

By September 2017 the Commission will review the [EU Cybersecurity Strategy](#) and the mandate of [European Union Agency for Network and Information Security](#) (ENISA), to align it to the new EU-wide framework on cybersecurity ([Directive on security of network and information systems](#)) leading to improved security in the EU. The Commission will also work to propose additional measures on cyber security standards, certification and labelling to make connected objects more cyber secure.

What is the Commission planning regarding online platforms?

Online platforms are key societal and economic players for growth in the digital economy, but at the same time have become essential access points to the internet. Almost half (42%) of SME respondents in a recent Eurobarometer survey^[1] said they use online marketplaces to sell their products and services.

In its May 2016 [Communication on Online Platforms](#), the Commission identified two specific issues for further investigation: 1) study platform to business trading practices in order to ensure a fair and innovation-friendly business environment; and 2) ensure that illegal content online can be easily reported and effectively removed.

By the end of 2017, the Commission will prepare legislative instruments to address the issues of possible unfair contractual clauses and trading practices identified in platform-to-business relationships, based on a thorough Impact Assessment.

The Commission has initiated several dialogues with online platforms (e.g. [EU Internet Forum](#), [Code of Conduct on illegal online hate speech](#), [Memorandum of Understanding on the Sale of Counterfeit Goods over the Internet](#)) and plans to better coordinate these within the Digital Single Market. One of the aims is to move forward with the procedural aspects and principles on removal of illegal content – notice and action – based on transparency and protecting the fundamental rights.

The Commission is also using its competition enforcement powers to enable fair competition in the platform economy. Only last week, the Commission adopted a [decision rendering legally binding commitments offered by Amazon on preliminary competition concerns](#) relating to a number of clauses in Amazon's distribution agreements with e-book publishers.

III - Managing the digital transformation of our society and economy and going global

How will the Commission promote the uptake of necessary digital skills?

90% of existing jobs require some level of digital skills. Europe is improving in digital skills, but this progress is slow. Under the [New Skills Agenda for Europe](#), the 'Upskilling pathways' initiative will help

low-skilled adults to acquire a minimum level of literacy, numeracy and digital skills. The Digital Skills and Jobs Coalition will mobilise businesses, social partners and public authorities to improve digital skills and help optimise the use of EU funds to raise skills levels and employability.

The Commission will launch the "Digital Opportunity" scheme in 2018, a [pilot project](#) giving graduates in all disciplines hands-on experience through cross-border internships in the digital area.

How will the European Commission ensure the necessary funds for the connectivity requirements of a fully functional Digital Single Market?

A successful Digital Single Market requires excellent infrastructure. The EU is already mobilising €50 billion of public and private investments for the digitisation of industry. The European Fund for Strategic Investments has, to date, leveraged almost €17 billion into the digital sector. The EU has also made available €21.4 billion of European Structural and Investment Funds for digital. However a lot more investment in digital is needed, and there is potential to better combine and complement EU funding programmes with other sources of public and private financing. For example, the EU Guidelines allow specific state aid to support the [rapid deployment of broadband networks](#), encouraging the Member States to invest in connectivity.

Why is high-performance computing a priority for the European Union?

[High-performance computing](#) (HPC) is critical for the digitisation of industry and the data economy. It enables the transition to higher value products and services. Europe cannot risk becoming dependent on data processing facilities in third countries and allowing innovation to leave Europe.

By the end of 2017, the Commission will propose a legal instrument that provides a procurement framework for an integrated world-class high-performance computing infrastructure capable of at least 1018 calculations per second (so-called exascale computers) and data infrastructure to ensure that Europe is in the top-3 facilities in the world by 2022-2023.

This infrastructure is essential to support the [European Open Science Cloud](#). This will allow millions of researchers to share and analyse data in a trusted environment across technologies, disciplines and borders. The Commission has already made open research data the default option for projects funded under [Horizon 2020](#). A roadmap for governance and funding will be presented to Member States in the autumn of 2017, based on the outcomes of the European Open Science Cloud Summit of 12 June.

In the long-term, quantum computing holds the promise to solve computational problems beyond those addressed by current supercomputers. Therefore, the Commission is also [stepping up efforts](#) to fully unlock the potential of quantum technologies.

The Commission is also looking into the potential of blockchain and artificial intelligence technologies.

Why is there a need to digitise health and care services? What does the Commission plan?

Digital transformation of health services holds enormous promise for better quality health care at affordable costs, whilst boosting innovation and business growth. Innovative digital solutions are required to meet critical health challenges such as the prevalence of chronic and infectious diseases and to ease the strain that an aging population puts on national health systems.

The Commission wants to unlock EU added value for citizens, patients and researchers. It will work with interested Member States to ensure secure cross-border transfer of health records electronically and use e-prescriptions to dispense citizens' medication when people are travelling abroad. In addition, it will promote high-performance computing capacity to unlock the potential of big data for health through advanced data analytics such as in areas of development of medicines and early detection of emerging infectious diseases.

How does Europe work for an open global digital economy and society?

Europe's regulatory framework for the digital economy (e.g. on data protection, net neutrality, telecommunications or audiovisual) is a strong reference point for many outside Europe and it is Europe's main asset in the global digital economy and society. Further, the EU is engaging with third countries public authorities via digital dialogues and in international multi-stakeholder fora, and together with organisations like Organisation for Economic Co-operation and Development (OECD), International Telecommunication Union (ITU), United Nations, G7 and G20, to build support for an open digital global economy by removing unjustified barriers distorting free trade flows and investments, and for maintaining an open, free and safe cyberspace.

As part of its support to the [Sustainable Development Goals](#), the Commission intends to mainstream the use of digital technologies and services to broaden the reach of the EU's Development Policy. The [Digital4Development](#) approach promotes digital solutions as part of the fight against poverty and inequality with the initial focus on Africa, where actions such as mobile payments have been shown to have the biggest impact.

How can we make sure that the digital economy takes into account the need for adequate social protection and respect for employment rules?

The digital economy brings about a lot of new opportunities, but challenges too, especially related to social questions such as access to social protection for workers on atypical contracts. Aiming to avoid that new precariousness and inequalities would emerge, the Commission launched on 26 April a consultation of social partners on [access to social protection for all](#) as well as on rules on [labour contracts](#) as part of its [European Pillar of Social Rights](#). More specifically, the Commission wishes to open a debate on minimum safeguards as regards labour contracts and social protection that every worker, including those working in non-standard employment such as online platform workers, should benefit from.

[1] Eurobarometer on *Attitudes towards the impact of digitisation and automation on daily life*

See also [IP/17/1232](#)

MEMO/17/1233

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