



INT/942

Economic and social opportunities of digitalisation

OPINION

European Economic and Social Committee

Exploiting the economic and social opportunities of digitalisation and improving the digital transformation of the economy, especially SMEs, focusing on human-centred artificial intelligence and data
[exploratory opinion]

Rapporteur: **Antje GERSTEIN**

Referral	Slovenian Presidency, 19/03/2021
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Adopted in section	15/06/2021
Adopted at plenary	07/07/2021
Plenary session No	562
Outcome of vote (for/against/abstentions)	212/0/1

1. **Conclusions and recommendations**

- 1.1 While we have learned in the current pandemic that remote working, home office and flexible working schemes will – at least to a certain degree – remain the "New Normal" we also need to understand that digital business models will increasingly shape our world of work. These models need to be designed in a people- and values-oriented way. In a broader societal sense, the challenge is to guarantee the digital inclusion of particularly vulnerable groups.
- 1.2 The benefits of a completed Digital Single Market in the EU are forecast to contribute EUR 415 billion a year to the EU's economic output. While the digital transformation entails significant opportunities for companies across the EU, many enterprises not only face a huge degree of legal uncertainty in their cross-border activities, but are also at significant risk of falling behind due to lack of access or investment resources, as well as to a lack of skills, which applies generally to many SMEs and affects microenterprises in particular.
- 1.3 One of the keys to the success of a European Digital Single Market will be openness to technology in the regulation of new digital business models and applications such as artificial intelligence (AI) and access to innovation funding so that SMEs can benefit from the advantages of such new digital applications. The EESC has conducted a study on AI in SMEs which can provide useful insights.¹
- 1.4 The EESC has been at the forefront of the debate on AI since its first AI opinion in 2017, and has published a number of opinions on the subject over the past couple of years. The EESC is currently in the process of drafting its formal opinion on the European Commission's proposal for an Artificial Intelligence Act ("AIA proposal"). This opinion will be presented to the EESC plenary in September, and, among other things, will address in particular the definition of AI, as this is an important element of the AIA proposal.

2. **Background**

- 2.1 Considering its envisaged Presidency priorities, the upcoming Slovenian Presidency of the Council of the EU has drawn up proposals, for which the Committee was requested, by letter of 18 March 2021, to provide exploratory opinions. These areas of EU policy are of particular importance to the Presidency.
- 2.2 The present opinion is thus a response to the request by the Slovenian Presidency of the Council of the EU to prepare an exploratory opinion on the economic and social opportunities of digitalisation.
- 2.3 This exploratory opinion summarises several topics related to digitalisation that are covered by recent or ongoing EESC opinions. It responds to four questions posed by the Presidency, relating to the Data Governance Act, the Digital Services Act and the Artificial Intelligence Act.

¹ [Study "Boosting the use of Artificial Intelligence in Europe's micro, small and medium-sized enterprises"](#)

All other relevant information on these topics can be found in the corresponding EESC opinions².

3. **General comments**

- 3.1 The COVID-19 crisis has highlighted both the EU's digital lag and its enormous potential. Now more than ever, we need to understand that the EU needs a strong Digital Single Market. This entails strengthening its capacities in areas such as cloud computing, 5G, and the secure use of data. In order to keep pace with the global players USA and China, it is necessary to invest in a strong digital Europe.
- 3.2 The benefits of a completed Digital Single Market in the EU are forecast to contribute EUR 415 billion a year to the EU's economic output. Predictive maintenance, digital platforms and quantum computing are just three examples of how digital technologies will have a significant impact on the digitalisation of the European economy. While the digital transformation entails significant opportunities for companies across the EU, many enterprises not only face a huge degree of legal uncertainty in their cross-border activities, but are also at significant risk of falling behind due to lack of access or investment resources, as well as to a lack of skills, which applies generally to many SMEs and affects microenterprises in particular.
- 3.3 While we have learned in the current pandemic that remote working, home office and flexible working schemes will – at least to a certain degree – remain the "New Normal" we also need to understand that digital business models will increasingly shape our world of work. These models need to be designed in a people- and values-oriented way.
- 3.4 In a post-pandemic economy we need to ensure that small and medium-sized enterprises in certain particularly hard hit sectors (service sectors, such as retail and tourism), do not lose ground because investment needs are too high (and savings are exhausted after more than a year in a pandemic situation). These companies need special support for the digital transformation and the further development of business models, which needs to be reflected in the national recovery programmes linked to the EU Recovery Fund. The European Commission needs to take a coordinating role in order to avoid fragmentation between different European funds and make sure that activities and projects in this particular field (digital transformation for SMEs) are streamlined.
- 3.5 The political framework must be appropriate, to ensure that SMEs can take advantage of the opportunities presented by digitalisation. Regulation should only be considered in cases where an undesirable development can clearly be foreseen. Innovation and new business models need a certain space to develop. Overly hasty or strict European regulations put European companies, particularly SMEs, at a disadvantage compared to internationally active corporations in the rest of the world.

² [Data Governance Act](#); [Digital Services Act](#); [Artificial Intelligence Act](#)

- 3.6 In certain branches however, particularly in the service sector (i.e. retail, tourism, catering), there is an urgent need for a regulatory framework that helps combat disinformation in the digital space and makes it possible to take action for instance against **fake reviews** that can be extremely harmful to businesses. The EESC elaborated on these issues, which are particularly prevalent on digital platforms, in its very recent opinion on the Digital Services Act (DSA)³.
- 3.7 The advancing technical development and digital transformation of the economy also entails certain risks that must be kept in mind in order to fully exploit their potential. Therefore, it is necessary to ensure that, along with technological progress and digitalisation, mechanisms are ensured to counteract the digital exclusion of particularly vulnerable groups.
- 3.8 The EESC has been at the forefront of the debate on AI since its first AI opinion in 2017⁴, and has published a number of opinions on the subject over the past couple of years⁵. The EESC has been advocating a "human-in-command" approach to AI, where humans both remain in command of AI in a technical sense, and retain the ability to decide if, when and how to use it in our society at large. The EESC has welcomed the European AI Strategy that was published in 2018, the Commission's communication on the ethics guidelines for trustworthy AI, and its endorsement of the 7 requirements for trustworthy AI. Furthermore, the EESC has drawn attention to the impact of AI on jobs, the importance of finding the right balance between regulation, self-regulation and ethical guidance, and the impact of AI on consumers, among other elements.
- 3.9 The EESC is currently in the process of drafting its formal opinion on the European Commission's proposal for an Artificial Intelligence Act ("AIA Proposal")⁶; this opinion will be presented to the EESC plenary in September. The EESC cannot provide its formal position on the AIA as yet, but it can offer some reflections on the specific question posed by the Slovenian Presidency on the definition of AI set out in the AIA Proposal.
- 3.10 With regard to the workplace, as a basic principle in the age of digitalisation, decent work must be guaranteed for all employees. In companies, employees and their representatives must be involved at an early stage in the deployment of artificial intelligence (AI) that directly affects employees, and be involved in determining how the AI in question is to be used. Employees must be trained for the new jobs in the digital world of work with foresight and in good time.

4. **Specific comments**

- 4.1 The Presidency considers artificial intelligence to be the most important aspect of digitalisation. Other particularly important issues include the integration of advanced technologies into society, and transition to a gigabit society. With emerging technologies such as AI and the data

³ [Digital Services Act](#)

⁴ [OJ C 288, 31.8.2017, p. 1](#)

⁵ [OJ C 440, 6.12.2018, p.1](#); [OJ C 440, 6.12.2018, p.51](#); [OJ C 240, 16.7.2019, p. 51](#); [OJ C 47, 11.2.2020, p. 64](#); [OJ C 364, 28.10.2020, p.87](#)

⁶ [Artificial Intelligence Act](#)

economy, the EU can recover rapidly from the crisis and become the world's leading digital society.

4.2 The Presidency asked the EESC to reply to four specific questions:

- The Data Governance Act introduces new business models, such as data sharing service providers, which will encourage the use of data. What is the EESC's view on the economic effects of such services?
- The Data Governance Act introduces data altruism organisations, which will facilitate the re-use of data made available by natural and legal persons. This will also enable the provision of new services, including the collection of data produced by natural persons for objectives of general interest. What is the EESC's view in this regard?
- What is the EESC's position on the proposal for an appropriate definition of artificial intelligence (included in the Artificial Intelligence Act adopted in April 2021)?
- What is the EESC's view on the Digital Services Act?

4.3 **The Data Governance Act introduces new business models, such as data sharing service providers, which will encourage the use of data. What is the EESC's view on the economic effects of such services?**⁷

4.3.1 The EESC believes that the Data Governance Act is appropriate and necessary given that the processing, storage and sharing of digital data are becoming increasingly important both for the economy and for social and civic reasons: individuals, administrations and businesses are subject to a complex, interlinked regulatory framework.

4.3.2 The EESC considers recognising the usefulness of a cooperative model for establishing data management and exchange and as a very useful tool for neutral shared data management. To this end, it encourages the Commission and the Member States to support SMEs in order to take initiatives to develop mutual organisations for the management and exchange of data.

4.3.3 Cooperatives and other structures based on cooperation would seem particularly well suited for managing intermediary activities and data exchange or sharing between citizens (workers, consumers, entrepreneurs) and companies. Cooperatives in particular would enable the data management interests of the data subjects and the cooperative data holder – which in this case would be owned by the same data subjects – to coincide, and thus such structures would allow for participatory governance shared between citizens, companies and entrepreneurs which both provide and use the data. This mechanism could support the climate of trust and openness which is a prerequisite for good data governance in the EU's single digital market.

⁷ [Data Governance Act](#)

4.4 The Data Governance Act introduces data altruism organisations, which will facilitate the re-use of data made available by natural and legal persons. This will also enable the provision of new services, including the collection of data produced by natural persons for objectives of general interest. What is the EESC's view in this regard?⁸

4.4.1 The EESC welcomes the proposal to lay down a regulation for organisations dealing with "altruistic data" management. It supports the proposal's stipulation that these organisations should be legal entities operating on a not-for-profit basis and in the general interest, and above all that they should be autonomous and independent, particularly from other organisations pursuing commercial or for-profit data management objectives.

4.4.2 Such provisos and the establishment of a public register of altruistic data organisations would meet the need to ensure transparency and protect the rights and interests of the individuals and businesses which are the object of the altruistic exchange of data. This would increase the trust of all parties involved.

4.5 What is the EESC's position on the proposal for an appropriate definition of artificial intelligence (included in the Artificial Intelligence Act adopted in April 2021)?

4.5.1 The EESC welcomes the European Commission's clear message in its recent legislative proposal for AI, that fundamental rights and European values are at the core of Europe's approach to AI. Many of the EESC's recommendations over the past couple of years found their way into this proposal.

4.5.2 The EESC is currently working on a separate opinion in response to the proposal, in which it will address in particular the definition of AI as set out in the proposal, as it is an important element of the AIA proposal.

4.5.3 As an initial remark, the EESC stresses that AI remains an essentially contested concept, as there is no universally accepted definition. One complicating factor is that legal definitions differ from purely scientific definitions, in that they should meet a number of requirements including inclusiveness, precision, comprehensiveness, practicability and permanence), some of which are legally binding and some of which are considered good regulatory practice.

4.5.4 On the one hand the AIA proposal looks not only at the technology itself, but also at what is used for and how it is used. On the other hand, it contains a specific definition of AI including a list of AI techniques that fall within the scope of the regulation. As such, the AIA proposal appears to hinge on two thoughts. Whether this slightly ambivalent approach will be adequate to appropriately address the specific challenges of AI and foster its opportunities will be discussed in more detail in the upcoming EESC opinion on the AIA proposal.

⁸ [Data Governance Act](#)

4.6 **What is the EESC's view on the Digital Services Act?**⁹

- 4.6.1 The EESC welcomes the proposal for a single market for Digital Services at a time when new and innovative information society digital services have emerged, changing the daily lives of EU citizens and shaping and transforming how they communicate, connect, consume and do business.
- 4.6.2 The EESC supports the Commission's efforts to prevent the internal market being fragmented by a proliferation of national rules and regulations and calls for a clear statement regarding the exhaustive nature of the Digital Services Act. This is an opportunity to establish global standards for the digital markets that can lead Europe into this new era, ensuring a high level of consumer safety and protection online.
- 4.6.3 The EESC calls on the Commission and the Member States to define a reasonable schedule for setting up the discussion and inclusive public consultation and implementing the regulation and strategy. It is fundamental for social partners and civil society organisations to play a role in this process in order to achieve a level playing field for all players.
- 4.6.4 The EESC welcomes the greater transparency for recommender systems and advertising, ensuring that consumers get only the advertising they want.
- 4.6.5 The EESC notes that there are many shortcomings with regard to the country of origin principle and calls for the careful consideration of alternative methods, such as the country of destination principle, especially in tax, labour and consumer issues unless there is a stronger regulation on the EU level in order to ensure fair competition and the highest possible level of consumer protection.
- 4.6.6 The EESC calls for an adequate framework to be developed to allow companies to assert the fairness, reliability and security of their artificial intelligence systems, taking into account the highest possible level of consumer and worker protection.
- 4.6.7 The exemption of liability for hosting should only cease to apply when it comes to content that is clearly illegal or that has been established by a court decision as illegal. The EESC recommends establishing a positive liability regime for online marketplaces to be applied in certain circumstances.
- 4.6.8 The EESC draws attention to the huge task of achieving proper coordination between all relevant instruments and initiatives in the context of a wider regulatory approach to the platform economy. A proper overview is needed of how these different perspectives affecting the DSA can be integrated.

⁹ [Digital Services Act](#)

4.6.9 For the EESC taxation¹⁰, data governance, employment status, working conditions and consumer protection, are significant factors for the, sometimes unfair, competition in the digital economies which deserve special attention.

Brussels, 7 July 2021.

Christa SCHWENG
The president of the European Economic and Social Committee

¹⁰ [OJ C 367, 10.10.2018, p. 73](#)