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Europe's Quest for Technology Sovereignty: Opportunities and Pitfalls

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Brussels, Belgium, 25th May 2020 - Covid-19 and its broader implications have highlighted the importance of Europe's digital transformation to ensure Europeans' social and economic well-being. It provides important new learnings about Europe's quest for "technology sovereignty".

While the debate about technology sovereignty is timely, the precise meaning of sovereignty or autonomy in the realm of technologies remains ambiguous. Often the political rhetoric reflected perceptions that Europe is losing global economic clout and geopolitical influence. It was said that dependency on technological solutions, often originating abroad, would require a European industrial and regulatory response. Against this background, the Corona crisis provides two important lessons for EU technology policymaking.

Firstly, during the crisis digital technologies and solutions made European citizens stronger. Technology kept Europe open for business despite the lock-down by enabling Europeans to work from home, receive essential home deliveries, home schooling, online deliveries and to use online payments, etc.

Secondly, the crisis tested Europe's resilience and perceived dependency on (foreign) technology solutions. Early developments indicate that Member States' homemade solutions did not fare better than existing European and international solutions.

Politically, the crisis could be used to justify more EU or national government interference in Europe's digital transformation. However, in a time of economic hardship, the EU and national governments should be wary of spending even more taxpayer money to replicate existing world-class technology solutions, that in most cases are used in combination with local technologies, with "Made in EU" services of inferior quality and reliability.

Any EU-imposed technology protectionism along the lines suggested by some policy-makers in large EU Member States would leave the entire EU worse off. It would disproportionately hurt countries in Europe's northern, eastern and southern countries more than the large countries whose economies are generally more diverse than Europe's smaller Member States.

Moreover, it would make sense for the EU to agree on a shared definition of "technology sovereignty". Anchored in technological openness, technology sovereignty can indeed be a useful ambition to let Europe's highly diverse economies leapfrog by using existing technologies. To become more sovereign in a global economy, Europeans need to focus on becoming global leaders in economic innovation – not just in regulation.

Policymaking towards a European technology sovereignty that benefits the greatest number of Europeans – not just a few politically selected “winners” – should aim for a regulatory environment in which technology companies and technology adopters can thrive across EU Member States’ national borders.

Yet, Brussels cannot set the global standards in technology policymaking alone. Europe’s policy-makers should aim for closer market integration and regulatory cooperation with trustworthy international partners such as the G7 or the larger group of the OECD countries. It is in the EU’s self-interest to advocate for a rules-based international order with open markets. Regulatory cooperation with allies such as the US is essential to jointly set global standards that are based on shared values. Both the EU and the US have much to gain if they prioritise such alignment, to advance a shared vision for a revamped open international trading system, in a world increasingly influenced by regimes with fundamentally different views on state intervention and human rights. Anchored in technological openness, the EU and the US can promote technology sovereignty that allows for development and renewal elsewhere in the world.

Publication details:

Europe’s Quest for Technology Sovereignty: Opportunities and Pitfalls, ECIPE Occasional Paper No. 02/2020

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