ECIS European Committee for Interoperable Systems

Summary
ECIS webinar on Open Strategic Autonomy
26 May 2021

Thomas Vinje
ECIS Chairman

As many of you will know, ECIS is a trade association which was established in 1989 and has been involved in a number of legislative initiatives – for example, the adoption of the Information Society Directive, the legislative proposal on the Computer-Implemented Inventions Directive, various WIPO-related initiatives and has played central role in the Microsoft cases.

Most recently, ECIS has been looking into the European Commission's ("**Commission**") work on initiatives linked to cloud services and sovereignty – in particular, with respect to interoperability and portability. Last December, ECIS hosted a webinar on the cloud & digital sovereignty and, as today, we welcome you back to discuss a related topic of Open Strategic Autonomy.

The "Open Strategic Autonomy" concept is intended to address geopolitical shifts and, in particular, the rise of foreign economic powers that affect competition by embracing open strategic autonomy in the European Union and seeking to increase self-sufficiency and improve its own industry.

The Commission has defined Open Strategic Autonomy as "*cooperating more bilaterally, whenever we can, acting autonomously, whenever we must"*. In this context, it creates a great concern to ECIS. Open Strategic Autonomy relates to the tension between, on one hand, securing and controlling data in Europe and, on the other hand, cooperating with large economies like the United States and China.

Both, the Commission and industry players alike, are showing increased interest in control and security over data in Europe, as well as, creating a viable alternative to compete in this area on a global scale.

To discuss this topic further and chair a lively debate, I hand the floor to Lara Natale, CERRE's Director for TMT and our moderator, who will lead the discussion among today's distinguished speakers.

Lara Natale
Director for Tech, Media, Telecom, CERRE

Lara reminded attendees about the Chatham House rule and introduced the speakers.

David Ringrose
Head of International Affairs at DG CONNECT, European Commission

David gave an overview of the work being carried out by the Commission, particularly in DG CONNECT, to achieve Open Strategic Autonomy. We learned two lessons from the pandemic: first, the acceleration of digital transformation, which became a differentiating factor in post-pandemic recovery and second, how important disruption can be to global value chains in terms of specific essential products and semiconductors around the world.

The recent Digital Compass communication adopted in March, sets out four cardinal points: education and skills, infrastructure, transformation of business and govern. The basic question is how we can strengthen our capacity in strategic technological areas based on a strong dynamic single market and how to develop dynamic ecosystem of European innovators. We are making big investments in connectivity and its security and we have strong coordination framework in place. We put forward a proposal for the Joint Undertaking on Smart Networks and Services towards 6G.

In terms of recovery, the European Council also decided to set aside 750 billion Euros for the recovery and 20% of that is devoted to digital (microelectronics, 5G, digital medical devices, self-aware AI technologies, etc). The Commission introduced an industrial package which is a strategic technology roadmap in the framework of the forthcoming Alliance for Industrial Data, Edge and Cloud.

Trust is the core of our regulatory model and our digital sovereignty cannot exist without trust. In particular, the upcoming EU-Japan Summit, EU-US Summit and EU-Canada Summit where a significant amount of work will focus on digital.

Przemysław Roguski

Lecturer in international law, Jagiellonian University, Poland

Przemysław provided a research perspective on what the challenges are to achieving digital sovereignty, giving examples from China and Russia.

Sovereignty in public international law denotes supreme authority within a given territory. This covers independence in setting and enforcing legal rules applicable to persons within a territory and control over national resources stemming from that territory. However, the problem is not only regulatory independence, but also a capability gap. In effect, leadership in capabilities leads to ability to regulate and enforce extraterritorially.

Przemysław gave an example of cloud computing. Dominance of the cloud computing market of American and Chinese hyperscalers challenge European regulatory control over data, stored, processed etc. in the Cloud. A lack of a European alternative means that even if regulatory challenges can be overcome, technological dependence on the US and China would signify a „hollowed out" sovereignty with respect to sovereign capabilities (law enforcement, essential governmental functions) and use of European data for technological advancement (machine learning, AI). The European response is to cooperate with US multinationals, but safeguarding against US long arm jurisdiction by data centre localisation in Europe and technology licensing to European companies.

Paul Timmers

Professor, European University Cyprus, University of Oxford, Cybersecurity, strategic autonomy and sovereignty

The strategic autonomy debate moved centre-stage some three years ago, amongst others by President Macron and Federal Chancellor Merkel. The strategic autonomy and sovereignty we speak about is not only about 'digital' but also concerns health, energy, materials, financial autonomy, etc. Despite that the debate has much moved on we still see some fallacies and wrong statements these days, which must

be debunked such as that strategic autonomy would imply autarky, or that could be realised in all domains, or that it would be about taking back control.
There are several options to deal with sovereignty and autonomy: in strategic partnerships, in a risk management approach and also addressing common goods on a global level. Nowadays the term open strategic autonomy is often used. However, "open" does not mean "unconditional". "Open" could mean:

- Contractual conditions, such as in the recent approach to 'sovereign cloud' in France.
- Anti-dominance conditions, for example, the DMA which imposes a degree of unbundling on gatekeepers.
- Interoperability conditions – legal, semantic, technical, such as for example, in the health sector.

Hosuk Lee-Makiyama
Director, European Centre for International Political Economy

Hosuk emphasised that it is rare that an outside power tries to limit Europe's policy autonomy by weaponizing economic interdependencies. Strategic autonomy is ultimately also about our ability to choose – not just between different technology suppliers, but also from exclusively relying on just one jurisdiction. The EU must do better on due diligence on undue state interference by distinguishing where they are genuine risks of coercion. In this regard, the US and China may have imposed national intelligence laws – but they offer very different legal safeguards or means of judicial redress to Europe.

As the world's largest exporter of goods and services, we have most to lose from a trend towards autonomy. The famous "Brussels effect" is a fallacy: EU no longer set standards – but our behaviour legitimise bad behaviour by other powers. In a time where even cars were deemed "strategic" items, EU must therefore be careful about any policy that justifies import substitution on false security grounds. Also, even the Chinese industrial planners have learned that self-reliance does not strengthen their autonomy since their options were limited to indigenous suppliers.

He also commented that Open RAN ("O-RAN") is not about openness, but a private and closed consortium that advocate for policies similar to China's past practices in discriminatory standard-setting and massive state aid.

Pascal Rogard
Head of the EU office at Orange

Pascal gave his views on strategic autonomy from the industry perspective. Our vision is one of open innovation, with the customer at its core. At Orange we use a co-creation approach with a 'human inside' philosophy to technology. We interact closely with partners, ecosystems and external stakeholders in order to develop a wide range of innovative solutions, enabling us to make the most of our networks while ensuring a simple and intuitive customer experience.

Orange is a significant contributor to open innovation & standardisation. We believe that more EU actors need to be able to collaborate and contribute to the open innovation & standardisation efforts facilitating our needs towards Open Strategic Autonomy. We are a key enabler of technologies and solutions allowing the EU to achieve its objectives of Open Strategic Autonomy.

We welcome the enhanced EU budget dedicated to Horizon Europe, Digital Europe and CEF II. These are means to incentivise EU players to work together on projects that will be key for the future of the EU, for example, on AI, cybersecurity or 5G, and other EU initiatives that David Ringrose mentioned in his speech. Orange welcomes the EU Recovery plan and its clear objectives set on the twin green and digital transitions. We also welcome the Commission's willingness to strengthen its position and activities in global standardisation bodies.

We are involved in the setting up of key projects for the EU and its digital autonomy, for example, Cloud and Open RAN initiative.

- Cloud: we contributed and endorsed the recent roadmap on investment for cloud and edge cloud signed by 27 EU CEOs. This Roadmap will have to be implemented in close collaboration with existing projects such as GAIA-X to which Orange is a founding member. We work together with other players, with Member States and Commission on how to build together, and now, a strong secure interoperable ecosystem for telco edge cloud; this might take the form of an IPCEI. We support the launch of the EU Alliance on cloud, edge cloud and data announced in the renewed strategy for industrial policy.

- Open RAN: we signed a Memorandum of Understanding together with 4 EU operators in 2021. Orange is committed to implement and deploy Open RAN as a key strategic evolution of mobile networks. We see an important milestone towards a diverse, reinvigorated supplier ecosystem and the availability of carrier-grade Open RAN technology for a timely commercial deployment in Europe, as well as, a unique opportunity to develop an EU innovative ecosystem on open RAN and reinforce the European competitiveness and leadership in the global market. Orange takes part in a debate regarding IPCEI for microelectronics and connectivity ongoing currently at national level.

Sophie Kuijt

IBM Benelux' lead for Data, Artificial Intelligence & Ethics

Sophie addressed the need for Europe to be able to act on its own, when needed. From an industry perspective we believe we can.

The first concern is the access to and the ability to share data. Privacy protection and encryption is needed and we should set the standards and guidelines and create solutions, for example, the Cloud code of conduct, where that efforts can result in standing setting standards for GDPR compliant clouds. We can ensure, from an industry point of view, that data can remain in the EU.

Another concern, mainly for tech consumer platforms, is too much concentrated market power. There is a need to make sure that an alternative is there. DMA is addressing this and ECIS provided feedback to the Commission on this consultation.

A third concern is regarding interoperability. Having open standards as the standard and making sure that data can be shared between systems will definitely help as well as will drive innovation. Interoperability is the core of ECIS mission since its foundation and we are very much in favour of preventing customer locking and promote competition based on merits.

Sophie pointed out the levers which the industry can bring to Europe in order to help increasing its power, making it stronger through strategic partnerships.

- First is the lever of investments of the industry in the EU. Within ECIS, we have many partners member companies who are there in Europe for many years and employ thousands of people in the EU. IBM, as an example, put Watson IoT and AI headquarters in Munich in Germany. We partner there with several partners and work for clients also located in the EU. IBM explicitly takes into account responsible computing values when we work together with these clients.

- Secondly, the industry can bring the lever of skills and enrich all globally integrated companies which can play a role in advocating for Europe. As an example, IBM welcomes the recent proposed European approach to the AI. As a global integrated company is champions Europe's leading position.

- The third lever is on an individual project basis. When the industry design systems, we leverage also the values of the EU in dialogue and intent when we develop, for example, systems in my area including AI. IBM only creates systems that really add values to human by which we leverage the EU principles frameworks. We put human-centric AI and responsible computing and values at the heart of what we develop. We also create solutions that can really help in having that also implemented with our R&D to address fairness, transparency and rubbishness.

- The fourth lever is delivery of education and investments in the education system. In the Netherlands, where I live, we could get AI coalition through Elsa labs ethical legal societal aspects. We varied experiment in combination of industry and government and education insights.

Sophie concluded that we should safeguard Europe's values and address legitimate concerns. It should be done by EU regulations and guidelines, to which all the suppliers in industry should actively adhere. The industry can help in developing further on an open standards and develop the alternative solutions that we need in line with EU values and address the need for open strategic autonomy. Industry partners can help to speed up and increase innovation in the EU and scale.

Lara Natale
Director for Tech, Media, Telecom, CERRE

Lara thanked everyone for the comprehensive discussion on OSA. Achieving rich contributions while keeping these digestible, with global perspectives, genuine debate and getting to practical grips with the meaning and consequences in both a current and forward-looking way of what many see as an abstract concept is not straightforward. We have work to do on OSA and we would welcome opportunities to continue the conversation.

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