



DENMARK

The Limited Danish debate on EU Digital Sovereignty reveals clear scepticism about the concept of digital sovereignty.

Jan Høst Schmidt, Think Tank Europa

Introduction

The concept of EU Digital Sovereignty was launched by European Commission President Ursula von der Leyen in her first State of the Union speech on 16 September 2020. Referring to Europe's need for a digital transformation with emphasis on more data production and protection, European production of Artificial Intelligence (AI) and a strengthened digital infrastructure in the EU, the President announced that "None of this is an end in itself - it is about Europe's digital sovereignty, on a small and large scale".²

The term 'digital sovereignty' is widely used in EU policy circles and refers to the EU's ability to obtain a sense of independence from third-country providers of key technologies.³ But it is also an unclear concept.

To the Danish Government, for example, the concept of digital sovereignty includes a risk of protectionism and loss of innovative industrial capacity. In several exchanges with the Danish Parliament on the German and Portuguese Presidencies' programmes on the Single Market and digitalisation, the Government has supported a strengthening of the EU's capacity to develop new digital technology and to ensure that the Digital Single Market operates on European values and rules. But the Danish Government also expresses concern that such a strategy must not lead to a closed-off Internal Market.⁴ In addition it should be noted that the use of the term 'sovereignty' in an EU-context is in itself sensitive in Denmark, where research has documented the prevalence of a strong public perception of EU-integration leading to the erosion of national sovereignty.⁵

The Danish Prime Minister together with the political leaders of Germany, Estonia and Finland co-signed a letter to Ursula von der Leyen ahead of the European Council on digitalisation in the EU, which took place ahead of the March EU Summit. In the letter, the four Prime Ministers call for the EU to build on its strengths and reduce

its strategic weaknesses in digitalisation, but to avoid a protectionist approach.⁶

In March 2021, the Danish Government launched a Commission on Digital Partnership with Danish business, social partners and experts to maintain Danish digital leadership and improve Danish businesses' competitiveness. The mandate of the Partnership Commission has no reference to the concept of EU Digital Sovereignty, although the Partnership Commission is asked to take account of international experiences in the digital area and EU digital initiatives.⁷

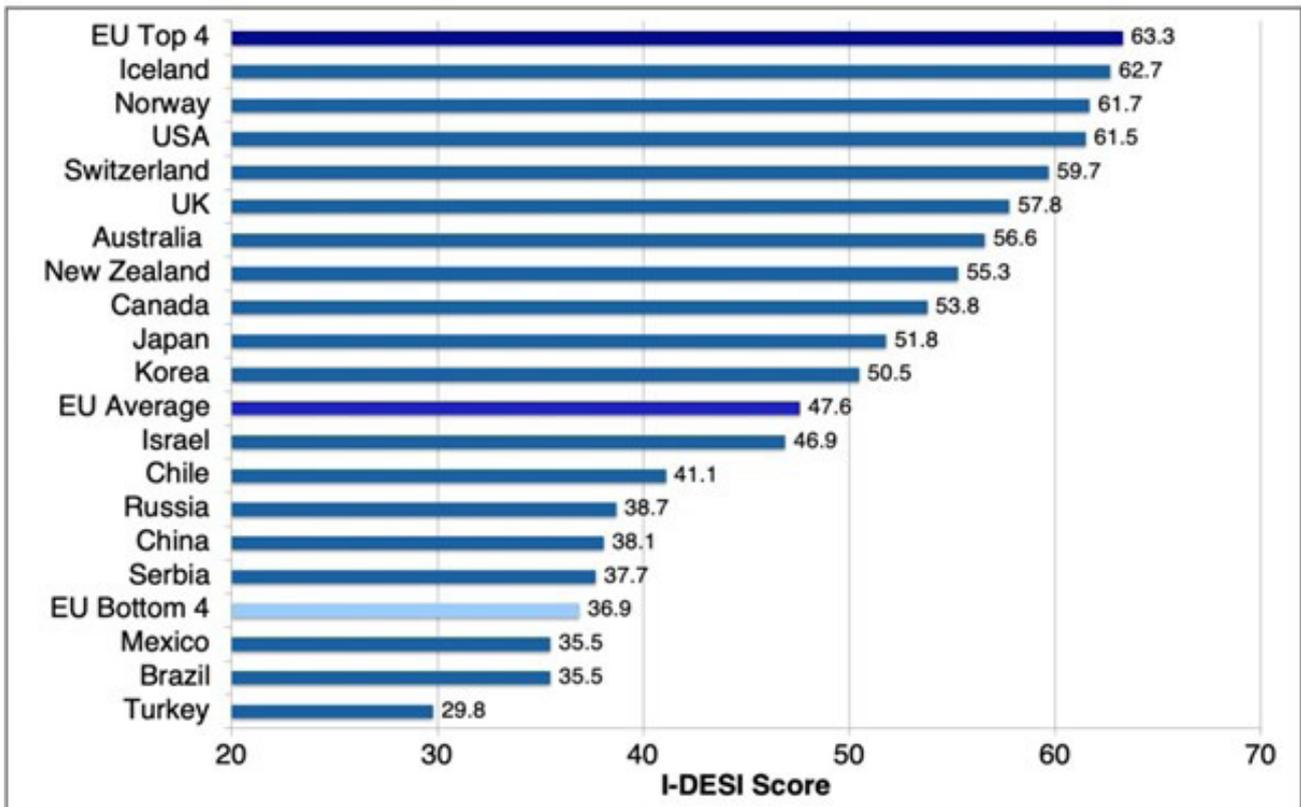
In June 2021, the Government launched a debate on regulation of the tech-giants on the basis of a White Paper. This White Paper calls for more responsibility for the tech-giants on data protection, more regulatory powers for the public authorities with respect to dominant positions of major platforms and a fairer tax contribution from the tech-giants.⁸

Despite scepticism about the term "EU digital sovereignty", the Government generally supports the regulatory line in the proposed Digital Services Act and Digital Markets Act as well as the proposal on AI.⁹

Denmark is amongst the top performers with respect to digital transformation

According to the European Commission scoreboard on digital performance, Denmark ranks amongst the four best performing EU-countries, with Finland, Luxembourg and Netherlands, and on top of the global list over the period 2015-18, cf. Figure 1.¹⁰

Figure 1. Digital performance 2015-18 of EU Top 4 against the rest of the world, according to the European Commission's overall scoreboard for digital performance



Note: Denmark is in the EU top 4 category every year of the period and with the highest 4-year average together with Finland cf. International DESI 2020 final study report, Annex 3 table 6.

Source: International Digital Economy and Society Index 2020, European Commission 2020 - <https://digital-strategy.ec.europa.eu/en/policies/desi>

ICT plays an increasing role for Danes according to a study based upon a survey conducted by *The Danish Statistical Office*.¹¹

According to the 2020 report, 3.8 million Danes were e-shoppers in 2019, corresponding to approximately 80% of the population between 16-89 years. Compared to 2011, there were 900,000 more e-shoppers in 2019. The share of e-shoppers has increased especially in the elderly population, where it has tripled since 2011.

At 23%, Denmark is the EU country with the highest proportion of citizens who have used 'smart home' products, and at 81% is the EU country with the largest proportion of the

population between the ages of 16 and 74 years who use social networking services such as Facebook or Instagram.

In 2014, all communication with public authorities was made digital with exceptions for elderly people and people with special disabilities. In 2019, 90% of Danes used the obligatory public mailbox for communications with the public authorities, while 9% were exempted. To the question 'To what extent do you trust public authorities to take good care of your personal information?' most people responded 'high' or 'to some extent' (27% and 49%, respectively). 23% have lesser or no trust that the public authorities take good care of their personal information.¹²

Key issues in the Danish debate on digital transformation

The debate in Denmark to a large extent focuses on how to further improve the national digital capacity of public and private sectors, including how to secure high-speed fiber and 5G in all parts of Denmark, how to improve the digital skills of the Danish population and how to secure continued trust in digital solutions and in the use of data, including how to regulate the tech-giants.

The Government's mandate to the Commission for Digital Partnerships covers five broad areas: The future digital public sector; the future of digital businesses and workplaces; a better public-private partnership and innovation; a data-driven society; and Denmark in the future.¹³ These broad areas are to a large extent comparable to the four areas outlined by the European Commission in its Communication "2030 Digital Compass: The European Way for the Digital Decade".¹⁴

According to its mandate, the Danish Commission shall take account of ongoing work on a digital strategy for the entire public sector, for relations between the public and private sectors, on a national strategy for cyber- and information security and on a strategy for better coverage of remote areas of Denmark.¹⁵

The Association of Danish Industries, DI, that will be a key player in the work of the Partnership Commission, has presented 46 proposals to improve digital transformation in Denmark. The DI's plan to a large extent focuses on simpler regulation through digitalisation of the regulation, securing better competences in digital skills in the workforce plus support to Danish SMEs to develop smart digital solutions and use new technologies such as AI. The DI plans to launch a large debate amongst Danish businesses to discuss the individual parts of its

plan to deliver input to the Digital Partnership Commission.¹⁶

As part of the Danish digital transformation process, the Danish Recovery and Resilience Plan (RRF-plan) reserves spending of €0.4 billion for digitalisation projects, mostly in the public sector, corresponding to 25% of the plan. €0.2 bn is for a project to establish a digitalised carbon emissions tax in Denmark as part of its ambition to reach 70% CO₂-reduction in 2030. The Recovery and Resilience Plan in addition supports the digital transition through investments in strengthened connectivity and increased digital export opportunities for SMEs plus an upgrade of digitalisation in the health care sector.¹⁷

On top of EU-funds for investments in spreading ultra-fast fiber to remote areas of Denmark, the Government has agreed with the main telecom companies operating in Denmark to secure a roll out of 5G to 75% of the Danish population by 2025. This agreement has been reached in the context of the auctioning out of frequency allowances for the 3.5 GHz-band to the companies.¹⁸

Irrespective of its concern about the term "EU Digital Sovereignty", the Government recognises the need, in certain cases, for support to strengthen critical technologies with identified high risk dependencies. But in such a case the identification of those technologies should take place on the basis of a transparent analysis with clear identified criteria.¹⁹

The Government has, in exchanges with the Danish Parliament in May 2021, announced that it will work for an EU regulation of platforms, which in accordance with the general thrust of the Commission's proposals, will have clear and simple rules for platforms' responsibility with respect to illegal content. For AI, the framework should take account of the risks associated with the use of the technology, but also make it easier to innovate in this area and scale up cross-border wise. Finally, the Government supports new instruments to limit the market power of mega-platforms to ensure that they

do not prohibit other platforms from entering the market. In this context the Government is open for suggestions to target regulation of mega-platforms, for example, by preventing them from promoting their own services at the expense of other services.²⁰

This line on the regulation of the platforms is repeated in the Government's White Paper on the better regulation of the tech-giants. The paper launches nine principles for debate, including more transparency on the platforms' business models and algorithms, more responsibility from the firms concerning content on the platforms, clearer limits on the platforms' dominant positions and a better contribution of the tech-giants via taxation.²¹

The DI advocates that Denmark should take an active part in the EU discussion on digital transformation, using best practice to make this regulation fit much better for the digital age.²²

Recently the President of the IT-workers' Association, Prosa, criticised the GDPR for being too complicated, calling for a review of the policy. Prosa wants a system giving each citizen the possibility to decide who, for what and when the citizens' data will be used, and that the use of data is prohibited unless consent from the citizen has been given.²³ So far this has not been taken up at the political level in Denmark. However, MEP Karen Melchior (Renew Europe) has raised the issue of continued reductions in the resources for the Danish Data Authority leading to a reduced capacity to act swiftly.²⁴

On an EU digital tax, the former Danish Liberal Prime Minister, after having blocked the proposal together with other Member States in November 2018, changed course and adopted a favorable position - if the tech-giants did not, on a voluntary basis, pay more taxes in Denmark and the EU.²⁵ The present Social-Democratic Government in its White Paper seems to await the result of the negotiations in the OECD, hoping for an international solution after US-President Biden's proposal of a minimum corporate tax of 21%.²⁶

Key elements for a better digital transformation of the EU and Denmark

From a Danish perspective, to have positive implications, the EU strategy on digital transformation would have to focus on a number of elements, some of which are already part of the Commission's strategy for an EU digital compass, some of which have been developed by independent analysts, including Think Tank Europa²⁷. First of all, EU businesses would have to cooperate and compete with global industries to be innovative. Direct support for development of technologies such as AI would have to take place on the basis of clear and transparent criteria. More EU and national resources would have to be devoted to developing new technologies and standards for these technologies.

An *ex-ante* risk-based regulation of AI as proposed by the Commission may work if based on clear criteria and rules. Details of that regulation should preferably be discussed with global partners.

Open and interoperable standards both off-line and online should be the rule, and standards should be developed in cooperation with important global partners. Besides technical criteria, energy efficiency and sustainability criteria will also have to be developed for a more green and sustainable European economy.

Regulation of platforms should ensure compliance with the rules of content and rules ensuring a fair and high level of competition among all platforms operating in the EU. To this effect a special set of rules for mega-platforms or gatekeepers, as proposed by the Commission, would seem appropriate. But it should not discriminate, and should be for all mega-platforms including EU-based ones.

It will be important for the EU to have the means to break-up big tech companies in

case of abuse of dominant positions, but the European Commission should allow tech and telecommunication companies in the EU to scale-up, especially via cross-border mergers, in order to leave room for more private investments in connectivity and innovation.

More EU resources, including more financial support from the structural funds, and national resources will also have to be allocated to promote the faster roll-out of ultra-fast fiber and 5G in the EU and to support digital skills in the population. Following the Danish experience, it might be envisaged that plans could include targets with respect to the timing and percentage of the population who will benefit from the roll-out of 5G in connection with contracts for licenses for radio spectrums.

Intra-EU cooperation of data centres should be developed. The GDPR, which has been a success, should nevertheless be reviewed to improve clarification and reduce complexity. To this effect the regulation should focus less on individual consent and more on *ex-ante* responsibility for data use and liability for reasonably foreseeable harms for data users. Collection of data like traffic data and to a certain extent car data should be allowed, whereas use of health data should be prohibited unless explicit permission is given by the individual citizen. Reference to sex, race and religion should not be processed, unless explicit consent has been given by the citizen.

The devil will be in the details of the proposals which will be part of the strategy. In a Danish context, it is at this stage clear that the term EU digital sovereignty is not mobilising Danish support. However, the elements highlighted above will, if implemented in practice, lead to big benefits for EU societies and for business competitiveness.

Endnotes

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