

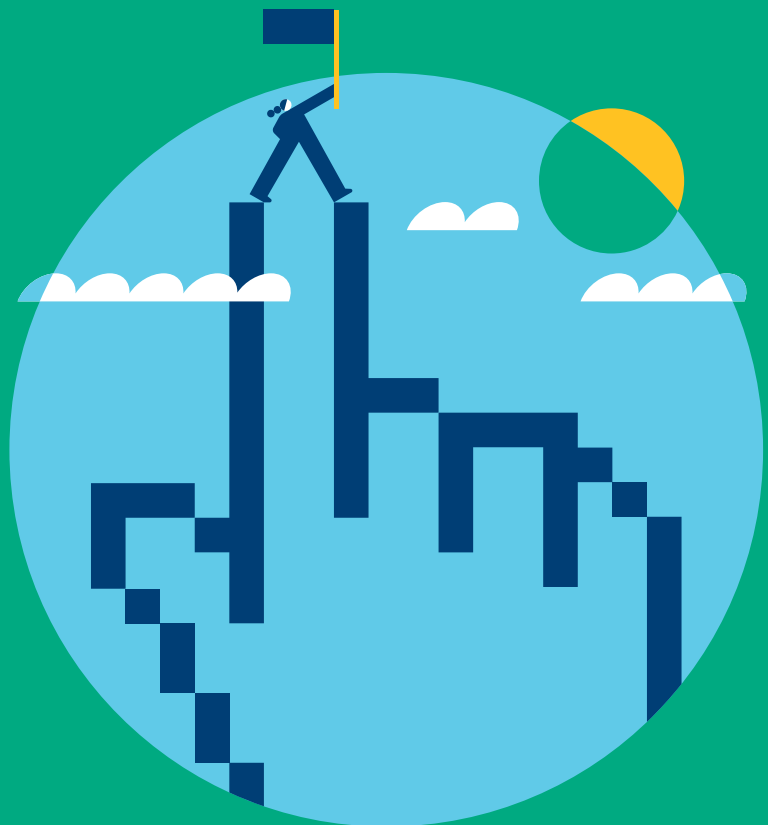


# Navigate the Headwinds

October 2022

**A Stronger Europe,  
Stronger Ireland  
Initiative**

The EU, its Member States and their business communities have an important role in helping Europe to realise shared ambitions for this Digital Decade that safeguard prosperity, fairness, and resilience.



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## About us

Ibec is Ireland's largest lobby and business representative group. Our purpose is to help build a better, sustainable future by influencing, supporting and delivering for business success. With over 250 employees, Ibec engages with key stakeholders in Ireland and internationally through our six regional offices and our Brussels office, along with an extensive international network in the UK and US.

Ibec positions are shaped by our diverse membership, which range from small to large, domestic to multinational and our 40 trade associations cover a wide range of industry sectors. Ibec members employ over 70% of the private sector workforce in Ireland.

As well as lobbying, Ibec provides a wide range of professional services and management training to members on all aspects of human resource management, occupational health and safety, employee relations and employment law.

# Executive Summary

1. Digital leadership (both at EU and national levels), partnership with enterprise and likeminded international partners are important to safeguarding EU and national resilience and navigating shared economic and societal headwinds.
2. The strong digital performance of Ireland is positive and key to helping the EU strengthen its digital leadership. Ireland and other frontrunner EU Member States must help Europe shape and realise ambitions on digital leadership by collectively safeguarding trust, investment, and innovation.
3. Ibec, along with partners in the leading European business federations have made constructive contributions to EU and D9 discussions (e.g., on the twin Digital-Green transition, Digital and data driven innovation and Digital Trade) and remain ready to support further.
4. The EU and its Member States must accelerate momentum on Europe's Digital Decade initiative and on national digital agendas to 2030.
5. Intensify work with likeminded partners to lower global barriers to digital trade and innovation. Safeguard an open strategic autonomy approach, enable international data flows, leverage the EU-US Trade and Technology Council (TTC) and engage enterprise.
6. EU and Ireland must support trust and investment in further beneficial digital connectivity, innovation, and adoption. Ireland and Member States must develop, co-ordinate and resource further capacities in preparation for expected digital regulation and cyber resilience. Ensure European regulation works with, not against further beneficial digital and data driven innovation and adoption.
7. Ensure Cybersecurity Certification Schemes safeguard trust and a smart technological sovereignty approach. Consider and agree political issues politically, not at a technical level. Further engage industry, identify, understand, and address potential impacts

# Introduction

European economies and societies are facing into challenging headwinds, including health, environmental, energy and inflationary pressures, and the ongoing military aggression against Ukraine. Digital leadership and partnership with enterprise and likeminded international partners are important to EU resilience and navigating these headwinds.

We must ensure resilience by safeguarding trust, investment, and innovation. Throughout the COVID-19 pandemic, trusted digital and data driven innovation and international co-operation have proven critical to our economic and societal well-being and will be essential to the EU's future success and resilience.

The EU and Ireland must shape and realise shared ambitions on digital leadership, by safeguarding trust investment and innovation. Ibec, along with partners in the leading European business federations have made constructive contributions to EU and D9<sup>1</sup> discussions (e.g., on the twin Digital-Green transition, digital and data driven innovation and trade) and remain ready to support further. While progress is being made, a significant step-change from our current trajectory is required across Member States in partnership with their business communities<sup>2</sup>.

The shape of Europe's digital future matters. We welcome and encourage the ongoing joint efforts by the EU to proactively promote and enable trusted digital and data driven innovations and openness both at home, across the EU and with likeminded partners, strengthening our collective economic recovery, resilience, and well-being. In this context we offer the following recommendations.

1. D9+ is an informal group of digitally advanced EU countries, including Belgium, Czech Republic, Denmark, Estonia, Finland, Ireland, Luxembourg, the Netherlands, Poland, Portugal, Spain and Sweden.

2. European Commission (2022) Digital Economy and Society Index (DESI).

# Recommendations

## Accelerate momentum on Europe's and national digital agendas.

- 1 Enable further sustainable digital opportunities by deepening commitments from Member States, coupled with an integrated EU framework.** EU digital frontrunners should intensify the pace and level of Europe's collective digital performance by working with the Commission to finalise national and EU trajectories on digital to 2030, further demonstrating their success, building trust in digital transformation and deepening collaboration in building a shared and inclusive agenda. The EU and Member States should ensure strong governance to monitor spending and momentum for promoting and realising Europe's digital ambitions by 2030.



## Intensify work with likeminded partners to lower global barriers to digital trade and innovation.

**2** Safeguard an open strategic autonomy approach which maintains openness, access, innovation, and choice.

**3** Enable international data flows and leverage the EU-US Trade and Technology Council (TTC) and engage enterprise, including SMES and start-ups. The EU should enhance transatlantic research, economic and cybersecurity cooperation by agreeing on common approaches to strategic challenges in trade and technology:

*a. Enable international data flows* to enable further economic opportunity in Europe. Explore common approaches to data governance, data portability and interoperability. Build on the momentum of the recent EU-US political agreement and swiftly deliver a revised and resilient overarching framework for EU-US data exchange, addressing privacy issues as well as the needs of modern digitalised business. The EU should work with OECD partners to deliver further policy guidance on data governance.

*b. Strengthen collaboration, research cooperation, and develop market-driven standards in cybersecurity and emerging technologies*, including AI, the Internet of Things and 6G in line with WTO/TBT principles. We should strive for interoperability in frameworks by clarifying common regulatory requirements for EU-US health data exchange and deepening co-operation in digital health innovation.

*c. Support a green and digital transition*. Explore common actions that leverage digital and data innovation in enabling a green transition.

*d. Develop capabilities and capacities in our semiconductor ecosystem based on identified points of weakness and market demand and build on existing strengths*. Strengthen RDI and encourage further private investment by leveraging the TTC, to improve research and supply chain resilience.

*e. Deepen digital skills*. Promote multiple skills pathways which foster further opportunities and success in a digital decade. We encourage Member States to share best practices on approaches and methods.

*f. Ensure harmonised implementation and application to the regulation of digital markets and online safety*. Support contestability and fairness while ensuring non-discrimination, proportionality, and predictability. Consider flexibility in addressing the different needs and purposes of distinct sectors.

*g. Align on criteria for what technologies require export controls* and promote multilateral solutions.

*h. Exchange best practices on implementation of FDI screening*. Address concerns over an expanded definition of national security and the potential use of economic criteria in investment screening.

*i. Promote further SME access to, and use of digital technologies* by incentivising further digital adoption and increasing skills. Promote the uptake of digital tools in custom procedures including documentation and controls, and reduce costs for companies, especially SMEs, whenever possible.

*j. Champion further digital collaboration, innovation, and trade with likeminded partners in the WTO*.

## Work with, not against, further digital and data driven innovation in governance and regulation.

**4** Stand up for a proportionate, human-centred approach to the governance and regulation of AI development and adoption, based on evidence and risk. Reassess potential administrative and compliance burdens, particularly for SMEs, or unwanted consequences in the proposed AI Act which could discourage investment in the development and deployment of AI systems and consequently hurt Europe's twin digital and green transitions and its competitiveness.

*a. Focus on where most widespread and significant societal damage is likely to arise* particularly in proposals around the definition of AI systems, the allocation of responsibilities between different actors in the AI value chain, criteria for determining prohibited practices and the classification of high-risk systems.

*b. Focus the proposed definition of AI*, concentrating on AI systems that display intelligent behaviour and take actions with some degree of autonomy. The Commission's proposed definition of "AI systems" is too broad and would include most contemporary software and applications that use pure statistical and knowledge-based approaches for conventional data analysis that have little impact on individuals.

*c. Regulate high-risk AI applications in areas where a clear regulatory gap has been demonstrated*. The EU should refine the Commission's proposed classification rules for high-risk AI to ensure consistency with sectoral legislation in Annex II, as well as to limit Annex III categories to use cases posing significant risk to health, safety and fundamental rights.

*d. Reassess and clarify responsibilities of different actors in the AI value chain to ensure compliance*. The proposed compliance framework should be proportionate with a risk-based approach.

*e. Support and enable efficient co-operation between relevant regulators at the national and EU level*. The legislation should support regulators and avoid fragmentation in the internal market by using sandboxes schemes, with well-established criteria to ensure an effective access to businesses, particularly SMEs. It should also support controlled experimentation by our innovators and regulators to assess (yet unforeseeable) risks, locate potential legal barriers and inconsistencies and develop solutions. Regulators should be adequately resourced to enable the development, deployment, and success of sandboxes. Avoid potential bottlenecks to sandboxes and other related provisions, due to a lack of regulatory competencies, resources or cooperation between relevant regulators.

**5** Foster and safeguard our data economy for jobs, better services, health, and our environment.

*a. Develop a sustainable and responsible data-sharing environment which prioritises trust and a voluntary framework*. This should be subject to fair incentives, which safeguards privacy, security, and commercially sensitive information avoiding mandatory business-to-government (B2G) requirements.

*b. Support B2B sharing* and develop spaces that facilitate easy and fair data sharing while maintaining contractual freedom as a guiding principle.

*c. Avoid mandatory technical specifications for data portability which risks global fragmentation, reduce customer choice and slow innovation*. The EU should enable researchers and innovators to lead Europe's path to a more connected future and ensure our approach to data breaks down digital borders and improves the conditions for data mobility.

Work with, not against, further digital and data driven innovation in governance and regulation. (continued)

**6 Ensure EU Cybersecurity Certification Schemes safeguard trust in further digital opportunities.** We share the EU ambition to increase cybersecurity and trust in digital technologies. We should develop our indigenous cybersecurity ecosystem, while preserving an open economy and avoiding over-regulation. We should enhance co-operation across the EU and with likeminded international partners on cybersecurity and resilience. The Cybersecurity Act and the cybersecurity certification schemes being developed under this Act can play an important and necessary part in achieving this ambition. However, we have concerns about sovereignty requirements that may be added to the proposed European cloud certification scheme. In going forward, we respectfully recommend the following principles:

*a Consider and agree political issues politically, not at a technical level.* It is understood that the current draft of the “European Cybersecurity Certification Scheme for Cloud Services” (EUCCS) contains proposed technical requirements and genuine political issues, in particular EU data localization and immunity from foreign laws requirements. Such political issues should be discussed and decided at the political level before being included in a certification scheme. A certification scheme, however, is not an appropriate instrument to decide political questions<sup>3</sup>.

*b Further engage industry, identify, understand, and address potential impacts.* An impact assessment is needed to get a clear picture of the market implications (such as possible hinderance of innovation and growth, competition issues and practical implications). The fact that the scheme may be of a voluntary nature, does not exclude the necessity for a political decision regarding the possible geopolitical implications nor exclude the necessity for an impact assessment of the implications for the EU internal market also keeping in mind that the European Commission can through delegated (or implementing) acts mandate such certification schemes.

*c Safeguard a smart technological sovereignty approach.* We support a ‘smart technological sovereignty’<sup>4</sup> approach that encourages capacities across the EU while remaining open to further international co-operation and trade with likeminded partners so Europe can access and safeguard the economic benefits of further digital transformation.

<sup>3</sup>. The European Court of Justice states with regard to delegation of powers (Case C 355/10) that “provisions which, in order to be adopted, require political choices falling within the responsibilities of the European Union legislature cannot be delegated”.

<sup>4</sup>. BusinessEurope (2020) *Smart technological sovereignty: how it could support EU competitiveness*

# About the Ibec Campaign,

# Stronger Europe Stronger Ireland

At the midpoint in this EU institutional cycle, Ibec launched ‘*Stronger Europe, Stronger Ireland: Competitive, Innovative, Sustainable, and Open*’, a campaign outlining the priorities of Irish business to the Conference on the Future of Europe.

Nearly 50 years since Ireland joined the forerunner to the European Union and following the departure of the UK, the campaign presents a vision for how Ireland can lead to ensure the EU institutions deliver ambitious policies to the benefit of business, workers, and citizens under four central priorities:

1. An EU that is focussed on its strengths and competitiveness.
2. An EU that leads an inclusive and innovative digital decade.
3. An EU that puts sustainability at the heart of our prosperity.
4. An EU that is open for trade and investment.



# About Ibec's Digital and AI Affairs Committee

Ibec's cross-sectoral and cross-functional committee on digital and AI affairs impacting Irish business. It provides a platform, for structured thought leadership, engagement, and partnership with a wide range of stakeholders to:

1. Lead, shape and promote policy and conditions that enhance Ireland's development as a leading digitalised economy to enable further opportunity, better services, and enhanced well-being.
2. Inform and develop high-level advice on digital and AI affairs to influence and support Government in the implementation of national Digital and AI Strategies.
3. Inform and support Ibec members and sectors in the ongoing digital transition.

Ibec is Ireland's largest lobby and business representative group. Our purpose is to help build a better, sustainable future by influencing, supporting and delivering for business success. With over 250 employees, Ibec engages with key stakeholders in Ireland and internationally through our six regional offices and our Brussels office, along with an extensive international network in the UK and US.

# Technology Ireland Recommendations

Technology Ireland, the Ibec group representing the technology industry, recently launched our strategy 2022-2026. Technology Ireland is the largest and most influential business organisation representing Ireland's tech sector. Our membership is made up of the leading Irish-owned and FDI players in the Irish technology sector. Our network is structured around a series of core working groups, member forums and networking events, all of which are the primary enablers of our strategy. The renewed strategy acknowledges Ireland's unique position as the EU HQ for numerous leading international technology organisations. It outlines the steps for policymakers to take to ensure Ireland's dynamic ecosystem of indigenous and multinational technology organisations continues to thrive amid global economic headwinds and uncertainty.

To ensure a bright future for the technology industry in Ireland and Europe, policymakers must:

- Unlock the benefits of digital for all and ensure Europe keeps pace with its competitors by taking the lead from digital frontrunner member states. Ireland actively works with like-minded EU digital frontrunner member states, supported by industry voices such as the B9+, to constructively shape digital policy so that all voices, large and small, are heard and the digital transformation results in a positive outcome for all.
- Ireland's unique position as the technology hub of Europe means it also has a responsibility to be Europe's regulatory hub, shaping clear, evidence-based rules which uphold and reinforce the integrity of the Digital Single Market.
- Support, rather than slow down, innovation with any new regulation of the EU's digital economy. Technology organisations of all sizes are innovating solutions to our problems – from climate change, to social inclusion and healthcare - at a time of global upheaval. The EU should prioritise initiatives which foster and enable innovation and ideas which create a level digital playing field for all. The EU should recognise the cost and complexity of compliance by providing industry space to adopt existing and forthcoming regulation.



# Irish case studies in Digital Navigating Headwinds

Ireland's dynamic ecosystem of technology organisations is celebrated each year by the Technology Ireland Awards. The Awards highlight the important and in many cases transformative benefits technology organisations bring to society.

Among the shortlisted entrants and winners in 2021 were organisations addressing societal issues in an innovative way such as:

- Social inclusion, digital education & skills: Kinia, winner of our Tech4Good category 2021, is an education focused non-profit social enterprise making future-focused technology-based learning opportunities available for all children and young people. Kinia's goal is to remove barriers for the next generation of creators, problem solvers and tech entrepreneurs and their network reaches 4,000 schools and youth centres creating expanded learning opportunities for 190,000 young people, resourcing all learning environments with the technology, professional development and ideas bank required to create the best future learning experience. Kinia shows how digital and technology does not need to widen the gap of inequality, but instead, when used to create, invent and inspire it can bridge the gap.
- Climate change: Smartroutes, shortlisted for emerging company of the year 2021, provides delivery management software for both small business and large logistics teams and addressed energy efficiency challenges at a time when home delivery was keeping businesses open throughout the COVID-19 pandemic. Smartroutes allows planning and optimisation of routes while tracking drivers and capturing proof-of-delivery. It saves logistics teams time and money with increased efficiency and reduced fuel costs.
- Gender-balance: AIB, winner of our 2021 Women-in-Tech Company Initiative award, partnered with Skillnet's ReBOOT programme, an award-winning initiative for experienced ICT women who have taken career breaks and now want to reignite their career. This initiative helps women to develop the skills and confidence to re-engage with a career in technology.

[www.ibec.ie/EUCampaign](http://www.ibec.ie/EUCampaign)



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