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BUSINESSEUROPE COMMENTS ON STANDARDS IN THE DIGITAL SINGLE MARKET: SETTING PRIORITIES AND ENSURING DELIVERY

In response to the DG GROW/ DG CNECT consultation on standards in digital, BUSINESSEUROPE welcomes the opportunity to provide feedback on how standardisation can be used to support the Digital Single Market (DSM). Overall, BUSINESSEUROPE supports bottom-up development to ensure market relevant and timely standards. In terms of digital standards, achieving interoperability in products and technologies that can be globally integrated is crucial.

Reply to the Commission questionnaire on standards in the digital

II.1 Questions on general framework and problem statement

> **Q1.1 - Do you share the Commission's analysis in Part 2 of this document?**

PARTLY

Indeed, standards are developed by many actors in a voluntary based consensus process. The legal framework of Regulation 1025/2012 on European standardisation recognises CEN, CENELEC and ETSI as the European standardisation organisations (ESOs) and ITU, ISO and IEC as formal international standardisation bodies. It is also relevant that the Commission's analysis mentions international fora/consortia alongside these formal standardisation organisations, especially in the digital domain. Paragraph 3 of the analysis goes on to correctly explain the differing stakeholder structures and deliverables of formal and informal standardisation bodies.

We would only agree in part with paragraph 4. Indeed, the overall goal is to promote timely standard-setting that reflects European interests as much as possible. We also understand that standard setting organisations have limited resources. It is also important to realise that businesses, the main contributors and implementers of standards also have limited resources. Therefore, prioritising development that attempts to steer the market or are irrelevant will only draw resources away from activities that could have real benefit. When standardisation is used to support the interests of public objectives (eg. the digital single market) they should flow from political decisions and be used in support. Standards are voluntary in nature so should not be used to implement policy objectives top-down.

The final paragraph is an objective of the EC.

- ➢ **Q1.2 - ICT is assuming a greater role in sectors of the economy which were not previously significant users of ICT. How do you see *the role of ICT standards* for the economy, in particular beyond the ICT sector?**

  IMPORTANT

  ICT has moved beyond achieving efficiency gains alone. ICT is not only deeply transforming how business activities are performed, but also how they are designed as it enables new business models. This happens in all sectors and the ability to innovate and follow this trend is vital to support competitiveness and prosperity.

  Many of these developments require interoperability of some kind which can be achieved and governed by standards, or by similar means, such as: collaboratively developed open source software or de-facto standards driven by private parties.

  Therefore standards do play a vital role but the alternatives that exist should not be ignored. The development of standards can take a long time and their deployment in the market is not guaranteed. Collaboratively developed, open source software is emerging as an alternative to these difficulties.

  De-facto standards successfully driven by private parties can give quick, easy-to-apply and comprehensive answers to interoperability challenges. However, they also move great competitive advantages to the originating party. This may distort industry and be undesired from a societal view.

- ➢ **Q1.3 - Do you agree that setting priorities for ICT standards at EU level, accompanied by clear time-tables, could help standard-setting organisations in better organising their work and support the Digital Single Market?**

  PARTLY

  The EC is clearly in the position to provide guidance to stakeholders along the lines of determining wider EU public goals and how they relate to these domains – this would be helpful. The potential influence of setting priorities alone could have less of an impact. The influence of priority setting depends on whether a broad set of relevant stakeholders would be interested in taking them up to develop standards towards these priorities. Ultimately, the relevance to the contributors and implementers of standards will decide the success of these priorities (see Q 1.4).

- ➢ **Q1.4. - What other steps should be considered to ensure that any such prioritisation would enjoy broad support of key stakeholders?**

  Ensuring a broad set of relevant stakeholders in appropriate standardisation bodies is the real challenge for prioritising standardisation activities in digital. As an all-encompassing topic, having a solid understanding within the sector applicable to the standardisation deliverable is crucial – as is understanding the competitive dynamics of that market and how it relates to geographic regions. Therefore there can be no one-size fits all answer.

  Businesses drive innovation and development in digital on a global scale, mostly based on a balanced realisation of sales and profits across regions. The EC should align priorities in such markets with Member States and cooperate with

regions outside the EU to demonstrate the market potential that flows from setting standards in these priority areas.

All sectors nowadays see globally integrated businesses operating on a global scale. These businesses may be headquartered outside or inside of the EU. Either way, they see Europe as a large and therefore vital market. The EC should explain the increase in market opportunity when investment is made in the European strategic agenda. Businesses are then sure to see the potential in consolidating and strengthening leading positions in operations through innovation. A prime example in this respect is the area of Industrie 4.0 which has been driven from a strong industrial base in Germany. The EC should work with business associations to understand and articulate national priority setting to elevate it to the level of EU policy (in so far as is desirable to disclose).

➢ **Q1.5 - What would be the most effective instrument at EU level to ensure that any such prioritisation is taken up by relevant standard-setting organisations? (please select and rank up to 3 instruments)**

NONE

The mechanism of mandates would do more harm than good in this context as it is market relevance, not public policy that drives whether meaningful standards are developed in digital. The ESO's are not leading players in the standardisation arena for many topics that will be involved in delivering the digital single market.

The announcement of EC priorities alone is only a minor part of the work needed. It will have little effect on the domains needed to support the digital single market if up-take does not occur (see Q1.4 for suggestions on how to achieve this).

➢ **Q1.6 - What would be the impact of a priority ICT standards plan defined at the level of the EU on Europe's effort to pursue leadership in global standard-setting?**

NEUTRAL

Leadership in global standards setting flows from industry and innovation leadership, not the other way around. Building and sustaining industry leadership is a mechanism in itself that must be applied in orchestration with appropriate tools including standardisation. Therefore standardisation itself cannot be decisive for creating global leadership in relevant standard-setting domains.

Public policy should first aim to establish industry and innovation leadership then use global standard-setting to sustain and strengthen these aims. This in turn will build stronger standardisation leadership and sustain it, as a result – not as a decisive driver.

> **Q1.7 - What would be the impact of a priority ICT standards plan defined at the level of the EU on the ability of European companies to capture new global market opportunities?**

NEUTRAL

There is no uniform answer as the characteristics of each sector will determine this (see Q1.3).

Announcing the priority ICT standards plan alone will not be enough to have an effect – it will depend on how the take-up by standardisation players is stimulated (see Q1.4).

> **Q1.8 - Besides establishing a priority ICT standards plan, what other measures could the Commission (or other EU institutions) take to ensure that standardisation plays its role in achieving a Digital Single Market?**

Standardisation has a role in achieving the digital single market but it is not the only factor. Through the question, the EC seems to perceive standardisation as an end in itself, or a tool that we must find a use for whereas delivering the Digital Single Market will depend on several factors.

For harmonising regulatory requirements, standards play a role in demonstrating conformity in practice on a voluntary basis, as per the long standing and highly successful New Approach. However such standards, unlike interoperability standards, specify the essential performance and/or safety rather than how things work together. Therefore, the role of standards plays a more generic and supportive role to serve the needs of businesses and subsequently citizens. This contrasts with the deliverance of interoperability standards which will be based instead on market incentives and investment programs.

> **Q1.9 - How should standard-setting organisations best respond to the increasing speed of technological development and the integration of technologies in business processes across all industrial sectors?**

This should be left to the standards development organisations themselves. A level of competition between them would serve to provide the right incentives to address this challenge. This need for competition is a further reason why mandates would be detrimental to this domain.

> **Q1.10 - How do you see the involvement of European ICT Standardization experts in international standardisation organisations (ITU, ISO, IEC) and global standard setting organizations (i.e. IEEE, IETF, OASIS, W3C, ECMA international)?**

NEUTRAL

Europe has strong involvement in formal international standards setting bodies and informal global standards setting bodies. This can be government agencies, experts working for companies headquartered in Europe (while the experts may not necessarily be European) or experts of European origin regardless whether representing businesses headquartered in or outside of Europe. Strong

involvement in formal international standards setting bodies exists in ISO, IEC and ISO/IEC JTC 1 where Europe also holds the secretariat and convenorship of leading technical committees and working groups. But there is also strong involvement in informal global standards setting bodies, such as global fora and consortia like OASIS, W3C, IETF, Ecma international, etc. where European experts are active both on managerial level in the organisations as well as on technology development contributing to leading-edge standardisation deliverables for global use. While the involvement of European ICT standardisation experts in international standards setting bodies or informal global standard setting bodies is strong, it is not a decisive factor for the future success of the EU's strategic goals.

Global businesses will drive their interests through standardisation development and who funds these experts and what interests they represent is of more importance to achieving the EU's strategic goals. What matters is whether these interests have a strong influence within that standardisation organisation and whether they are aligned with those of the EU's strategic interests. This does not depend on location or origin but loyalty of the business to the region in which it is operating.

For example, a business headquartered in the US that has a strong influence and loyalty across all regions (including the EU's) will drive the regional interests of that business. Regardless of whether their expert is located in Germany or the US, the agenda of their business will be EU aligned. This can be compared to another example of a company headquartered in South-East Asia, with a large influence in Europe using an expert based in Britain that drives a business agenda that is not regionally divergent and so will not be strategically aligned with the EU's strategic goals.

Therefore the aim should be to understand how these strategic drivers behind active participation in ICT standardisation can be aligned with European interests to support innovation, competitiveness, addressing citizen needs and general prosperity. This is not the same as quantifying or determining the amount of participating 'European' experts. In many respects, European interests in ICT standards are reasonable and well served by global interests. Obtaining stronger leadership overall should be the real aim (also see Q1.6).

II.2 Questions on priority domains for standardisation in the Digital Single Market

BUSINESSEUROPE will abstain from answering this section as the priorities will flow from implementing the strategic direction explained in the answers above.

II.3 Other Comments

The EC should determine wider EU public goals instead of setting priorities for standards domains to achieve. Public goals could be determined from aligning with Member State priorities where their businesses are leading (eg. Industrie 4.0) and what their citizens would benefit from. Priorities for developing standards would flow from these aligned public goals to remove barriers and increase opportunities.

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