



Meeting of the Chairpersons of the Committees on Economic and Digital Affairs

19–20 April 2015
Riga

SUMMARY

On 19–20 April 2015, the Saeima of the Republic of Latvia hosted the Meeting of the Chairpersons of the Committees on Economic and Digital Affairs, which was one of the events organised within the framework of the parliamentary dimension of the Latvian Presidency of the Council of the European Union (EU). The meeting gathered participants from 19 EU Member States' Houses of Parliament, as well as representatives from the European Parliament, Norway, the Baltic Assembly, and Montenegro as a candidate country.

The participants of the meeting discussed the following topics: Big Data and Cloud Computing as Resources for a Digital Economy, Security and Privacy in Digital Space, and Education and Employment in a Digital Economy.

In the opening session, participants of the meeting were addressed by Gundars Daudze, Deputy Speaker of the Saeima of the Republic of Latvia; Edgars Tavars, Parliamentary Secretary of the Ministry for Environmental Protection and Regional Development of the Republic of Latvia; Romāns Naudiņš, Chairman of the Economic, Agricultural, Environmental and Regional Policy Committee of the Saeima of the Republic of Latvia.

Gundars Daudze, Deputy Speaker of the Saeima of the Republic of Latvia

The Deputy Speaker emphasised that the fundamental principles of the Latvian Presidency – engagement, growth and sustainability – underpin the essence of the Meeting as well. The development of the ICT is one of the most important contributing factors in Europe's growth. We live in an era where we increasingly rely on the possibilities offered by modern technologies, which, on the other hand, create new risks as well. He emphasised the need for cross-border cooperation in the area of cyber security in order to strengthen Europe's security space. Formation of the Digital Single Market is hindered by the fragmented national regulatory frameworks. One of the most urgent issues would be the copyright reform aimed at ensuring balanced protection of authors' and consumers' rights in the digital era. Mr Daudze

also pointed out that the high security and privacy standards in Europe must be turned into an advantage, and their observance must be seen as an indicator of countries competitiveness.

Edgars Tavors, Parliamentary Secretary of the Ministry of Environmental Protection and Regional Development of the Republic of Latvia

Edgars Tavors pointed out that there are still many obstacles to overcome on the way towards a digital Europe. He suggested two main principles to be adhered to: digital by default and once only. The underlying principles of digitalisation should be implemented across all sectors. Public services should be developed as e-services from the very beginning, thus reducing bureaucracy. Mr Tavors also emphasised the importance of ensuring accessibility to digital technologies outside the development centres, i.e. in the regions, adding that a digital Europe is unimaginable without a digitally skilled society.

He informed that discussions on the development of the Digital Single Market would be continued during the Digital Assembly, to be held in Riga on 17-18 June as a part of the Latvian Presidency.

Romāns Naudiņš, Chairman of the Economic, Agricultural, Environmental and Regional Policy Committee of the Saeima of the Republic of Latvia

Romāns Naudiņš in his address underlined the parliamentarians' role in promoting the future advantages of the Digital Single Market and inspiring businesses and individuals in their respective countries to move towards this objective. Due to certain limitations some advantages may be lost in the short-term; however, in the long run the economy of the entire EU would benefit from the boosted competitiveness and innovation-driven growth.

He also argued that big data and cloud computing are the two essential components of the digital economy that have a great potential for economic growth driven by digital technologies, and that the EU should tap into this potential in order to strengthen its competitiveness in the global market. Mr Naudiņš emphasised that the security and privacy guarantees must be translated into a competitive advantage of the EU in the global digital market. Although the future impact of the digital economy on employment and the structure of labour market is difficult to assess precisely, the public authorities must be tasked with the promotion of a balanced development of job network and the adjustment of education system to the needs of labour market.

SESSION I

Big Data and Cloud Computing – Resources for a Digital Economy

Session I was chaired by Romāns Naudiņš, Chairman of the Economic, Agricultural, Environmental and Regional Policy Committee of the Saeima of the Republic of Latvia, and it featured the following speakers: Arnis Daugulis, Deputy State Secretary for ICT & eGovernment of the Ministry of Environmental Protection and Regional Development of Latvia; Bernd Becker, President of *EuroCloud Europe*; and Juris Gulbis, Chief Executive Officer and Chairman of the Board of the largest ICT enterprise in Latvia – *Lattelecom*.

Arnis Daugulis, Deputy State Secretary for ICT & eGovernment of the Ministry of Environmental Protection and Regional Development of Latvia

Arnis Daugulis pointed out that data and information are valuable commodities, and that a country's competitiveness is increasingly determined by its ability to use technologies smartly, make decisions and develop innovations based on data analysis. With the development of the Internet of Things and various smart solutions, big data plays an increasingly important role.

Regarding the role of the public sector in the development of digital economy, he underlined the importance of open data policy. All data that is not specially protected should be made available to the public without any limitations and free of charge.

Latvia adheres to the principle of making the data generated by public authorities freely accessible in the form of open data. However, many data clusters are still offered to the public for a fee, since some institutions are self-financed from these revenues, for instance authorities generating geospatial data. A better solution would be to provide all the necessary funding for data generation from the state budget.

In order for Europe to play a greater role in the development of these technologies, it is necessary to increase investment in education, as well as in R&D. Cloud computing is an essential component of the digital economy, especially in case of start-ups, as it allows swift and affordable acquisition of the ICT infrastructure, platforms and software required for business development. A broader use of cloud computing requires trust in cloud computing service providers. This could be achieved by setting high security and data protection standards, as well as the establishment of a clear and precise regulatory framework that would provide appropriate protection for the clients of cloud computing services.

Bernd Becker, President of *EuroCloud Europe*

Bernd Becker pointed out that cloud computing has changed the way IT products are created. He noted the role of the U.S. in leading the development of the IT sector. Moreover, already now also large European enterprises extensively rely on cloud computing solutions. Smaller enterprises, however, are lagging behind due to the lack of knowledge and skills in this area. Although well aware of the cloud computing solutions, European enterprises are reluctant to fully embrace cloud computing services in fear of cybercrimes. For instance, it is estimated

that German enterprises have suffered losses in the amount of 15 billion euros as a result of corporate espionage.

Cloud computing reaches much farther than the IT sector, covering virtually all sectors of economy. In this day and age cloud computing serves as a launching pad for innovation. Mr Becker expressed the assumption that the small enterprises that continue to disregard these technologies will vanish from the market, and therefore it is of the utmost importance to improve education and overall awareness of the digital solutions.

In order to reach an agreement and introduce uniform standards, to a certain extent member states will have to sacrifice their national interests in the name of the common European interests. It is imperative for member states to reach an agreement, so that each of them and the entire Europe can remain competitive.

Juris Gulbis, Chief Executive Officer and Chairman of the Board of *Latt telecom*

Juris Gulbis focused on the importance of the infrastructure necessary to provide cloud computing services. He pointed out that in this area Latvia is among the leading countries in Europe. The sector has to continue its development to gain the trust in cloud computing services, i.e. to ensure protection from loss or unauthorised use of data. Recent data leaks and espionage have had negative impact.

He underlined that in the area of big data the greatest challenge is the fragmented regulatory framework, namely, in Europe there are 28 different markets with their own regulations on data handling and protection.

The Digital Single Market has a great potential for boosting European economy and creating new jobs. However, it requires a new simplified regulation that would promote investment in cloud computing and big data. Regarding the dramatic shortage of ICT specialists, Mr Gulbis proposed the introduction of common standards in natural sciences education across the EU member states.

Debate

Delegates from five EU member states - France, the Netherlands, Cyprus, Italy and Latvia - participated in the discussion. Parliamentarians noted that the processing of big data and cloud computing offer new possibilities, generate synergies, and may promote economic recovery from the crisis. Likewise, a broader use of big data and cloud computing has the potential to improve the efficiency of the public sector and reduce costs.

It was acknowledged by the delegates that in the U.S. big data are a popular commodity, while Europe is lagging behind in this area, mainly due to restrictive and fragmented market regulations. The rather stagnant economy is another factor that impedes progress in this area. The development of digital technologies has to be urgently defined as a priority task at the EU level, in order to keep up with the competition. A common ICT productivity growth area can be created by consolidating each member state's achievements, and keeping the unique features of each member state at the same time.

Although today technological development outpaces relevant policies, parliamentarians are aware that technologies alone will not achieve the Digital Single Market. It requires

appropriate legal framework that would eliminate existing barriers and create new opportunities for entrepreneurship. At the same time, the harmonisation of the regulatory framework should not hamper investment and market development.

It was proposed that access to data should be ensured by default, and each individual should be able to manage their data. Delegates agreed that there is a need to create an infrastructure that would allow an effective use big data, while ensuring protection of privacy. It is only possible to tap into the potential of cloud computing and big data and thus contribute to the European growth if sufficient security and overall trust in these services can be ensured.

The participants of the debate agreed on the importance of addressing the challenge of ensuring sufficient e-skills that match the needs of the labour market.

In the conclusion of Session I, **Arnīs Daugulis** emphasised the importance of creating a new regulatory framework that would govern the new technological solutions, while striking a healthy balance between the governance of data protection and market development.

Bernd Becker noted that in its cloud computing strategy the European Commission (EC) has already defined measures to be taken. It is important to continue the promotion of skills and awareness of the digital solutions among general public. Given the multifaceted nature of the digital society, each of its aspects should be approached gradually, taking into account various auxiliary factors, such as roaming, net neutrality, copyright, etc.

Regarding net neutrality, **Juris Gulbis** underlined that it is impossible and inefficient to ensure an equal level of service to all users, and urged to support the proposal of the Latvian Presidency to define the following priority areas: national security, emergency services, bank transfers and insurance services.

Romāns Naudiņš concluded Session I, noting that an increased productivity in the EU can be achieved only by joining our efforts and launching the Digital Single Market, thus enabling European enterprises to expand their operations from national level to the pan-European scale, on the condition that excessive regulatory, tax or other burdens are eliminated. In order to achieve this goal, it is imperative to move towards the use of open standards, the facilitation of open data as a motivational factor for the use of big data, as well as the promotion of digital champions. The main goal of a regulatory framework is to ensure a balance between development and ensuring security and privacy.

SESSION II

Security and Privacy in Digital Space

Session II was chaired by Edvards Smiltēns, Secretary of the Economic, Agricultural, Environmental and Regional Policy Committee of the Saeima. The participants were addressed by Zoran Stančič, Deputy Director-General of the Directorate General for Communications Networks, Content and Technology of the European Commission; Dr Andris Ambainis, Professor at the Faculty of Computing of the University of Latvia; and Marju Lauristin, Member of the Committee on Civil Liberties, Justice and Home Affairs of the European Parliament.

Zoran Stančič, Deputy Director-General of the Directorate General for Communications Networks, Content and Technology of the European Commission

Zoran Stančič gave a broad overview on digital economy related challenges faced by the EU. He noted that the digital economy benefits early arrivals and that European enterprises have a risk of falling behind the global market as the Digital Single Market is not fully functional. Only 14% of SMEs sell their goods and services online and only 12% of the consumers buy goods and services online across the borders. This leads to a slower growth and fewer new jobs. A truly functional Digital Single Market would provide access to goods and services throughout the EU. To this end, the same rules should apply everywhere, and issues such as geo-blocking have to be resolved. Digital economy is one of the priorities of the Juncker's Commission.

Regarding security and privacy in digital space, Mr Stančič stressed that security and privacy are essential for the development of the Digital Single Market. The Digital Single Market cannot function without the trust of the market participants. Therefore, data protection is a very sensitive and important issue. At the same time, nowadays the amount of data collected is simply astounding, and also in this area there is a need for uniform regulation.

The adoption of the General Data Protection Regulation in 2015 is a priority. Afterwards, the EC intends to revise the Directive 2002/58 on Privacy and Electronic Communications, or the so-called E-Privacy Directive. The Network and Information Security Directive proposed by the Commission in 2013 and currently in the final stage of negotiations between the European Parliament and the Council, aims to ensure a high level of cybersecurity in the entire EU, and should be a motivational factor for further development of the Digital Single Market.

Dr Andris Ambainis, Professor at the Faculty of Computing of the University of Latvia

Dr Ambainis provided some examples of new technological solutions that could help ensure security and privacy; he also stressed that technology can be used for both threatening the privacy and protecting it.

Currently, data can be stored in the cloud; they can be gathered and analysed by somebody and then released to the public as open data. Data can be encrypted, and thus made unintelligible to third parties. In that case, however, they cannot be read and analysed. In this

respect, since 2008 there have been methods to process encrypted data without deciphering them.

Regarding data analysis, an increasing volume of personal data is being gathered thus invoking privacy concerns. For example, in order to increase their profit margins, retailers may use some very sensitive information about consumers' private lives.

Another issue is open data – certain data should be freely available for use and reuse. More openly available data could help discover new and innovative solutions. At the same time, open data also may cause privacy related concerns. Differentiated privacy – a method of releasing information with limited ability to access an individual's private data – may provide a solution.

Marju Lauristin, Member of the Committee on Civil Liberties, Justice and Home Affairs of the European Parliament

Marju Lauristin drew attention of the audience to the complexity of ensuring privacy of individuals, security of states and competitiveness of enterprises.

Ms Lauristin gave an overview of the current state of affairs in the data protection package reform. Without functioning and modern data protection regulations, the Digital Single Market development is impossible. There are various legal instruments involved, including the Data Protection Convention of the Council of Europe, the General Data Protection Regulation, directives, as well as national legal acts in the member states. This field is regulated by diverse legal tools that can lead to divergent interpretations. A detailed, comprehensive and clear set of rules is needed.

The EC hopes to finish the work on the General Data Protection Regulation by the end of 2015. According to Marju Lauristin, since the Latvian Presidency has been very active on this matter, it is expected that the Regulation will be adopted in near future. However, the Regulation is part of a larger set of documents which also includes a proposal for a directive on the protection of individuals against the use of personal data by competent authorities for the purposes of prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and free movement of such data. This proposal has evoked many conflicting responses.

Another potentially complicated legal instrument is the proposal for a directive on the use of passenger records for the prevention, detection, investigation and prosecution of terrorist attacks and serious crime. The Luxembourgish Presidency is committed to continue the work on this proposal; therefore, Lauristin expects the new EU package on data protection to be completed between 2015 and 2017.

These legal instruments require innovative solutions. The legislation will require redefinition of concepts that seem obvious (national security, personal data, public interest, public expression, content of certain rights) and strike a balance between an individual's right to privacy and national security. Furthermore, until now digital affairs have been a field without a clear culture of behaviour.

Keeping in mind the rapid technological development and recent court rulings, Marju Lauristin believes that the digital age is gaining momentum. While a stricter set of rules is

necessary, the challenge is to have regulations that do not thwart innovation and creativity. High standards on privacy protection by default and by design should be stressed.

In conclusion, Ms Lauristin stressed the need to look at the Digital Single Market not only from the economic perspective, but also from the perspective of language and cultural diversity protection.

Debate

Representatives from four EU member states - Slovenia, Cyprus, Italy and Luxembourg - participated in the debate. They called for raising citizens' awareness, as well as for the involvement of the civil society and NGOs in addressing the issues of privacy and security. The need to strike a balance between the protection of privacy and its possible limits is determined by national security needs. Similarly, concerns were expressed regarding the use of personal data for marketing purposes.

Two proposals were made: the first was related to the concept of digital European citizenship and the need for common education standards for digital skills; the second called for the EC's incentive regarding the guarantees of citizens' rights and rights of appeal in the context of digital affairs.

In response to the issues raised by the debate participants, **Zoran Stančič** pointed out that the competitiveness of the EU industry is important in the context of digital economy. Cybersecurity could be the European "trade mark" and advantage. At the same time, the limits of EU power have to be recognised; furthermore, a harmonised approach throughout the EU is needed.

Dr Andris Ambainis stressed that research is driven by data; accordingly, a good balance needs to be achieved between the right to privacy and the researchers' need for available data.

Marju Lauristin repeated her opinion that the EC has to take a holistic approach by paying attention to education and research, as well as the business needs, otherwise the digital gap cannot be avoided. The Committee on Civil Liberties, Justice and Home Affairs of the European Parliament is well aware of the potential conflict between the security needs and the right to privacy. Finally, she stressed that the general legal principles should be applicable to all new situations and technologies, and referred to recent judgements of the Court of Justice of the EU in cases on proportionality in the data retention.

Edvards Smiltēns concluded the debate by emphasising that data is a very valuable economic resource that needs to be protected. The use of data can serve as an impetus for economic growth. A prerequisite for this growth is the trust of individuals in the safety and protection of their data. There is a need for both regulatory and technological solutions which do not stifle the creativity but strengthen the competitiveness of the European enterprises in the global market and reinforce the requirements of security and privacy. It is essential to follow the newest technological developments so that the regulation does not fall behind the actual situation and is effective, rather than being limited to retroactive application by courts.

SESSION III

Education and Employment in a Digital Economy

Session III was chaired by Romāns Naudiņš, Chairman of the Economic, Agricultural, Environmental and Regional Policy Committee of the Saeima. The audience was addressed by Dana Reizniece-Ozola, Minister for Economics of the Republic of Latvia, Dervla O’Neill, Operations and Communications Manager of Digital Skills Academy of the *Digital Hub*, and Mārtiņš Kālis, Chief Executive of the programme *Mission Possible*.

Dana Reizniece-Ozola, Minister for Economics of the Republic of Latvia

Dana Reizniece-Ozola stressed the need to invest in improving education and skills as they constitute a prerequisite for boosting countries growth and increasing their global competitiveness. The Latvian Presidency has three horizontal key objectives in its six month agenda in the Council of the EU: 1) to increase the competitiveness and entrepreneurial capacity of the EU; 2) to get more added value from digital transformations; 3) to bolster the global economic strength of the EU.

Good e-literacy level and solid basic e-skills, especially among young people, are not an obstacle to labour market participation in Latvia. At the same time, there is a constant increase in demand for ICT practitioners and professionals, and it is more and more challenging for industries to find employees with appropriate ICT skill sets. The shortage is evident in the ICT sector (programmers, ICT and application developers, ICT architects, data analysts, etc.), as well as in other sectors, especially manufacturing, medicine, banking, accounting, public sector, etc. The EU as a whole faces similar challenges. The European Commission has estimated that the increasing shortage of ICT professionals may result in up to one million vacancies across the EU by 2020.

According to Ms Reizniece-Ozola, there are three ways to solve this issue: 1) to have a truly determined approach; 2) to integrate the IT dimension in other policies, and 3) to apply skills and knowledge for economic gain. Namely, policy makers and businesses should be more proactive and consistently promote the attractiveness of ICT education and jobs; efforts in implementing the already existing strategies for the promotion of basic e-skills and ICT skills should be improved; the e-skills should be used in promoting growth of EU businesses and economies. To fully enjoy the benefits of the digital transformation of EU economies, particularly in industry, and to increase the activity of digital entrepreneurship, Europe needs to invest in the necessary skills and qualifications, as well as in an education system sustaining them.

Dervla O’Neill, Operations and Communications Manager of Digital Skills Academy of the *Digital Hub*

Dervla O’Neill gave an overview of the Digital Skills Academy of the *Digital Hub* which was established in 2008 with the goal to meet the needs in technology sector in Ireland and internationally. The Academy offers a wide range of courses for coders, application

developers, project managers, system architects, network and cloud operators; the graduates have proved to be very popular with employers. In addition, many graduates have established their own businesses.

More and more everyday activities, as well as business transactions contain a digital element. At the same time, companies see the digital skill gap as the main obstacle for digital transformation. To fill this gap, the Irish Government has launched an innovative initiative of providing free education and training to the unemployed, and the Digital Skills Academy takes part in this project.

The Digital Skills Academy offers a mixture of on-site and online training at various education levels. It is particularly focused on developing “industry level” talent, embedding experience in real-world digital projects and providing both digital and other work related skills.

Mārtiņš Kālis, Chief Executive of the programme *Mission Possible*

Mārtiņš Kālis gave an overview on the aims of the *Mission Possible* programme, namely, to attract knowledgeable and capable graduates to work at schools for at least two years, thus developing their pedagogical and leadership skills, as well as to enable them to identify shortcomings in the education system and offer recommendations for improvement.

Mr Kālis draw the attention to the relationship between the education system and economy, namely, the forecasts of the labour supply and demand, noting the large difference that exists between labour supply and demand in different fields of knowledge. The labour demand is considerably greater than the supply in natural sciences, mathematics and ICT, as well as engineering.

The family and the school play a great role in averting this trend. Young people without e-skills will not choose to study in higher education programmes requiring such skills. Currently, young people are very good at using social networks; however, they have rather weak skills, for example, in Microsoft Excel. Therefore, it is important to integrate ICT usage in all academic subjects, showing their practical application. Likewise, it is necessary to ensure that schools employ specialists capable of transferring the ICT skills to both students and teachers, and educating the students on safety in the digital space.

Debate

Representatives from three EU member states - Ireland, the Netherlands and Italy – took part in the debate. Parliamentarians stressed that the development of the digital economy is an important prerequisite for a further development and growth of EU member states. Debate participants were of the same opinion that it is necessary to provide opportunities to learn and develop digital skills, as even today positions in the ICT sector are not filled. Participants also emphasized the importance to exchange the most successful educational practices among the EU member states.

Meanwhile, it was noted that digital economy is not only a growth facilitator. Its further development may also present challenges for the labour market – it is predicted that as a result of digital service development several forms of traditional employment will disappear.

Therefore, it is not enough to provide life-long learning opportunities to people – it is also essential to change the attitude of the society and to motivate people to learn new skills and change their qualifications.

In response to the issue of male teachers raised by Mārtiņš Kālis in his presentation, **Dervla O'Neill** explained that in Ireland it is particularly difficult to encourage women to enrol at ICT study programmes; only about 25% of graduates are women regardless of their performance in these programmes.

Mārtiņš Kālis touched upon the issue of life-long learning and noted that it is of utmost importance to promote learning skills, as well as motivate people to get involved in life-long learning. In addition, he stressed the importance of the teacher and the need to encourage the best professionals to get involved in teaching.

Dana Reizniece-Ozola noted that it is crucial to acquire not only the ICT skills, but also such very basic skills as reading and mathematics. She further explained how important it is for the SMEs to make full use of digital potential as they can raise the overall economic capacity of the EU. To achieve this, some funding from the structural funds could be channelled to educating SMEs in ICTs. Finally, while it may be useful to share the best practices to some extent, Ms Reizniece-Ozola stressed that from the political perspective the ICT profession can be better promoted in the EU by developing a uniform framework and a common curriculum.

Romāns Naudiņš summed up the debate and the meeting by concluding that, in the light of the all-embracing impact of the modern technologies, it is clear that modern methods have to be used in acquiring relevant skills. The more educated the users of information technologies are, the easier it is for them to understand the opportunities offered and risks posed by these technologies. Quality education and ICT skills among Europeans will determine their ability to successfully apply such skills in their everyday life – in education, at work, in business, in use of public services or in their involvement in politics. Therefore, the importance of these issues will not decrease in the near future.