

Governance challenges on the path to a Digital Single Market

No. 18 March 2015

By Caleb Fagade

Vice President for the Digital Single Market, Andrus Ansip's past record and achievements in his term as the Prime Minister of Estonia, means that the European Commission President Juncker has put round peg in a round hole, towards achieving the objectives for a Digital Single Market. Acknowledging the governance challenges associated with the objective; Ansip reiterated the importance of cooperation, openness, collective interest, sharing of best practices and innovation to face the challenges which characterize development across member countries presently.¹

The governance challenges which will be faced includes the difficulties associated with harmonizing Member State legislation and policies. This has been a great challenge in the past years and it will continue to be for some years to come because of the wide divergence in each country's regulations and policies. This problem is compounded by the complex procedure involved in the passage of regulations and directives in the European Union system. If this agenda for Digital Single Market is to move forward rapidly as intended by the Commission, a great deal of attention needs to be paid to this fact. This governance challenge has been described as the major obstacle, preventing major investment from the private sector which could drive the revolution that the sector has been waiting for.²

Second, cooperation with the private sector in this policy area is another important governance challenge that will be faced by the Commission.³

In particular, telecommunication companies who face income reduction as a result of new policies, at least in the short run of policy implementation. Organizations will also need to be convinced by the Commission of the need for further investment in research and development. European Union research and development investment is far below other competing regions of the world such as the USA and South Korea.⁴ As investment in research development largely comes from the private sector, a genuine compromise will be needed by the Commission to attract much needed private sector investment.

Third, digital security poses a daunting challenge for the agenda of a borderless digital space in the European Union. The level of development of information technology infrastructure, among the European Union's countries is highly dispersed and causes concerns in more developed nations about integrating with less developed nations.⁵ Also, the development of regulations that will ensure security across European Union requires deep collaboration and trust among all the countries in order to achieve the rules that are needed to further boost the existing regulations, directives and decisions that support the agenda. In order to fine-tune all the various discrepancies among these countries, ensuring that the agenda will be credible, will take more than 5 years to achieve, however a firm foundation can be laid.

The capital required for implementation is an important consideration as the cost of turning the economy of the European Union into a

Digital Single Market will be high. Funding will be needed in different areas of the project; such as planning, design, infrastructure and implementation. Additionally, the training of people and research will require huge investments. The answer to whether the required funding is available is mixed, because there are many factors involved, including differences in regulations and private sector cooperation, among other issues. Making the ambition a reality, the Juncker Commission has announced an investment plan for infrastructure development with substantial portion of this towards Digital Single Market attainment. The willingness of all stakeholders is needed in this area so that common ground can be found, in order for needed investment to flow freely.⁶

Last but not the least, the awareness and orientation level of the citizens also poses a challenge for the Digital Single Market objective. Therefore, including citizens of the EU in this new development will involve hard work with novel ideas. It is evident that the level of sophistication of the citizens in their usage of the internet and associated tools are at different levels and the gaps between countries are wide.⁷ For a high degree of integration in this policy objective, more social orientation will be required.

In conclusion, though the governance challenges are real, they are surmountable in as much as the Commission is able to manage to include all

relevant stakeholders. Realising the objective of a Digital Single Market will require compromise, however it is a key component towards bringing the EU economy back to rapid and sustainable growth.

Caleb Fagade is a current ZEI Fellow
“Class of 2015”

1. European Parliament (2014e): Hearings of European Commissioner-designate, Andrus Ansip, Vice-President – Digital Single Market, in: http://www.europarl.europa.eu/EPRS/Commissioner_hearings/EPRS-Briefing-538923-Digital-Single-Market-FINAL.pdf
2. European Commission (2014d): Digital Inclusion and Skills: Digital Agenda Scoreboard 2014, in: <https://ec.europa.eu/digital-agenda/en/news/scoreboard-2014-digital-inclusion-and-skills-eu-2014>.
3. European Commission (2014b): Mission Letter to Andrus Ansip, Vice-President for the Digital Single Market, Brussels 2014, in: http://ec.europa.eu/about/juncker-commission/docs/ansip_en.pdf
4. Eurostat News Release (2014): First estimates of Research & Development in 2013, R&D expenditure just over 2% of GDP in the EU28 in 2013, Almost two thirds performed in the business sector, in: http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/917112014-BP/EN/9-17112014-BP-EN.PDF Koski,
5. European Commission (2014a): Digital Agenda Targets Progress Report: Digital Agenda Scoreboard 2014, in: <https://ec.europa.eu/digital-agenda/en/news/scoreboard-2014-progress-report-digital-agenda-targets-2014>
6. Reinvigorating the EU Single Market, in: OECD Economic Surveys: European Union, OECD Publishing 2014.
7. See the new Digital Economy and Society Index, produced by the European Commission. to be found at <http://ec.europa.eu/digital-agenda/en/digital-economy-and-society-index-desi>

ZEI Insights are a part of the Research Project - Governance and Regulation in the EU: [The Future of Europe](#)

ZEI Insights provide commentary and critical analysis on governance and regulation issues related to the future of the European Union. Authors are responsible for their own views.