The
Federal Chancellor

THE PRIME MINISTER

PRIME MINISTER
Finland

REPUBLIC OF ESTONIA
PRIME MINISTER

Berlin, Copenhagen, Helsinki, Tallinn

1 March 2021

Madam President, dear Ursula,

Digital transformation is vital for European recovery, for the prosperity, security, competitiveness and the well-being of our societies. We have joined forces in Europe during the last months to facilitate swift extensive additional investments in digital projects via the Recovery and Resilience Facility, to strengthen cooperation across the digital sphere and to start discussions on a common approach in fields such as data, artificial intelligence and platform regulation.

At the same time, the dependencies and shortcomings in European digital capacities, skills and technologies have become more apparent. A significant amount of digital value-added and innovation takes place outside Europe. Data has become a new currency which is mainly collected and stored outside Europe. And fundamental democratic values are under severe pressure in the global digital sphere.

Now is the time for Europe to be digitally sovereign. We have to foster the Digital Single Market in all its dimensions where innovation can thrive and data flow freely. We need to effectively safeguard competition and market access in a data-driven world. Critical infrastructures and technologies need to become resilient and secure. It is time for digitisation of governments in order to build trust and foster digital innovation.

We want to develop our capacities and competences in areas where we want to be more self-determined with democratic partners around the world and building on a strong transatlantic relationship. At the same time, we want to strengthen and further develop mutual cooperation and synergies. Digital sovereignty is about building on our strengths and reducing our strategic weaknesses, not about excluding others or taking a protectionist approach. We are part of a global world with global supply chains that we want to develop in the interests of us all. We are committed to open markets and to free, fair and rules-based trade. This is what digital sovereignty means to us.

We call for the European Union to get ahead of the curve in the digital transformation, as outlined by the European Council in October 2020. We believe that Europe needs to recharge and complement its current digitisation efforts with a

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self-determined and open digital policy which includes digital sovereignty as leitmotif. Such a digital policy encompasses the interests of society, the economy and government in equal parts, and supports us in the green transition.

We therefore ask the European Commission to take the necessary initiatives to strengthen the European Union's digital sovereignty. We believe that three steps must be taken:

As a first step, the European Commission needs to identify systems of critical technologies and strategic sectors. We need clarity on where Europe's strengths are and where there may be strategic weaknesses and high-risk dependencies which could lead to supply shortages or cybersecurity risks. It will be key to follow a thorough assessment taking into account global challenges, safety and security implications, scarcity of resources as well as market structures.

This process must be transparent, in order to secure the trust of citizens and businesses, with the long term perspective in mind, as the digital transformation could make new fields critical for our societies, economies, security and citizens, while reducing the significance of others. These should also be guiding principles of the European Commission's proposal on a digital decade with targets for 2030 and a monitoring system, as asked for by the European Council in October 2020.

In a second step, the European Union must strengthen and refine its policy approach for systems of critical technologies and strategic sectors: In order to avoid dependencies, open markets and open supply chains shall be ensured. If this is not possible, then mutual interdependencies shall be established (i.e. no one-sided dependencies on monopolies or countries). As a last resort, European competences and capabilities shall be actively promoted and expanded.

Accordingly, the policy toolbox for digital transformation, both at EU and at national level, shall comprise differentiated policy actions for different areas: Building on our Single Market in all dimensions (health, energy, transport etc.) will be key. We need to take advantage of the entire toolbox and integrate instruments from industrial, trade and competition policy, research and innovation policy, long-term funding instruments, and Important Projects of Common European Interest (IPCEI). We need to enhance the Digital Single Market to make scale-up easier, promote innovation and attract investment. We need to boost skills and competences throughout society, with a special focus on strategic sectors. In addition, digitisation of the government itself must be an important driver of innovation, as it also plays an important role in generating enablers, frameworks and trust for testing, take-up and diffusion.

To this end, the Commission should come forward with proposals for new initiatives as well as strengthening ongoing initiatives. We need solid framework conditions that foster an innovative, responsible and safe digital economy, including an EU-wide ecosystem for digital identities, a legislative framework for artificial intelligence, excellence in quantum computing, EU-based distributed data cloud solutions and a European approach to foster communication network virtualisation and new technologies (openRAN). And we call for a new global initiative on platform regulation, building on current discussion on the Digital Services Act and the Digital Markets Act in the EU.

The European Commission should develop an action plan for greater digital sovereignty on this basis, ideally as part of its initiative announced for March 2021 on Europe's Digital Decade. In order to ensure that critical dependencies do not become

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entrenched, a set of immediate measures should be defined in this plan to enable the European Union to become digitally sovereign in critical areas.

In a third step, the rapid momentum in the digital world means that the EU needs a monitoring system. The monitoring shall be permanent, recurrent and built on a wide societal, scientific and economic basis. It shall enable us to anticipate digital developments, identify our shortcomings and strengths and define concrete measures and instruments accordingly. The monitoring shall aim to facilitate innovation and development to ensure that Europe remains sovereign, secure and competitive and a leader in developing digital technology.

Digital transformation is one of the greatest opportunities and challenges for Europe's future, and it must be of help to people, our societies and our economy.

As Europeans, we aspire to continue asserting our democratic values and rules in the digital era at home and abroad. At the same time, we want to participate in digital value-added, thus safeguarding future prosperity in the European Union and moving our societies into the digital age. This can only be achieved if we follow a coherent path towards digital sovereignty – self-determined and open.

We call on you to put the weight of the European Commission behind this joint endeavour.

Yours sincerely,

Angela Merkel

Chancellor
of the Federal Republic of Germany

Mette Frederiksen

Prime Minister
of the Kingdom of Denmark

Sanna Marin

Prime Minister
of the Republic of Finland

Kaja Kallas

Prime Minister
of the Republic of Estonia