

4 October 2013

BACKGROUND NOTE FOR THE L COSAC MEETING

27-29 October 2013, Vilnius, Lithuania

Prepared by the Permanent Member of COSAC Secretariat

DIGITAL SINGLE MARKET – CYBER SECURITY AND BENEFITS FOR BUSINESS

It is important that the digital single market is completed as it would mean that information can be exchanged easily and swiftly across borders, helping citizens and businesses to fully benefit from the freedoms of the single market.¹ The Digital Agenda aims to update EU Single Market rules to be in line with the requirements of the digital era. Examples of benefits of these bringing about these updates are to boost music download, establish a single area for online payments, and further protect EU consumers in cyberspace. It is estimated that the economic benefits of the completion of a Digital Single Market in the EU could lead to a minimum 4% increase in EU GDP.²

The European Commission's Digital Agenda for Europe

In May 2010 the European Commission published its Digital Agenda for Europe,³ as part of the Europe 2020 Strategy.⁴ The European Commission described the objective of the Agenda "to chart a course to maximise the social and economic potential of ICT, most notably the internet, a vital medium of economic and societal activity: for doing business, working, playing, communicating and expressing ourselves freely". The European Commission identifies the following list as the seven most significant obstacles to the digital single market: fragmented digital markets; lack of interoperability; rising cybercrime and risk of low trust in networks; lack of investment in networks; insufficient research and innovation efforts; lack of digital literacy and skills; and missed opportunities in addressing societal challenges. The European Commission has set its key actions to systematically tackle these seven problem areas.

The European Commission has grouped the Digital Agenda actions under seven thematic pillars,⁵ against which the Digital Agenda Scoreboard 2013⁶ reported that the European Commission had so

¹ http://ec.europa.eu/isa/policy/index_en.htm

² European Policy Centre: Establishing the Digital Single Market: policy recommendations http://www.epc.eu/dsm/6/Policy_recommendations.pdf

³ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=com:2010:0245:fin:en:pdf>

⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF>

⁵ 1 - a vibrant digital single market, 2 - interoperability and standards, 3 - trust and security, 4 - fast and ultra-fast Internet access, 5 - research and innovation, 6 - enhancing digital literacy, skills and inclusion, 7 - enabled benefits for EU society.

far completed 61 actions under the Digital Agenda, that 8 had been delayed or were at risk of being delayed. The remaining 32 actions, under the responsibility of either the European Commission or the Member States, were on schedule for completion by their respective deadlines.

As this note is intended to reflect the content of the L COSAC plenary agenda on "cyber security and benefits for business" will focus on documenting the progress reported by the European Commission against pillar 1 "A vibrant digital single market" and pillar 3 "Trust and security". Pillar 1 is described by the European Commission as aiming to overcome the barriers that still block the free flow of online services and entertainment across national borders and updating EU Single Market rules for the digital era. The aims are to boost the music download business, establish a single area for online payments, and further protect EU consumers in cyberspace. According to the pillar 1 overview of progress,⁷ 12 actions had already been completed,⁸ 8 actions were on course for completion on deadline⁹ and one key action was reported to be delayed.¹⁰ Pillar 3 objectives are described as aiming at tackling the problem of only 12% of European web users feel completely safe making online transactions due to threats such as malicious software and online fraud and aims to provide practical solutions, including a coordinated European response to cyber-attacks and reinforced rules on personal data protection. According to the pillar 3 overview of progress,¹¹ 3 actions had already been completed,¹² 10 actions were on course for completion on deadline¹³ and one key action was reported to be delayed.¹⁴

The Digital Agenda Review of 18 December 2012, "The Digital Agenda for Europe - Driving European growth digitally"¹⁵ described the Digital Agenda as having delivered broadly on targets pointing to steady increases in regular internet usage, continued increase in online buying and signs of high-speed broadband "taking off", but also acknowledged significant differences between Member States.

The Communication also stated that the Digital Single Market "is still far from being a reality" and therefore defined 31 new actions (of which nine have already been executed) to bring about more harmonisation of single market rules, more innovation and more flexible approaches to mainstream ICT-enabled solutions through private-public partnerships and support for local initiatives and outlined the following key areas (under which it proposed new key actions):

- "Advancing the European borderless digital economy, creating the world's largest and richest digital single market for content and services, while fully guaranteeing consumer and creator's rights;
- Speeding up public sector innovation enabled through the deployment of interoperable ICT and a better exchange and use of information;

⁶ Commission Staff Working Document (2013) 217 of 12.06.2013 <https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/DAE%20SCOREBOARD%202013%20-%20SWD%202013%20217%20FINAL.pdf>

⁷ Published on the European Commission website, date June 2012 https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/pillar1_101_dae_actions.pdf

⁸ 2 key action 1b, 3 key action 1c, 5, 7 key action 2, 8 key action 3, 9, key action 4, 13, 14, 18 19 and 20.

⁹ 4, 6, 10, 11, 15, 16, 17, 101

¹⁰ 1 key action 1a - Framework Directive on collective rights management

¹¹ Published on the European Commission website, date June 2012 https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/pillar3_101_dae_actions.pdf

¹² 29 key action 7, 31 and 35

¹³ 28 key action 6, 30, 32, 33, 34, 36, 37, 38, 40, and 41.

¹⁴ 39

¹⁵ COM (2012) 784

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0784:FIN:EN:PDF>

- Regaining world leadership for network services, by stimulating private investment in high-speed fixed and mobile broadband networks, enabled by legal predictability, improved planning and targeted private and public EU and national funding;
- Fostering a secure and trustworthy internet environment for users and operators, based on strengthened European and international collaboration in responding to global risks;
- Establishing a coherent framework and conditions for cloud computing services in Europe creating the world's largest cloud enabled ICT market;
- Creating a favourable environment for transforming traditional business, and spurring innovative web-based ventures. Increase digital literacy and the proliferation of digital skills, to fill the gap between demand and supply of ICT professionals;
- Implementing an ambitious strategic research and innovation policy for industrial competitiveness based on funding key enabling technologies."¹⁶

Recent activity in European Institutions

In the recent State of the Union address given by the President of the **European Commission** on 11 September 2013, emphasis was given to the need for a the extension of the single market into other areas including "mobility, communications, energy, finance and e-commerce to name but a few". Barroso spoke that "the strength of Europe's future industrial base depends on how well people and businesses are interconnected. And by properly combining the digital agenda with data protection and the defence of privacy, our European model strengthens the trust of the citizens". He announced the adoption of a proposal on the European single market for electronic communications,¹⁷ which aimed to strengthen guarantees and lower prices for consumers, and present new opportunities for companies in a digital single market.

On 10 September 2013, Vice-President of the European Commission, Nellie Kroes, responsible for the Digital Single Market, answering a question in the European Parliament, highlighted the continued need to support digital business, citing the cyberspace strategy "An Open, Safe and Secure Cyberspace",¹⁸ launched in February 2013, as an "important step towards ensuring resilient, secure networks for a competitive economy". The strategy outlines the EU's vision on how best to prevent and respond to cyber disruptions and attacks. This was published along with a European Commission proposal for a Directive on network and information security across the Union.¹⁹

The **European Parliament** has recently issued a number of resolutions on the Digital Single Market including most recently on 4 July 2013²⁰ and before that on 11 December 2012,²¹ both entitled "completing the digital single market". These resolutions called on the Member States and the European Commission to commit to the development of the digital single market as an overarching political priority, a high level of network and information security, and the creation of a favourable overall digital business environment and stressed it was necessary to adapt the existing data protection legislation to new challenges and innovations in the area of present and future technological developments.

¹⁶ See page 4 & 5

¹⁷ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0784:FIN:EN:PDF>

¹⁷ COM(2013) 627, 11/09/13

¹⁷ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0627:FIN:EN:PDF>

¹⁸ JOIN(2013) 1 See: <http://ec.europa.eu/digital-agenda/en/news/eu-cybersecurity-plan-protect-open-internet-and-online-freedom-and-opportunity>

¹⁹ COM(2013) 48 See: <http://ec.europa.eu/digital-agenda/en/news/eu-cybersecurity-plan-protect-open-internet-and-online-freedom-and-opportunity>

²⁰ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fTEXT%2bTA%2bP7-TA-2013-0327%2b0%2bDOC%2bXML%2bV0%2f%2fEN&language=EN>

²¹ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fTEXT%2bTA%2bP7-TA-2012-0468%2b0%2bDOC%2bXML%2bV0%2f%2fEN&language=EN>

The Telecommunications **Council** last December broadly endorsed seven transformative actions launched by the European Commission in the digital agenda review: completing the digital single market for content and services; speeding up public sector innovation; establishing high-speed broadband connections; cloud computing; trust and security linked to the proposal for e-identification and to the cybersecurity strategy; digital jobs and skills; and the industrial agenda for key enabling technologies.

The **European Council** meeting on 24-25 October 2013 will discuss the topic of the digital single market after considering a European Commission report on progress in completing the digital single market. The conclusions of the European Council will be available prior to the meeting of COSAC on 27-29 October 2013.