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Six digital priorities for the Swedish Presidency to build a competitive and resilient Europe

On 1 January, Sweden will take over the Presidency of the Council of the European Union, concluding a Presidency Trio that has been at the juncture of overlapping economic and geopolitical crises. The first half of 2023 will be vital to delivering on our goals for the digital decade, including: delivering AI and Data Acts that support innovative companies; a Cyber Resilience Act that protects us without strangling the software sector; a renewed focus on digital skills as a top priority; an accelerated twin digital green transition; and a closer cooperation with our allies.

Cecilia Bonefeld-Dahl, Director-General of DIGITALEUROPE, said:

Sweden's experience will be crucial in shaping Europe's digital strategy. As an open, green and highly digitalised economy with focus on trade and a rare track record in producing EU tech giants, it knows the immense value of our single market. We would like to see two things high on the agenda of the Swedish Presidency.

Firstly, too many of our most innovative companies don't see Europe as a place to grow. Thirty years on from its creation, now is the time to remove the remaining barriers that push our best and brightest to leave.

Secondly, the common European Cyber Defence Policy currently on the table is historic progress. Both the private sector and public sector in Europe should commit to work as one team and create a strong cyber defence. Now Sweden is joining NATO we hope for their support to make our society safe against growing cyber threats.

Klas Wählberg, CEO of Teknikföretagen, said:

The EU needs a renewed focus on open competition and free trade as key factors for innovation, technological development and a long-term competitive

European industry. These constitute prerequisites to meet highly set political ambitions such as the twin transition and increased resilience.

Åsa Zetterberg, Managing Director of TechSverige, said:

It is essential that the EU sets the right conditions to drive the technological and digital development in face of global competition. Tech companies in Europe are the engine for European competitiveness, innovation, and prosperity – in a sustainable society.

DIGITALEUROPE, TechSverige and Teknikföretagen recommend focusing on the following 6 priorities:

1) Time to break down single market barriers

Thirty years after Europe first started breaking down barriers between nations, digital businesses still struggle to scale across borders. Europe is home to only 12% of unicorns globally and just [8% of SMEs trade across one European border](#). Sweden should leverage its vibrant start-ups ecosystem to boost European competitiveness and break down remaining single market barriers.

2) Cybersecurity: the stakes are high

The recent reformed European Cyber Defence Policy has been an historic positive step. Private-private cooperation has never been more critical to build Europe's digital shield.

The new Cybersecurity Resilience Act is an important tool to enhance the role that connected products play in increasing Europe's cybersecurity. However, extending the Act to all types of software without the necessary standards in place would be a step too far. The Swedish Presidency should focus on what is achievable at this stage. Most important, the Act must provide for a practical implementation that will meet the ambitious goals it sets. Given the stretched cyber resources, we should not rush with overly

burdensome compliance demands that industry and authorities will struggle to follow.

Innovation and security are not incompatible, but to be realised, advice and expertise from the industry must inform the legislative process. We urge the Swedish Presidency to examine potential overlaps with other acts such as NIS2, the AI Act, the Radio Equipment Directive and others to avoid unnecessary burden on companies and conflicting rules.

3) AI Act and Data Act: getting the frameworks right

While the work done by the Czech Presidency to reach the General Approach on the AI Act is laudable, we remain concerned that the overall regulatory burden on companies will discourage AI innovation in Europe, particularly SMEs with limited resources. We would therefore encourage the Swedish Presidency not to rush through the trilogue process, and to consider a “sandboxing exercise” that tests the proposals with real companies before it is concluded.

Increasing the use of data will be crucial to European competitiveness. Thus, for the Data Act to contribute to achieving this goal, the final text should enable companies in Europe to innovate and grow, while keeping in mind market realities and the contractual freedom of businesses. It is also crucial to avoid contradictions with the current privacy framework, which could endanger international data transfers.

Additionally, horizontal digital requirements affecting sectoral product regulation must be carefully considered in order to avoid an unnecessary regulatory burden being imposed on European industry in comparison to global competitors.

4) Bridging the talent gap: digital at the centre of the European Year of Skills

The Swedish Presidency can increase activities and efforts to address the skills gap across the EU.

Member States should be encouraged to cooperate and exchange experiences, including at the strategic level, on how to bridge the skills gap. This requires a series of actions: schools need to improve digital competence among students and teachers. Digital skills should be at the centre of the “European Year of Skills” and we need to start a genuine debate in Member States to encourage coding classes in schools and universities.

Key gaps, that are illustrated by, but not limited to, an example of missing over 200.000 cybersecurity specialists in the EU, can be addressed by on-demand training offers and reskilling programmes. This can only be achieved with strong sectoral cooperation between public authorities, learning providers and companies from across Europe.

Women are significantly under-represented in ICT programmes. Encouraging women and girls to study ICT, calls for countries to take joint actions.

Public-private partnerships can be an additional tool to correctly identify and afterwards work on fixing the EU’s skills gap.

5) Speeding up the twin digital and green transition: Tech and digitalisation enable the climate transition here and now

Innovative digital solutions, such as AI, IoT and blockchain, can contribute to the ability of all Europe’s most carbon-intensive sectors to reduce their emissions and to be more energy effective. For instance, a digitalised energy sector will be key in ensuring security and independence and help us reach the EU’s climate and environmental goals. Digital technologies can help deliver smart energy production, transmission and distribution which will also trigger new business opportunities in e-mobility and efficient buildings. Close cooperation between Member States, interoperability, and high-speed reliable connectivity will be critical.

Member States need to work together to include more ambition and digitalisation in the *REpowerEU* framework. It was a mistake to remove the 20% target for digital spending in the RRF when the



energy crisis occurred and the REPowerEU was agreed. In general we would like to see from both the Swedish Presidency and the EU joint ideas and actions between the digital and green transitions – we cannot afford more missed opportunities.

6) Transatlantic cooperation & building alliances: allies matter

The Swedish Presidency should keep up the momentum gained in the Trade and Technology Council (TTC), in order to strengthen the EU-US partnership on key digital topics such as cybersecurity, data flows, artificial intelligence and supply chains resilience.

We see great potential for cooperation on regulation, standard setting and research activities that would support businesses on both sides. We should avoid unilateral actions that affect the relationship and create unnecessary barriers to trade.

Finally, we encourage exploring closer cooperation with other like-minded countries, both bilaterally and through plurilateral agreements, with the ultimate goal of common solutions on multilateral level.

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