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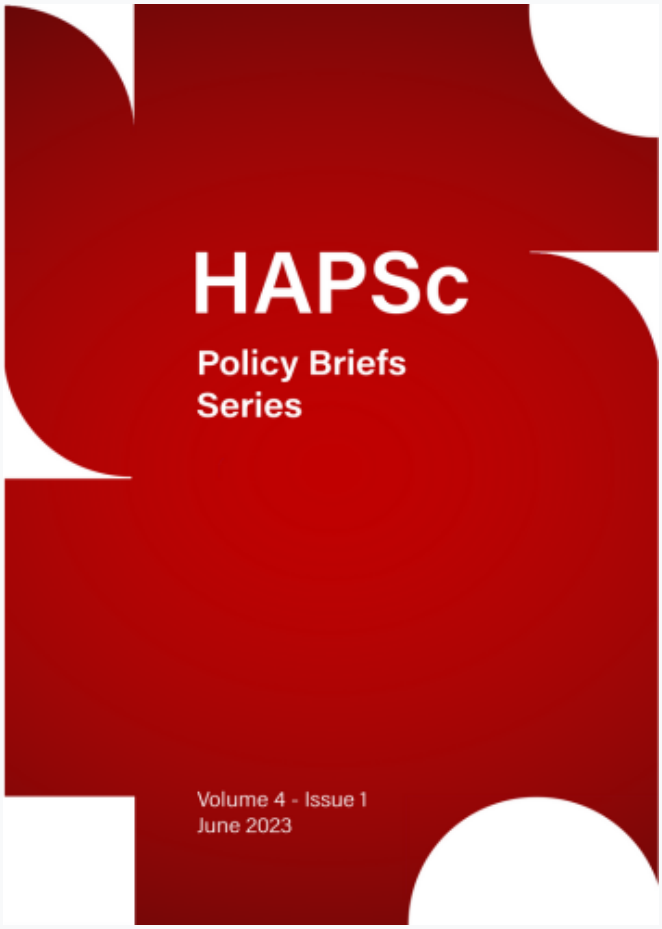

The Road to Digital Single Market: How the EU Can "Enter That Orbit"?

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The Road to Digital Single Market: How the EU Can "Enter That Orbit"?[1]

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Abstract

Covid-19 pandemic was the breaking-even point for many of the EU's orientations. One of them, was the digital agenda of the Union. Deeply inside the mind of the EU's stakeholders, the transformation of single market, into a digitalized one, was the first step. Despite the ambitious perspective of that incentive, the truth lies elsewhere; In order to digitalize the traditionally lucrative single market, huge effort is required, adequate capitals and on the top of all, the member-states socio-political consent. It is neither an easy nor an ultra-difficult step for the European Union. The proper synergies of supranational and national level will maximize EU's efficiency and optimality. In that paper, the evolution of Digital Single Market and the right path to achieve that target is being analyzed as thoroughly as possible.

Keywords: Digital Single Market, e-health initiative, spywares, national security, EU digital transformation.

Introduction

We are all accustomed with the fact that the EU is, amongst others, an economic giant, as Marc Eyskens vividly described (Leonard, 2018). Even though, the EU coped with a plethora of pathogenies, the previous decade, it is of paramount importance to mention that the single market is the cornerstone of the Union's economic resilience. The latter was furiously disturbed by Covid-19 and the following tendency of de-globalization. The pandemic made urgent the digital transformation of single market, meaning that the traditional free flow of goods, services, capitals and workers will be applied also digitally. To the EU's despair, the slow digitalization process, is making the integration of digital single market, even more problematic. We are "traversing" the fourth Industrial Revolution. From now on, the main concern, is, how basic technological knowledge can be transformed into deeper one, to facilitate the quotidian life of humanity, offering prosperity, peace and harmony. Whichever state actor will move faster towards that direction, eventually will be the dominant power of global international system. Should the EU be detached from that emerging reality?

The EU had made considerable steps towards Digital Single Market, meaning that is recognizing that reality. Since 2010, "Europe 2020", the new 10-years strategic compass (the successor of Lisbon Strategy), set the foundations for a more coordinated action towards many policies, including the

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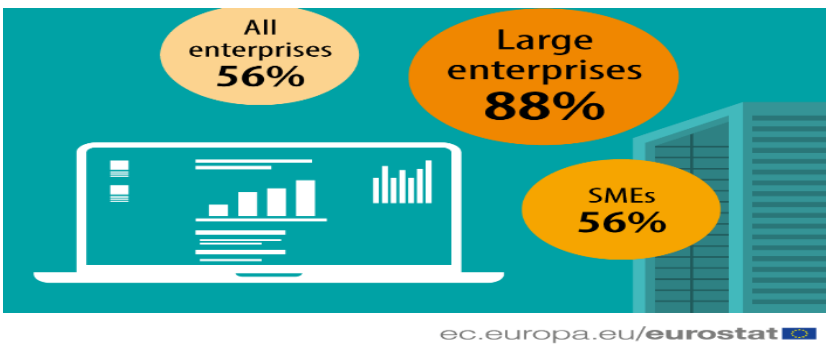
European digitalization. The major step happened in 2015, via the Digital Single Market Strategy, embraced by the Commission. Through time, the EU abolished roaming fees, disestablished geo-blocking, promoted e-commerce and reduced many of quantitative e-trade barriers. What's more, Union's action led to the digitalization of businesses and to the enhancement of cybersecurity framework (Ratcliff, Martinello and Litos, 2022). It was the European Commission, also, which proposed the Digital Services Act and Digital Markets Act initiatives, at the spring of 2022, leading to a renewed legislation of digital markets (European Commission, 2023).

Problem analysis

A logical question which should be arisen, is the following; If there is such a considerable legislation about DSM, why it is implicated that the EU's digitalization is far enough? The answer is quite obvious… Despite its stable progress, there are also other considerable countries which had already evolved, more qualitative than Europe. To be more precise, only a fractionally bigger than 50% of European enterprises have basic digital knowledge, while the adequate target is at least 90% (Eurostat, 2022a). What's more, the Digital Single Market, as anyone understands, requires innovation. Unfortunately, since 2019, Europe is not any more the innovative continent, despite the existence of breakthrough ideas and of an evident entrepreneurship (Tsanova 2019). Thus, there is a huge gap between demand and supply for innovation and patents.

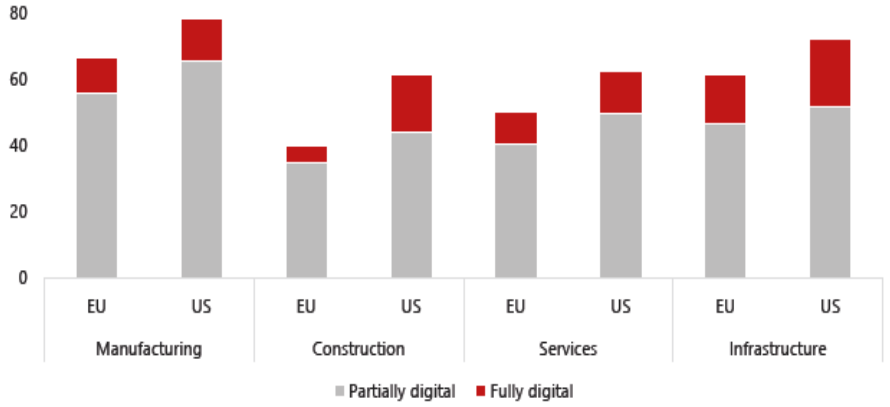
At the same time, the U.S enterprises are by far, more digitalized than the EU ones, in all the domains (EUIB, 2020). Even worse, China has made significant gains in the international trade and especially in the digitalization process. As a result, the EU is highly dependent from PRC, on semiconductor chips, the new "black gold". Not to mention, other emerging economic powers such as Japan, South Korea, Taiwan, India or even more Brazil. This economic power could be transformed into digital power, into the next decades.

Figure 1: EU digitalization process in the domain of enterprises



Source: Eurostat (2022b)

Figure 2: Comparison of the innovation of EU and US enterprises



Source: EIBIS 2019. *Note:* A firm is identified as partially digital if at least one digital technology was implemented in parts of the business; and fully digital if the entire business is organised around at least one digital technology. Firms are weighted using value added.

Source: European Investment Bank (2020).

Suggestions

The existence of difficulties in DSM, does not mean that the EU must not take cutting-edge actions. The following suggestions will lead to the boost of European digitalization in a medium/long term basis.

a. e-Health

E-health was one of the conclusions made by the Council of the EU, on 9th June 2020, concerning European Digital Future (Council of the European Union 2020). E-health is defined as the combination of traditional medicine and technology. Via that process, medical data about patients are being stored in electronic platforms, easily accessible to them (Wankhade, 2021). Digital health provides better health monitoring for citizens, reduces administrative and personal costs, generates high employability and job positions, not to mention, the accessibility which is provided for the poorest patients, those without health insurance or those who live far away from the European urban fabric (Nievas Soriano et al, 2019).

Since 2017, most people (93%) considered urgent an e-health strategy, while a slightly reduced percentage, considered that digital health will totally benefit the EU (European Commission, 2022). Another survey, during Covid era, reveals that more than the 50% of the EU citizens had searched on the Internet about health information, symptoms or diseases (Eurostat, 2021). These two surveys are the same side of the coin. The EU's vivid part, its citizens, are understanding the emergence of computerized methods of health.

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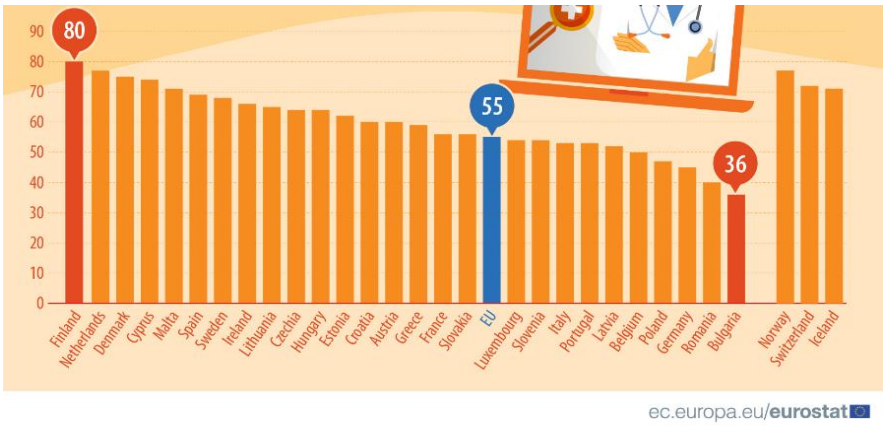
Figure 3: Percentage of people searching for health information online, in the EU



Source: Eurostat (2021)

The creation of a universal "European Digital Health Platform" (therefore "EDHP") should be an EU priority. All citizens, inhabiting in each EU member state will have secure access to their personal and health data. National Ministries of Health (and/or Ministries of Technology) should also grant the permission to "integrate" this data into a European level. Via EDHP, people will also be able to ask for electronic prescription rather than a visual one and they can consult specialized doctors in a 24/7 basis. The e-medicine will not replace the traditional one. There are a couple of programs which can help the funding procedure, such as "EU4health", with a 5.3 billion € budget (European Commission n.d.), "Horizon 2020", which promote R&I, a part of NGEU (specifically 1.3 billion €) and "Horizon Europe", with budget 4.1 billion € for the period 2021-2027. The 3 last programs are effectively managed by the European Health and Digital Executive Agency (European Commission, n.d.).

However, this health strategy could be evaluated with skepticism from EU27. Thus, the European Commission, should propose to the national governments to submit their national plans about the European ehealth strategy in a period of 7 months. Afterwards, the EU institutions will evaluate them. When a state's position is problematic, the European Commission will ask for further clarification. In that way, a unique and genuine dialogue will be established between supranational and national level of European governance. Eventually, a survey proves that around 80% of states had harmonized their legislation with the EU, in the domain of electronic health record, causing optimism about the aforementioned venture (Villanueva, 2022). Furthermore, the EU should indefatigably support those citizens whose job could potentially be lost due to e-health strategy. The European Union, through the European Globalization Adjustment Fund for Displaced Workers, secures that unemployed workers due to pandemic, or due to digitalization, will be aided to find a new job, and their skills will

be upgraded to be better absorbed by the labor market. With a budget reaching 210 million € up to 2027, it is easier for national/ regional governments to use that fund and support their labor force (European Commission, n.d.).

b. Protection against spywares

Unfortunately, 2022 was the year where, the EU was stigmatized, amongst others, due to an illegal wiretapping scandal in Greece. Countries such as Spain, Hungary and Poland faced similar problems (Roussi, 2022). Privacy, the confidentiality of phone calls, democracy and the rule of law are fundamental principles, enshrined both in TEU and the European Charter of Fundamental Rights. When, in 2022, around 93% of European households are having access to Internet (Eurostat, 2022c), we are all arguing that each household must be safe from illegal phone tapping. European Union cannot develop a DSM, without fundamental "security valves", such as cybersecurity.

For these reasons and completely respecting national sovereignty of each member state, the EU can progressively be protected by malware softwares. Taking into serious consideration PEGA report on the use of Pegasus spyware, the European Commission should demand from member states to prepare national plans. In these plans each member state will present its national legal framework, for the acquisition and the use of spyware softwares. When these plans will be returned to the European Commission, under strict deadline, the latter will evaluate them and it may demand further clarifications from member states. This fruitful dialogue will make crystal clear if member states are ready to cede to the EU, some part of their sovereignty in home affairs and security. If member states and the EU reach a compromise, then the European Commission is obliged to publish a new law which will guarantee the privacy of online personal information and the confidentiality of phone calls. Furthermore, this regulation will permit only targeted internet taping, exclusively for reasons of national peace and security, specified by member states. As a result, the abuse of spying softwares, will not be tolerated and transparency procedures will be inaugurated for European governments (Kabelka, 2022).

Conclusions

In this paper, the main problem under discussion is the slow digitization progress of Europe. The pandemic made urgent the shift towards "digital-friendly" strategies in order to redefine the technological blueprint of the EU. E-health initiative and/or protection from spywares was only a little proportion from the bundle of measures the European Union can deploy. All these actions, despite they seem proper and suitable for the correction of the problem, are merely theoretical. A strong and genuine coordination between member states is necessary because some of their interests,

especially in the domain of home security, could be satisfied better in (sub-)national level. To conclude, the effectiveness of the EU's response to adopt a concrete, revised and cutting-edge Digital Single Market Strategy, lies in the real intentions of member states, even if it is not a state-centric strategy such as Common Foreign and Security Policy (CFSP) or Economic and Monetary Union (EMU).

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