Background Paper – **From regional to global: the EU approach to digital transformation**

1. Background: Enabling Safety, Security and Accountability

One of the five themes of IGF2022 is "Enabling Safety, Security and Accountability", which links to three key issues brought about by the pervasive spread of digital technologies in all aspects of economy and society.

The so-called digital transformation, which brings enormous opportunities for citizens and businesses across the world, is in fact also carrier of significant risks deriving from the potential misuse of digital technologies. The need to tackle such risks is acknowledged since a few years in the international community and this is so more true in the aftermath of the Covid-19 pandemic, which caused a leapfrog in the penetration of digital into our societies. From hate speech to disinformation, from online child abuse to privacy breach, from cyber threats to data breaches, the potential risks call for a closer international cooperation among all the actors involved.

In the UN context, already in July 2018, the UN Secretary General entrusted twenty leaders from academia, private sectors, technical community, civil society and governments to advance recommendations on how to re-model digital cooperation on the needs of today's society. Among the proposals put forward by the High Level Panel and included in the report "The Age of Digital Interdependence", advanced the idea of a "Global Commitment on Digital Trust and Security" meant to "shape a shared vision, identify attributes of digital stability, elucidate and strengthen the implementation of norms for responsible uses of technology, and propose priorities for action."[1]

Following up on the High Level Panel's recommendations, the UN "Our Common Agenda" launched in September 2021 the idea of a Global Digital Compact meant to "outline shared principles for an open, free and secure digital future for all".[2] The relevance of the Global Digital Compact is twofold: it is a first overarching attempt to lay internationally agreed values on how to shape digital transformation. Secondly, the timing is auspicious. The UN "World Summit of the Future", scheduled for September 2023, will be a first but essential step toward the review of the Tunis Agenda, but also the last phase of UN Sustainable Goals implementation. In this sense, the Global Digital Compact stands as a first relevant step on the process to update digital cooperation.

Similar processes building commitment toward safer use of digital technologies have been brought forward by several states and international organizations. Among the most recent ones, 60 countries around the world signed the **Declaration on the Future of the Internet**, which advocates for an open, free, global, interoperable, reliable and secure internet. The Declarations affirms the indispensable linkage between open internet, democratic values and respect of the rule of law.

2. EU policy and regulatory approach to the digital transformation

The European Union, as many other global players, has been very active in shaping its approach to the digital transformation, delivering an extensive set of policy and regulatory measures aiming at ensuring

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[1] *The Age of interdependence_HL Panel on digital cooperation.pdf (cec.eu.int)
[2] *Common_Agenda_Report_English.pdf (un.org)

that it would maximise the opportunities and the benefits for its citizens, in a framework of respect of fundamental rights and democratic values.

The Europe Digital Strategy[3] and the Digital Decade Communication[4] provide policy roadmaps toward a "Europe fit for the Digital Age". The Digital Strategy set goals for the European institutions themselves to deliver "borderless, interoperable, personalised, user-friendly, end-to-end digital public services".[5] The Digital Decade Communication set policy goals for all EU member States divided in four categories: Skills, Secure and Sustainable Digital Infrastructures, Digital Transformation of Businesses, Digitalisation of Public Service. Both strategies put people at the centre of their vision, principle enshrined by the proposed **Declaration on the Digital Principles and Rights**, which states "digital technologies should protect people's rights, support democracy, and ensure that all digital players act responsibly and safely."[6]

The overall vision of a human-centric approach to digitalisation is underpinned by specific policies and legislative measures regulating different aspects of the digital space, with the intent to mitigate the risk and enhance economic opportunities for all. Some cornerstone regulatory initiatives include:

The **Digital Services Package**, composed of the Digital Services Act (DSA) and the Digital Markets Act (DMA), was proposed by the Commission in December 2020 and is expected to enter in force in the autumn 2022. The Digital Services Act is a comprehensive set of new rules regulating the responsibilities of digital services that act as intermediaries within the EU to connect consumers with goods, services and content. Digital services in this context includes online platforms, such as marketplaces and social media networks. The Commission's proposal will ensure that companies can scale up at home without unnecessary legal burdens. The rules will equally protect all users in the EU, both in regard to their safety from illegal goods, content or services, and to their fundamental rights. Once adopted, the Regulation will apply directly to all intermediary services in the Union. The proposal for the Digital Services Act sets out clear due diligence obligations for online platforms and other online intermediaries. For example, under the new rules any user will be able to flag illegal content, and will also have a clear means of contesting platforms' content moderation, both to the platform and through out-of-court mechanisms in their country. The proposal also includes measures for cooperation with specialist trusted flaggers and competent authorities, and measures to deter rogue traders from reaching consumers. It offers greater transparency requirements for online platforms about decisions on content removal and moderation, and advertising. Recognising the particular impact of very large online platforms on our economy and society, the proposal sets a higher standard of transparency and accountability on how the providers of such platforms moderate and intermediate information. It sets supervised risk management obligations for online platforms that reach the largest audiences and pose the largest societal risks.

The **Data Act**, adopted by the European Commission in February, is a key pillar of the European Data Strategy. The proposal's goal is to provide a clear legal framework for both companies and consumers on who can use the data generated by Internet of Things devices. The Data Act will give both individuals and businesses more control over their data through a reinforced data portability right, copying or transferring

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[3] https://ec.europa.eu/info/sites/default/files/strategy/decision-making_process/documents/ec_digitalstrategy_en.pdf
[4] https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/europes-digital-decade-digital-targets-2030_en
[5] https://digital-strategy.ec.europa.eu/en/news/ministerial-declaration-egovernment-tallinn-declaration
[6] https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/europes-digital-decade-digital-targets-2030_en

data easily from across different services, where the data are generated through smart objects, machines and devices. Freedom of contract remains the underlying principle but SMEs will now be protected against unfair contractual terms, due to the list of unilaterally imposed contractual clauses that will be deemed or presumed to be unfair. Clauses that do not pass this "unfairness test" will be not be binding on SMEs. For example, a clause stating that a company can unilaterally interpret the terms of the contract. The Data Act aims to unlock the value of data from private companies in exceptional situations of high public interest, such as floods or wildfires. The current data access mechanisms by the public sector are inefficient or non-existent in public emergencies. With the new rules, there will be an obligation on businesses to provide certain data, under key conditions.

Finally, the **Artificial Intelligence Act**, the first ever legal framework on AI, defines human-centred global norms to ensure a trust-based approach to Artificial Intelligence technologies, without hampering innovation and economic development. The potential benefits of AI for our societies are manifold from improved medical care to better education. Faced with the rapid technological development of AI, the EU must act as one to harness these opportunities. While most AI systems will pose low to no risk, certain AI systems create risks that need to be addressed to avoid undesirable outcomes. For example, the opacity of many algorithms may create uncertainty and hamper the effective enforcement of the existing legislation on safety and fundamental rights. Responding to these challenges, legislative action is needed to ensure a well-functioning internal market for AI systems where both benefits and risks are adequately addressed. This includes applications such as biometric identification systems or AI decisions touching on important personal interests, such as in the areas of recruitment, education, healthcare or law enforcement. The Commission's proposal for a regulatory framework on AI aims to ensure the protection of fundamental rights and user safety, as well as trust in the development and uptake of AI. Artificial intelligence is among the priorities of international cooperation in digital, featuring as well among the goals of the Global Digital Compact, which aims to promote regulations on the fast spreading technology.

The above proposals express the EU vision of rights and principles to be safeguarded online and contribute to the three main objectives of technology that works for people, a fair and competitive economy, and an open, democratic and sustainable society.

3. **Policy Questions**

The session "**Bridging regional and global perspectives: the EU approach to digital transformation**" will articulate the discussion on two main levels. Firstly, the relations between the EU digital policy and the Global Digital Compact: how the European proposals can contribute to the international community attempt to build a shared vision for digital trust. Secondly, the implications for businesses and citizens around the world on the introduction of the new rules on digital from one of the biggest consumers market: to what extent these proposals will influence the production and consumption of digital products outside Europe? Will these regulatory measures be considered an imprint for future legislations in different contexts?

According to the "Brussels Effect" developed by scholar and professor Anu Bradford, the Union is already shaping the global digital market through the rules enforced on its own market. While many regulations are technically applicable to companies providing products and services to the EU market, the influence over third countries companies and consumers is often underestimated.

Considering the international quest to ensure trust, safety and accountability of the digital revolution, this session will discuss the European action in light of its transformative potential. The session will gather

inputs from multiple stakeholders coming from different geographical realities and digital interests, with the intent to provide a 360 degrees discussion on common challenges, shared norms and principles and diverse digital regulatory approaches.