The Hidden G2 for Democratic Tech Governance is the EU-US Relationship: a Starter Kit
Barker, Tyson

Veröffentlichungsversion / Published Version
Arbeitspapier / working paper

The Hidden G2 for Democratic Tech Governance is the EU-US Relationship

A Starter Kit

Tyson Barker
Head of Technology and
Global Affairs Program

KEY FINDINGS

— The EU and the Biden administration have a rare opportunity to jumpstart the EU-US technology relationship in the service of global democratic tech governance. The Trade and Technology Council (TTC) could offer a unique vehicle for such cooperation.

— The EU and the United States should focus on five interrelated lines of effort: technological industrial policy, deepening the democratic tech space and ringfencing market access for critical technology and data, drafting the digital rule book, ICT connectivity in the Global South as a counter to China's Digital Silk Road, and digital rights.

— The EU-US relationship has experienced multiple false starts in attempts to marshal systematic technology, trade, regulatory, and standard-setting convergence. To avoid the pitfalls of past efforts, Brussels and Washington must get the TTC parameters right.

EXECUTIVE SUMMARY

In the battle over the protection of fundamental rights, adherence to international law in IP protection, cyber stability, and democratic technology, the EU and the United States must deepen their cooperation. The antics of the Trump administration and the general deterioration of American democracy have justifiably driven the EU's desire to hedge its bets. But Europe's tech policy choices have primarily pushed against US tech dominance, rather than China's increasingly important role as a digital player or ideological clashes between democratic and authoritarian visions of the digital international order.

The EU and United States remain the two great democratic tech blocs, amid a techno-autocratic China, revisionist Russia, and rising India. In many ways, given their democratic values, innovation industrial base, market size, and regulatory power, they are the hidden G2 for democratic tech governance. Especially when their work allows for open participation from democratic allies including the UK, Japan, Australia, and South Korea, as well as multi-stakeholder actors like large tech companies, the start-up community, and civil society. But that potential remains somewhat untapped.

FIVE LINES OF EFFORT IN EU-US DIGITAL AND TECHNOLOGY COOPERATION:

1 **Create Strategic Interdepence through Tech Industrial Policy:** The EU and United States should focus on high-end semiconductors, an incentives plan to raise EU-US ICT private sector engagement in 5/6G technical standard-setting bodies, and the need for data portability and interoperability between cloud providers.

2 **Establish a New Market Space for Critical Technologies and Data:** The two sides of the Atlantic could work together to create the basis for a Coordinating Committee for Democratic Autonomy, a 21st-century version of the Coordinating Committee for Multilateral Export Controls (CoCom), to support tech supply chain resilience and restrict access to strategic technology for authoritarian states. They should also initiate coordinated EU-US sanctions on state-linked or backed cyber incidents.

3 **Draft the Digital Rule Book:** The EU and United States must get to a Privacy Shield 2.0 Roadmap: Create a transatlantic interagency process to discuss regulation proposals at IPC level at multiple stages before their passage.

4 **Coordinate ICT Connectivity and Stability in the Global South:** Support clean ICT connectivity and data gateways on Europe's periphery and time zone; the EU should join the Blue Dot Network.

5 **Embed Digital Rights:** The two sides should join with representatives of the Global South to establish the Digital Rights Pillar of the Summit for Democracy.

THE STRUCTURE FOR A POSSIBLE TRADE AND TECH COUNCIL:

1 **Have a two-track structure** that will engage principles in strategic thinking while simultaneously advancing technical work on tangible deliverables that can lend the TTC legitimacy.

2 **Bracket out unnecessary stumbling blocks that have prevented past success.**

3 **Give the TTC a limited mandate,** perhaps 36 months – timed directly before the 2024 legislative cycles in both blocs.

4 **Launch a TTC Innovation and Resilience Board** with high-level American and European participants from the private sector and civil society, with a co-chair from each side of the Atlantic.

5 **Provide docking mechanisms** for interested third countries to participate in democratic tech governance.

Table of Contents

Introduction

A cottage industry has sprung up around sketching the modalities of potential democratic tech alliances, including the D10, T12, and a host of other potential clubs.[1] The British G7 has valiantly taken on marshalling the first ever G7 Digital and Technology Ministerial in April,[2] which included an ambitious agenda for tackling supply chains, connectivity infrastructure, and the techno-authoritarian challenge posed by China. These efforts have driven the debate around democratic tech governance forward and broadened ideas about how to include democratic tech powers like India, Japan, and Australia. But without a sol-

is engaging in disinformation operations that exploit online discourse while at the same time attempting to divorce itself from the global Internet – repatriating its domain name system, intensifying diplomacy on cybercrime that would make digital authoritarianism easier, and severing its dependence on international physical infrastructure from undersea cables to data centers. The China-linked Hafnium data breaches on Microsoft Exchange and Russia-linked SolarWinds exploitations hit both the United States and Europe. State-linked ransomware attacks such as those on Colonial Pipeline, DC Police, and the Irish health service are becoming more frequent. Association of Southeast Asian Nations (ASEAN) states, India, Brazil, and Turkey are eying authoritarian ICT infrastructure, data localization, more pervasive AI-surveillance, and other means of repatriating control from a global, open Internet.

Without a solid EU-US double helix at its core, it is difficult to see how these efforts will collect the critical mass, institutional capacity, and innovation needed to succeed.

---

id EU-US double helix at its core, it is difficult to see how these efforts will collect the critical mass, institutional capacity, and innovation needed to succeed.

Even amid the COVID-19 crisis, climate change, US political upheaval, and heightened US-China clashes, the world is barreling toward a new technological era. Crucially, multiple general-purpose technologies are coming into usage simultaneously, shaking the economic and geopolitical balance of power. China is automating and exporting its ideology through artificial intelligence (AI), network hardwire, social media platforms, e-commerce, and digital currency. Russia

Against this backdrop, the EU has extended a useful olive branch based on EU-US tech governance cooperation. The European Commission's EU-US Agenda for Global Change proposed joining forces to shape the global tech order.[3] At the 2021 World Economic Forum in Davos,[4] the Munich Security Conference,[5] and in direct conversation with US President Joe Biden, European Commission President Ursula Von der Leyen spoke about a new era of cooperation with the United States to set the ground rules for digital technology. The EU and the United States are expected to launch a Trade and Technology Council (TTC) on the sidelines of the US-EU Summit in

---

1   Martijn Rasser, Rebecca Arcesati et al., *Common Code - An Alliance Framework for Democratic Technology Policy*, Executive Summary, Center for a New American Security (October 2020): https://www.cnas.org/publications/reports/common-code (accessed June 03, 2021).

2   UK Department for Digital, Culture, Media & Sport, *G7 Digital and Technology - Ministerial Declaration* (April 28, 2021), https://www.gov.uk/government/publications/g7-digital-and-technology-ministerial-declaration

3   "EU-US: A new transatlantic agenda for global change," Press Release, European Commission (December 2020): https://ec.europa.eu/commission/presscorner/detail/en/IP_20_2279 (accessed June 03, 2021).

4   "Von der Leyen at The Davos Agenda: We will work for new alliances for new solutions," Press Release, European Commission (January 2021): https://ec.europa.eu/commission/presscorner/detail/en/AC_21_230 (accessed June 03, 2021).

5   Ursula von der Leyen, "Speech by President von der Leyen at the Special Edition 2021 of the Munich Security Conference," European Commission (February 2021): https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_21_706 (accessed June 03, 2021).

mid-June, which could present a rare opportunity to jumpstart the EU-US technology relationship.

Tech policy touches on everything from digital taxation to cybersecurity, undersea cables, and cryptocurrencies. All are worthy of transatlantic attention, but there is a trap. While each of these areas is salient to the ability of the transatlantic relationship – and the broader democratic community – to thrive in the digital landscape, the multitude of issues can obfuscate any strategic prioritization. As a result, transatlantic digital and tech cooperation could seem overwhelming, unfocused, and even adrift; if everything is a top priority, nothing is. Issues like a global framework for minimum corporate tax rates that capture digital services are best managed in the G7 and OECD contexts. Standard setting on green technology should remain a central topic at the COP26 in Glasgow and include China, the world's largest major CO_2 emitter. Funding for defense-based tech start-ups and innovation for the military could bring in NATO member states, coordinated by NATO.

But given their democratic values, innovation industrial base, market size, and regulatory power, the EU and the United States would be best served focusing on a discretely defined agenda aligning the unique capabilities and objectives of the two blocs while creating the docking mechanisms for like-minded actors such as Japan, the UK, South Korea, and Israel, as well as the private sector and organizations like NATO. To do so, here are five interrelated lines of effort that might serve as a starting point:

- *Strategic interdependence with a focus on technological industrial policy;*
- *A joint quest for "democratic autonomy" by deepening the democratic tech space and ringfencing market access for critical technology and data;*
- *Drafting the digital rule book, starting with the EU's regulation package as the basis for discussion;*
- *ICT connectivity and stability in the Global South as a counter to the Belt and Road Initiative (BRI) and the Digital Silk Road; and*
- *Digital rights.*

Strategic Inter-dependence in Tech Industrial Policy

While Europe must inoculate itself against the vulnerabilities arising from increasingly tense tech competition between the United States and China, the United States still plays a singular role for Europe as both a guarantor of security and technology partner.[6]

Both the EU and the United States have introduced massive industrial policy proposals to ensure their innovation industrial bases are resilient to challenges from China and other rising players. The EU and the United States both assiduously define where technological self-reliance is necessary.[7] But they can also craft tech-centered industrial policies that create symmetric and distributed interdependencies, thus harnessing the entire breadth of the transatlantic space to strengthen a joint stake in technology, supply chains, and data.

ADVANCED SEMICONDUCTOR PRODUCTION

That effort could start with the launch of an interdependent transatlantic ecosystem for high-end semiconductors. In the United States the Innovation and Competition Act was just passed and promises investments of $52 billion into base research and de-

velopment; prototyping and integration efforts, at the National Semiconductor Center in Albany, New York, for example; and the financing of chip fabrication in the United States. Spurred by government support, chip manufacturers are doubling down on foundry construction in the United States as part of this effort. In the EU, the Digital Compass sets a similar goal of increasing high-end chip production output to 20 percent of the global market by 2030. That effort will be powered by a mix of post-coronavirus-pandemic stimulus funds, including the EU's €672.5 billion bazooka, the Recovery and Resilience Facility (RRF).

The EU and the United States could forge strategic interdependence in semiconductor production with the development of a chip production pillar in Europe. To do so, the EU should provide financial support to the joint venture through the RRF. By creating a consortium operating with, among others, Intel on fabrication, Belgium's IMEC and IBM on research, the Netherlands' ASML on equipment, and European chip companies like STMicroelectronics, NXP, and Infineon on infrastructure, a semiconductor ecosystem can take root in Europe. Other players across Europe could also be engaged. The capital provided could be directed at European consortium members to shore up private investment from elsewhere. Focus should be on design and production targeting the needs of autonomous vehicles, robotics, manufacturing, and IoT – the heart of Europe's innovation industrial base.
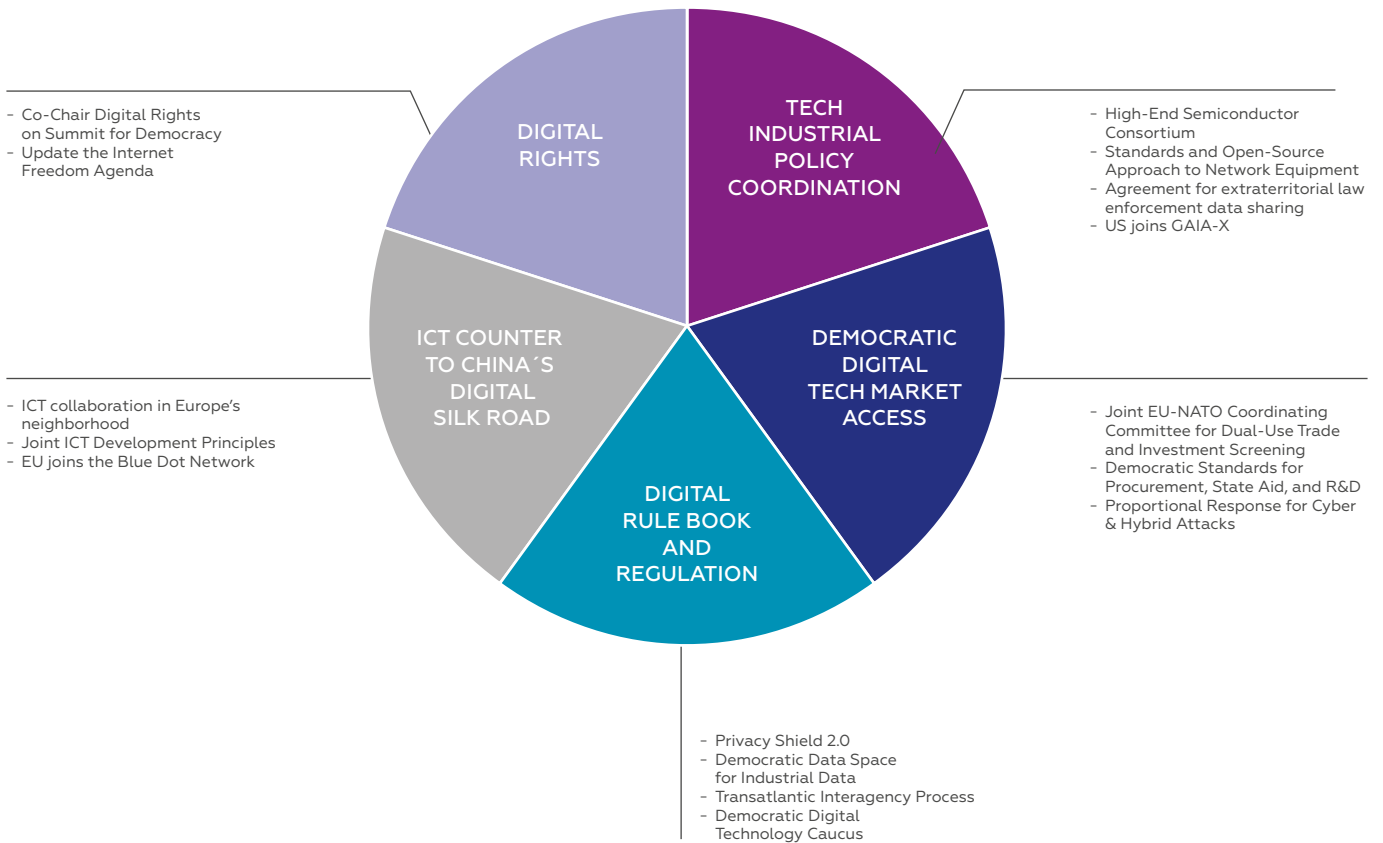
Together, these partners can foster technological collaboration in next-generation chip production and boost transatlantic trust in a moment when, due to the coronavirus pandemic, confidence in strategic supply chains is deeply frayed. In doing so, partners on both sides of the Atlantic could accomplish three strategic objectives:

- *Create long-term supply chain resilience;*
- *Shrink chip architecture, from 22 nanometers to 2 nanometers in Europe and from 10 nanometers to 2 nanometers in the United States; and*
- *Bolster strategic competitiveness in next-generation manufacturing, IoT, smart cities, and military assets.*

6   Kaan Sahin and Tyson Barker, "Europe's Capacity to Act in the Global Tech Race," German Council on Foreign Relations, p. 16 (April 2020): https://dgap.org/sites/default/files/article_pdfs/210422_report-2021-6-en-tech.pdf (accessed June 03, 2021).

7   "Finland, Germany, Denmark and Estonia call on EU to accelerate digital transformation," Press Release, Finnish Government Communications Department (March 2021): https://valtioneuvosto.fi/en/-/10616/finland-germany-denmark-and-estonia-call-on-eu-to-accelerate-digital-transformation (accessed June 03, 2021); "FACT SHEET: Securing America's Critical Supply Chains," Fact Sheet, The White House (February 2021): https://www.whitehouse.gov/briefing-room/statements-releases/2021/02/24/fact-sheet-securing-americas-critical-supply-chains (accessed June 03, 2021).

1 / AGENDA FOR EU-US TECH COOPERATION

DIGITAL RIGHTS
- Co-Chair Digital Rights on Summit for Democracy
- Update the Internet Freedom Agenda

TECH INDUSTRIAL POLICY COORDINATION
- High-End Semiconductor Consortium
- Standards and Open-Source Approach to Network Equipment
- Agreement for extraterritorial law enforcement data sharing
- US joins GAIA-X

ICT COUNTER TO CHINA´S DIGITAL SILK ROAD
- ICT collaboration in Europe's neighborhood
- Joint ICT Development Principles
- EU joins the Blue Dot Network

DEMOCRATIC DIGITAL TECH MARKET ACCESS
- Joint EU-NATO Coordinating Committee for Dual-Use Trade and Investment Screening
- Democratic Standards for Procurement, State Aid, and R&D
- Proportional Response for Cyber & Hybrid Attacks

DIGITAL RULE BOOK AND REGULATION
- Privacy Shield 2.0
- Democratic Data Space for Industrial Data
- Transatlantic Interagency Process
- Democratic Digital Technology Caucus

Source: Author's own work.

TRUSTWORTHY MOBILE NETWORK EQUIPMENT, STANDARDS, AND OPEN RAN

At the same time, Europe and the United States are converging on what constitutes trustworthy, clean 5G-network equipment, with many European states limiting or banning Chinese ICT champion Huawei from their 5G-network infrastructure. Germany was the most recent player to begin to close ranks. Its IT-Security Law 2.0 requires that 5G-network kit sourcing aligns with the "security policy goals" of Germany, the EU, and NATO – effectively pushing Huawei out of the running.[8] Together, the United States and the EU can go further by announcing an incentive plan – through government financial support and other domestic instruments – to raise US-EU ICT private sector engagement in 5G and 6G technical standard setting, in bodies like the 3rd Generation Partnership Project (3GPP), the International Standards Organization (ISO), and the International Electrotechnical Commission (IEC). Meanwhile, they can together reinforce democratic, private-sector actors by encouraging them to seek out working group chairmanships, drafting joint model standards, and supporting leadership candidates – particularly from Asia, Latin America, and Africa – dedicated to open, multi-stakeholder, democratic standards. The United States and the EU should also jointly endorse open RAN standards and any associated research and development efforts aimed at making them commercially viable.[9]

---

8   Laurens Cerulus, "Germany falls in line with EU on Huawei," *Politico* (April 2021): https://www.politico.eu/article/germany-europe-huawei-5g-data-privacy-cybersecurity (accessed June 03, 2021).

9   Daniel Delhaes, Moritz Koch, and Stephan Scheuer, "Geheimpapier: Milliarden für neue Mobilfunktechnik sollen Abhängigkeit von Huawei verringern," *Handelsblatt* (January 2021): https://www.handelsblatt.com/technik/it-internet/open-ran-geheimpapier-milliarden-fuer-neue-mobilfunktechnik-sollen-abhaengigkeit-von-huawei-verringern/26830274.html?ticket=ST-8650618-yVFp1r6liZc3k1ivjHe1-ap1 (accessed June 03, 2021).

2 / SELECTED EU DIGITAL COMPASS 2030 INDUSTRIAL POLICY OBJECTIVES

Dimension	2030 EU target vs. baseline
Connectivity	**All European households** will be covered by **a Gigabit network**, with **all populated areas** covered by a **5G** baseline: - Gigabit Coverage (2020 baseline: 59 percent) - 5G coverage in populated areas (2021 baseline: 14 percent)
Semiconductors	The production of cutting-edge and sustainable semiconductors in Europe including processors reaches **at least 20 percent of world production** in value (2020 baseline: 10 percent)
Edge/Cloud	**10,000 climate-neutral, highly secure edge nodes** are deployed in the EU and distributed in a way that guarantees access to data services with low latency (a few milliseconds) wherever businesses are located (2020 baseline: 0)
Quantum Computing	**By 2025**, Europe will have **its first computer with quantum acceleration,** paving the way for it to be at the cutting edge of quantum capabilities by 2030 (2020 baseline: 0)

Source: European Commission, March 2021

CLOUD AND EDGE COMPUTING

Finally, it would be helpful for the two sides to agree on data portability and interoperability requirements in cloud and edge industrial projects meant to serve governments. They could open negotiations on common democratic data spaces and start a structured transatlantic dialogue culminating in a public commitment from the European Commission, the aim being that the EU allow for law enforcement data-sharing mechanisms that would form the basis of future EU-US agreement on cross-border e-evidence.[10] In doing so, the two sides could set the stage for establishing the mid-term objective of the United States, acceding to the Franco-German GAIA-X project, which would open the possibility of US companies fully participating in policy rules and the architecture of standards bodies.[11] The ultimate impact would benefit both sides – breaking lock-in effects, creating the space for greater cloud competition, and preserving European sovereignty, all while allowing access for US cloud players to continue servicing European governments.

---

10 Alexander Fanta, "Kritik an Datenabkommen zwischen USA und Großbritannien," *Netzpolitik.org* (June 2020): https://netzpolitik.org/2020/kritik-an-datenabkommen-zwischen-usa-und-grossbritannien

11 "Gaia-X: A Federated Secure Data Infrastructure," *Gaia-X*, https://www.gaia-x.eu (accessed June 03, 2021).

The Case for Democratic Autonomy: Market Access and Joint Capacity to Act

Faced with a geopolitical landscape where technological mastery and control is the central valence of geopolitical power, EU and US efforts will only be successful if they are able to develop a confident, high-performing technological base embedded in an open, democratic, rules-based digital order. That means deepening the open, democratic technological space – the US-EU+, as well as other democratic states in formats like the OECD and the G7 – while simultaneously hardening its common external border of the democratic digital space to revisionist, techno-authoritarian states like Russia and China. This need is particularly acute, as the prospects of internet fragmentation, data localization, and the greater instrumentalization of digital dependencies as political weapons become more pressing.

A JOINT EU-NATO COORDINATING COMMITTEE FOR DUAL-USE EXPORT CONTROLS, TRUSTWORTHY VENDORS, AND INVESTMENT SCREENING

That task will likely be difficult for Europe or the United States alone, and any attempt to wall off their market to provide space for indigenous players to dominate could pose significant challenges. Instead, the EU and the United States should jointly create the basis for a Coordinating Committee for Democratic Autonomy, a 21st-century version of the Coordinating Committee for Multilateral Export Controls (CoCom),[12] to support supply chain resilience and due diligence among democracies, and to restrict access to strategic technology by authoritarian states like China and Russia. This should include criteria and information-sharing dashboards on dual-use export and import controls of critical technology, investment screening, and research protection. On the import side, particular attention should be paid to Chinese AI-powered surveillance equipment used in smart cities, digital services, health tech (particularly biometric screening), and fintech. This committee should be housed at an EU-NATO Center with docking mechanisms for partner countries to join the committee.

DEMOCRATIC STANDARDS FOR PROCUREMENT, STATE AID, AND R&D PROJECTS

Second, both sides should create "democratic" guidelines for procurement contracts of software, services, and ICT linked to national security on both sides of the Atlantic.[13] This should include the ability to participate in Horizon Europe consortia and the creation of openings for US participation in Important Projects of Common European Interest (IPCEI), provided the United States duly offers guarantees on European access to US supply chain resilience measures, as outlined by the Biden White House, and participation in US stimulus projects.

JOINT PROPORTIONAL RESPONSES TO STATE-BACKED CYBERATTACKS AND DEMOCRATIC INTERFERENCE

Finally, it is time for the two Euro-Atlantic blocs to initiate coordinated sanctions as a means of proportional response to state-linked or state-backed cyberattacks, ransomware incidents, economic espionage, or information/influence interference in democratic processes. The EU's Cyber Diplomacy
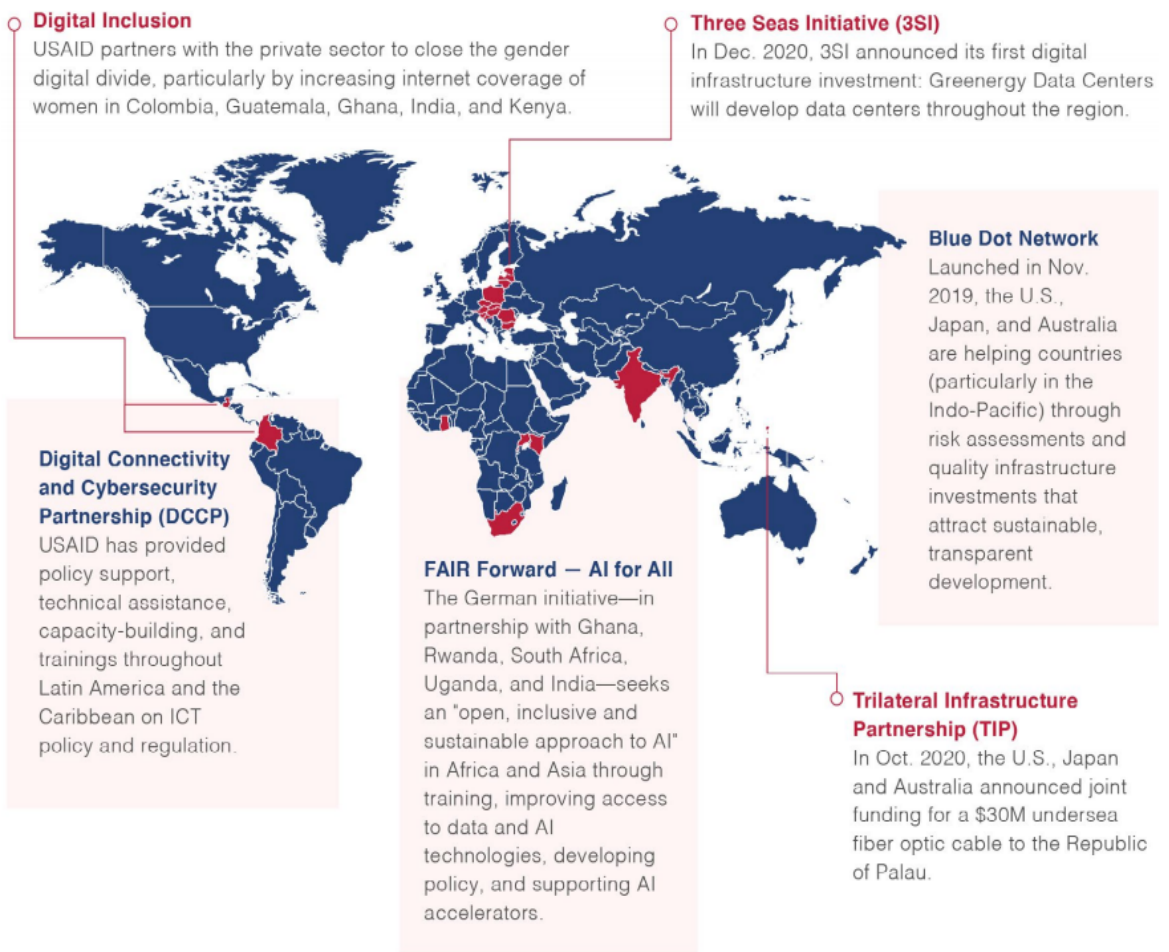
---

12   Michael Lipson, "The Reincarnation of Cocom: Explaining Post-Cold War Export Controls," Research paper, nonproliferation.org (Winter 1999): https://www.nonproliferation.org/wp-content/uploads/npr/lipson62.pdf (accessed June 03, 2021).

13   "Trade: Council agrees its negotiating mandate on the International Procurement Instrument," Press Release, Council of the European Union (June 2021): https://www.consilium.europa.eu/en/press/press-releases/2021/06/02/trade-council-agrees-its-negotiating-mandate-on-the-international-procurement-instrument (accessed June 03, 2021).

3 / MODELS FOR AN INTERNATIONAL DIGITAL DEMOCRACY INITIATIVE

Filling in the Map: US National Security Commission on AI shows models for International Tech Partnerships. The EU-US piece is still missing.

Models for International Digital Democracy Initiative (IDDI).

Digital Inclusion
USAID partners with the private sector to close the gender digital divide, particularly by increasing internet coverage of women in Colombia, Guatemala, Ghana, India, and Kenya.

Three Seas Initiative (3SI)
In Dec. 2020, 3SI announced its first digital infrastructure investment: Greenergy Data Centers will develop data centers throughout the region.

Blue Dot Network
Launched in Nov. 2019, the U.S., Japan, and Australia are helping countries (particularly in the Indo-Pacific) through risk assessments and quality infrastructure investments that attract sustainable, transparent development.

Digital Connectivity and Cybersecurity Partnership (DCCP)
USAID has provided policy support, technical assistance, capacity-building, and trainings throughout Latin America and the Caribbean on ICT policy and regulation.

FAIR Forward — AI for All
The German initiative—in partnership with Ghana, Rwanda, South Africa, Uganda, and India—seeks an "open, inclusive and sustainable approach to AI" in Africa and Asia through training, improving access to data and AI technologies, developing policy, and supporting AI accelerators.

Trilateral Infrastructure Partnership (TIP)
In Oct. 2020, the U.S., Japan and Australia announced joint funding for a $30M undersea fiber optic cable to the Republic of Palau.

Source: 2021 *Final Report,* National Security Commission on Artificial Intelligence

Toolbox[14] and the European Democracy Action Plan provide EU-wide instruments to impose bloc-wide sanctions, but they have been alarmingly underused. The United States and the EU could be able to better coordinate joint action to respond to future cyber incidents, like Russia's "Nobelium" group attack on SolarWinds or the persistent exfiltration of Microsoft Exchange by China's Hafnium group.[15] More-over, the EU and the United States must have the means – together with other democracies like the UK, Japan, and Australia – to provide credible joint deterrence and to enable a proportional response to actors such as Russia or China, if they, for example, interfere in Germany's 2021 parliamentary election, France's 2022 elections, or any other democratic processes.

---

14   "20190603 EEAS EU Cyber Diplomacy Toolbox," ENISA (June 2019): https://www.enisa.europa.eu/events/artificial-intelligence-an-opportunity-for-the-eu-cyber-crisis-management/workshop-presentations/20190603-eeas-eu-cyber-diplomacy-toolbox.pdf/view (accessed June 03, 2021).

15   Andy Greenberg, "Chinese Hacking Spree Hit an 'Astronomical' Number of Victims," Wired (May 2021): https://www.wired.com/story/china-microsoft-exchange-server-hack-victims (accessed June 03, 2021).

The Digital Rule Book

Perhaps most importantly, the EU and its member states must convince the Biden administration to come to the table as a constructive partner in a once-in-a-generation rewriting of the rules of the Internet.[16] Reaching for its most potent geopolitical instrument, the European Union is drafting a new digital rulebook on content moderation, the market power of online platforms, artificial intelligence, data governance, and cloud computing. Taken together, the Digital Services Act (DSA), the Digital Markets Act (DMA), the Data Governance Act (DGA), and the AI Regulation mark a turning point in global digital governance.

A TRANSATLANTIC INTERAGENCY PROCESS FOR DIGITAL REGULATION

The new US administration, however, has been relatively disengaged on shaping this new digital order, outreach from Brussels notwithstanding. The EU and the United States should create a transatlantic interagency process to discuss regulatory proposals at IPC level at multiple stages before their passage. This would be an occasional, but important tool for convergence on advanced regulatory proposals, with the White House and the European Commission's secretary general acting as coordinators.

INSTITUTIONALIZING DIGITAL POLICY COOPERATION WITH CONGRESS

It is also time to engage the United States where the debate on platform regulation, tech market power, and AI regulation is most alive, and where the potential for legislative convergence could be most fruitful: in Congress. While congressional debates on Section 230 of the Communications Decency Act, disinformation, privacy, antitrust, and data are

increasing in frequency, and while there are areas where once disparate philosophical foundations are converging, it is clear that the two major US political parties are paving regulatory pathways as if the other side of the Atlantic did not exist. Questions surrounding content moderation of hate speech, incitement of violence, and disinformation on major online platforms are indicative of this. In Congress, the draft PACT Act, EARN IT Act, and SAFE TECH Act would create limits to Section 230 exemptions, thus incentivizing changes in platform behavior – be it on hate speech, disinformation, political engagement, or cooperation with intelligence services.[17] But none of these proposals have the DSA's co-regulatory logic, which creates an enforcement ecosystem that involves activists, users, academics, member state authorities, and the European Commission.

To start, the EU and the United States should build new legislative relationships to align objectives and interoperability on technology and digital regulation:

- At *a minimum, key House and Senate committees could invite key European Commission officials – including commissioners – to testify in Congress on the DSA, DMA, AI regulation, and other EU digital packages. Specifically, hearings should focus on how EU legislation will impact the United States on platform regulation, antitrust, and algorithmic innovation.*
- *Congress and the European Parliament could also establish a specific "Democratic Digital Technology Caucus" to socialize digital regulatory philosophies; share and adapt language on draft proposals; exchange views on, among other things, stress-test proposals for potential non-tariff barriers to digital trade; and open up institutionalized cooperation between committee staffs. Such a caucus, similar to the Inter-Parliamentary Alliance on China (IPAC), could also include elected legislators from other democratic states like Canada, the UK, Japan, and India.*

DATA GOVERNANCE REMAINS THE GATEWAY AND IT STARTS WITH PRIVACY SHIELD 2.0

Finally, the United States and the EU should work to avoid a blanket imposition of data localization that

---

16 Tyson Barker, "2021 Is the Year the Internet Gets Rewritten," Foreign Policy (January 2021): https://foreignpolicy.com/2021/01/19/2021-is-the-year-the-internet-gets-rewritten (accessed June 03, 2021).

17 Taylor Hatmaker, "The SAFE TECH Act offers Section 230 reform, but the law's defenders warn of major side effects," TechCrunch (February 2021): https://techcrunch.com/2021/02/05/safe-tech-act-section-230-warner/?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAANAt0pwBS_g3QFoT9PEwzvyexIcd-xxJiUJc9FIpOnmDENU2ojHpEd--ombUoYXpc9_-D7JBz3XINRjVEChOCTZ6oRg2YUkIkLGToHFy_--ozuJJtDltUJKUQw2LLBMxpnefkj4O2wJxj99e-QK8yWaeYVt2PcOzP4QEniFdnuie (accessed June 03, 2021).

could slide into digital autarky. Major powers are already carving up data jurisdictions. The US CLOUD Act has been cited as giving US law enforcement agencies reach beyond domestic borders. China's data security laws have broad conditions for extraterritorial access to systems and data operating outside China. Even as it expresses indignation about territorial overreach, the EU is debating its own e-evidence legislation that would have the same effect of creating para-territorial data sovereignty. Increasingly, discussions in Brussels, Beijing, and elsewhere are turning to the strategic value of industrial data and whether limitations should be placed on its movement to reflect the rising tide of personal data localization.

The EU and the United States should consider announcing their intention to create a Democratic Data Space to stave off the rising tide of data localization in authoritarian states like Russia and China, but also in countries like India and Brazil. Consultations surrounding the DGA and the Data Act should ensure the free flow of industrial data and avoid a new wave of data localization.

Perhaps the most important joint countermeasure that the United States and the EU can take is to reassert the global nature of the Internet and push back against efforts to fragment the digital landscape. The strongest defense against a reassertion of absolute Westphalian-style state control online is the free flow of data across the Atlantic. No signal is more important in this context than reestablishing a durable personal data corridor between the United States and the EU.

The Privacy Shield – a framework that once allowed personal data to flow between Europe and the United States – was struck down by European courts in 2020 in the wake of the Snowden revelations and what was seen as lax efforts on the part of the United States.[18] Currently, the two sides face an impasse, an impossible triangle between three objectives:

- *The free flow of personal data across the Atlantic,*
- *Bulk data collection by US intelligence services, and*
- *Fundamental rights as upheld by European courts and then enforced by Data Protection Authorities (DPAs).*[19]

Adding to the urgency, the last remaining tools keeping the data bridge connecting the United States and the EU open are on borrowed time. The European Commission has flagged three areas that must be addressed in a Privacy Shield 2.0: access to courts, individual rights, and limitations against disproportionate interference. Both sides are "intensifying negotiations" as new deadlines approach.[20]

This impasse, however, is also informed by the players and interests represented at the negotiating table. For the United States, the Biden administration, the intelligence community, and the US tech sector all have a say. On the European side, it is the European Commission and European courts, in addition to DPAs and privacy-minded non-governmental organizations (NGOs). EU member states and their national security and intelligence services play little role in discussions.[21] Rather, they are able to act under the radar and benefit from US intel, access to US platforms, and the moral high ground touted by Europe's most strident privacy hawks.

Crafting a roadmap for a Privacy Shield 2.0 remains difficult – Europeans are still dealing with the hangover from the 2013 Snowden revelations and distrust in the US intelligence community and its capabilities. Meanwhile, the polemics of European data privacy politics prove to be a constant roadblock. Even on the eve of President Biden's visit, new leaks allege cooperation between US and Danish intelligence agencies to gain access to undersea cables in order to intercept leader communications from EU and NATO member states.[22] A Privacy Shield 2.0, like the data relationship itself, will require persistent oversight, review, and renegotiation. Just as technology evolves, so too must the political frameworks that govern it – reaching an agreement on a Privacy Shield 2.0 is an essential gateway to a forward-looking approach to integrated tech policy.

18   "The Court of Justice invalidates Decision 2016/1250 on the adequacy of the protection provided by the EU-US Data Protection Shield," Press Release, Court of Justice of the European Union (July 2020): https://curia.europa.eu/jcms/upload/docs/application/pdf/2020-07/cp200091en.pdf (accessed June 03, 2021).

19   Tyson Barker, "BREAKING THE TRANSATLANTIC DATA TRILEMMA," Policy Brief, German Council on Foreign Relations (December 2020): https://dgap.org/en/research/publications/breaking-transatlantic-data-trilemma (accessed June 03, 2021).

20   Gina M. Raimondo, "Intensifying Negotiations on Trans-Atlantic Data Privacy Flows: A Joint Press Statement by U.S. Secretary of Commerce Gina Raimondo and European Commissioner for Justice Didier Reynders," Press Release, US Department of Commerce (March 2021): https://www.commerce.gov/news/press-releases/2021/03/intensifying-negotiations-trans-atlantic-data-privacy-flows-joint-press (accessed June 03, 2021).

21   Kenneth Propp and Peter Swire, "After Schrems II: A Proposal to Meet the Individual Redress Challenge," Lawfare (August 2020): https://www.lawfareblog.com/after-schrems-ii-proposal-meet-individual-redress-challenge (accessed June 03, 2021).

22   Laurens Cerulus and Hans von der Burchard, "Snowden's back: Spying scandal clouds EU-US ties ahead of Biden visit," *Politico* (May 2021): https://www.politico.eu/article/edward-snowden-is-back-spying-scandal-disrupts-eu-us-ties-ahead-of-joe-biden-europe-visit (accessed June 03, 2021).

Offering ICT Alternatives to China's Digital Silk Road

Autocratic states like China and would-be authoritarians around the world find the allure of new emerging technologies difficult to resist. Particularly in the Global South, China's BRI-related Digital Silk Road seeks to generate network effects for the competitiveness of China's ICT stack by crafting new markets and digital service relationships, and exporting Chinese standards and authoritarian practices like surveillance in the form of next-generation technologies.[23] Over 6,000 tech enterprises are registered on the BRI Portal, and over one-third of Chinese foreign direct investment in BRI countries is in technology areas.

The European Commission has woken up to the geopolitical dimensions of connectivity in its neighborhood rather late. Although the EU spends around five times as much as the United States on ICT development in developing countries, particularly in its neighborhood, the EU's 2018 Connectivity Strategy makes no references to BRI, and only one to China. That has begun to change. Recently, conversations in Brussels, Berlin, and other European capitals have become more pointed. Leaders now question the extent to which Europe's accommodation of China on technology in standard setting and ICT infrastructure development in its neighborhood and the Global South could ultimately help midwife China's authoritarian dominance. The EU-Latin America "EllaLink" undersea cable project, funded by the BELLA

Program, the EU's space-based Secure Connectivity Initiative, and the creation of a Digital Connectivity Fund for joint projects all show that muscle memory here is slowly building.[24]

ICT COLLABORATION IN EUROPE'S NEIGHBORHOOD

The EU, member states like France, Germany, and Italy, and the United States – particularly in the context of the G7 – now have the chance to elevate clean ICT connectivity and data gateways on Europe's periphery, especially in the Balkans, Eastern Europe, and Africa. This could include: US financial support and complementary investments to ease the access of European peripheral markets to US digital services; funding for cyber training and capacity building for certification of safe ICT equipment in partner countries; and enhancing cooperation between United States Agency for International Development (USAID), the US Development Finance Corporation (DFC), the US Export-Import Bank, the Millennium Challenge Corporation (MCC), and the "Team Europe" Digital Connectivity Fund. Additionally, the EU should join the Blue Dot Network, the joint US-Japan-Australia initiative aimed at certifying third-country infrastructure projects on the basis of financial transparency, sustainability, and rule of law.[25]

JOINT ICT DEVELOPMENT PRINCIPLES

In fact, the EU, the United States, and other G7 members could take the Blue Dot Network principle further by drafting joint ICT development principles that can be used as a song sheet for diplomats, development agencies, and private-sector actors from the United States, the EU, EU member states' embassies, and others. Such principles would provide guidelines and finance incentives to support and fund the adoption of ICT, AI, data usage, and other critical technologies as participating states increasingly engage with governments in Africa, Latin America, South East Asia, and elsewhere.[26]

23   Rebecca Arcesati, "The Digital Silk Road is a development issue," Analysis, MERICS (April 2020):
     https://merics.org/de/kurzanalyse/digital-silk-road-development-issue (accessed June 03, 2021).

24   "2030 Digital Compass: the European way for the Digital Decade," European Commission (March 2021):
     https://eur-lex.europa.eu/resource.html?uri=cellar:12e835e2-81af-11eb-9ac9-01aa75ed71a1.0001.02/DOC_1&format=PDF (accessed June 03, 2021).

25   "Blue Dot Network," Department of State (November 2019): https://www.state.gov/blue-dot-network (accessed June 03, 2021).

26   "United States-European Union Trade Principles For Information and Communication Technology Services," Press Release, Office of the United States
     Trade Representative (April 2011): https://ustr.gov/about-us/policy-offices/press-office/press-releases/2011/april/united-states-european-union-
     trade-principles-inform (accessed June 03, 2021).

Centering Digital Rights as Human Rights

Ultimately, US and European credibility in tech governance will rest on their ability to protect and promote rights firmly rooted in the centrality of the individual. In the age of digital democracy and the global Internet, both sides of the Atlantic have learned that openness can be a vector for weakness. Digital commons and platforms offer opportunities for authoritarian state actors to manipulate public discourse and create distrust in society, both at home and abroad. Both Russia and China have used their own populations and those in their direct vicinities as test subjects for a new brand of techno-authoritarianism that deploys tech-powered instruments to shape, control, and undermine public opinion and civilian security. Meanwhile, at home, Big Tech titans have leveraged user data to anticipate preferences, create network effects, misuse personal data, conquer new lines of service, ramp up

emotion-laden polarization, and shut out competition in a self-reinforcing feedback loop based on data-shedding user engagement.

The United States and the EU must reassert the values and rights its citizens can expect in the digital domain. They must include transparency, fairness, non-discrimination, rule of law, access, privacy, and accountability. They should also establish repercussions for the use of repressive technologies to silence dissent, track activists, and ultimately bring physical harm to those acting in the service of basic human rights.

DIGITAL PILLAR OF THE GLOBAL SUMMIT FOR DEMOCRACY

As a starting point, the EU and the United States can work together. The Declaration of Digital Rights and Principles for the Digital Decade[27] and Charters of Digital Rights in states like Spain could inform the basis for a Digital Rights Pillar of the Biden administration's Summit for Democracy. The EU and the United States could co-chair efforts on digital rights together with state, subnational, or NGO representatives from the Global South. The EU and the United States could also work on an updated Internet freedom agenda to take into account new digital censorship issues and Internet restrictions in third-countries, while taking steps to support shared, open, democratic values through joint engagement on such challenges.

4 / WHICH POWER (WORLDWIDE) IS THE LEADER IN EACH OF THE TECHNOLOGICAL AREAS? (2021 & 2030)*

United States China Europe	2021	2030	2021	2030	2021	2030
Artificial Intelligence	60.4 %	37.0 %	31.3 %	55.0 %	3.7 %	6.8 %
Cloud Computing	95.0 %	66.9 %	3.0 %	26.6 %	1.0 %	5.5 %
Semiconductors	43.5 %	29.4 %	24.1 %	47.0 %	6.4 %	11.7 %
Quantum Technologies	57.7 %	48.5 %	20.6 %	33.0 %	9.5 %	16.8 %
5G and Mobile Network Equipment	4.8 %	8.5 %	72.6 %	63.8 %	17.7 %	24.7 %

*Some totals do not add up to 100% due to an 'other' category where various different countries may have been considered leaders. Such as Taiwan, for example, on semiconductors.

Source: DGAP Stakeholder Survey 2021

27   "Joint press release by the European Commission and the Portuguese Presidency of the Council of the European Union," Press Release, European Commission (June 2021): https://ec.europa.eu/commission/presscorner/detail/en/ip_21_2715 (accessed June 03, 2021).

Ghosts of Efforts Past: Avoiding the Pitfalls of Previous EU-US Tech and Trade Convergence Attempts

Such an ambitious agenda is worthy of the EU-US relationship, which still has a chance – perhaps its last – to assert tech governance leadership at a moment when technology has become a central dimension of geopolitical power and a frontline in the emerging conflict between adherents to liberal democracy and techno-authoritarianism. To do so, the United States and the EU have to strike the right framework for cooperation.

The history of EU-US cooperation, however, has been a mixed bag occasionally marked with brief moments of success, like post-Crimea transatlantic unity on Russian sanctions and some areas of sanctions on other actors like Myanmar and Belarus.[28] But it has never lived up to its strategic potential. The EU-US relationship has experienced multiple false starts in attempts to marshal systematic technology, trade, regulatory, and standard-setting convergence:

- In 1995, *the two launched a* **New Transatlantic Agenda** *as a reimagined, post-Maastricht EU-US relationship, its capstone being a transatlantic marketplace similar to Europe's common market. But it withered on the vine as*

the Clinton administration got bogged down in the Balkans conflicts, where bilateral work with European powers took precedent.[29]
- *The* **Transatlantic Economic Council (TEC),** *launched by the 2007 German Presidency of the Council of the EU and the Bush administration, was meant to be the genesis of a post-Iraq EU-US relationship based on regulatory convergence. This was specifically meant to bring new focus to emerging technologies like electric vehicles. But by 2008, the TEC had devolved into Kafkaesque debates about chlorinated chicken, even as the world plunged into a financial crisis.*
- *Chastened by those experiences, the Obama administration came into office with relative indifference to the EU, fixated instead by the dynamism of East Asia and the potential of middle powers like Turkey. Eventually – primarily at the behest of Germany and the UK – the Obama administration and the European Commission launched a scoping exercise, the* **High-Level Working Group on Jobs and Growth,** *to test the feasibility of a mega-free trade agreement.*
- *Negotiations for that agreement, the* **Transatlantic Trade and Investment Partnership (TTIP),** *were launched at the Louch Erne G8 in June 2013.*[30] *But TTIP sank lower on the geopolitical priority list as the US National Security Agency (NSA) revelations, the Ukraine crisis, hybrid threats, ISIS, Ebola, controversial trade talks in the Pacific, and the deterioration of American democracy demanded greater US attention. The Merkel government and its industry allies, the Federation of German Industries (BDI), proved unwilling or unable to expend the political capital to shore up TTIP negotiations amid the Snowden allegations. By 2016, opinion polls demonstrated TTIP remained popular across the EU – except in Germany, Austria and Luxembourg, where massive protests broke out against the transatlantic trade pact. The Trump administration unceremoniously scraped the negotiation all together.*

The geopolitical landscape has darkened immensely since 2013. Russia is out of the G7 following its invasion of Ukraine. The UK is out of the EU following Brexit. And China looms larger as a geopolitical rival due to its prowess in emerging disruptive technology, globally competitive platforms like TikTok and AliPay, and its gradual, yet unmistakable assentation to the ranks of the world's technical standard-setting leaders. At the same time, technology, data, and digital services have supplanted traditional industrial trade as the meridian of geo-economics and global competition. The suspicion that old patterns could repeat themselves – either through a lack of political will or another bout of populist grandstanding – is there.

---

28 "Sanctions over Ukraine – Impact on Russia," Briefing, European Parliamentary Research Service (March 2016): https://www.europarl.europa.eu/EPRS/EPRS-Briefing-579084-Sanctions-over-Ukraine-impact-Russia-FINAL.pdf (accessed June 03, 2021).

29 "The New Transatlantic Agenda," Policy Paper, European External Action Service (December 2020): https://eeas.europa.eu/archives/docs/us/docs/new_transatlantic_agenda_en.pdf (accessed June 03, 2021).

30 David Cameron, "G8 Summit: US & EU trade statement," Speech, UK Prime Minister's Office (June 2013): https://www.gov.uk/government/speeches/g8-summit-us-eu-trade-statement (accessed June 03, 2021)

Structuring the Trade and Technology Council

Avoiding the pitfalls of past efforts will be determinant not only for the Trade and Technology Council, but for the Euro-Atlantic as a future hub for tech governance. To do so, Brussels and Washington must get the parameters right.

First, the TTC should have a two-track structure that will engage principles in strategic thinking while simultaneously advancing technical work on tangible deliverables that can lend the TTC legitimacy. This should bridge broad ranging political discussions on issues like techno-authoritarianism, China, Internet governance, digital rights, and digital equity in the Global South, with practical, sector-based work that requires technical expertise, in order to develop regulatory building blocks, risk and impact assessments, and exchanges on best practices.

Second, the TTC must avoid "chlorinated chicken" traps and bracket out stumbling blocks that have prevented past success. The TTC should center geo-political and geo-economic objectives around critical and emerging technology as a means of creating a united front against techno-authoritarianism. It should not become an arbitration hub on legacy trade issues like sanitary and phytosanitary (SPS) products, or "Buy America" state and local procurement rules.[31]

Third, the TTC should be given a limited life span. Previous efforts, like the New Transatlantic Agenda and the TEC started out with presidential-level engagement. But as time wore on and dialogues became mired in technical disagreements, they slipped further down the bureaucratic ranks before ultimately meeting their unannounced and unmourned demise. A TTC should sunset after a specific length of time to create urgency for all parties to deliver tangible deliverables. If the TTC's mandate had a sunset clause after 36 months – timed directly before the 2024 legislative cycles in both powers – it would give both sides a chance to take stock. Washington and Brussels could then launch a second TTC contingent on success in meeting its objectives.

Fourth, the TTC should launch an Innovation and Resilience Board with high-level US and European participants from the private sector and civil society, with a co-chair from each side of the Atlantic. The TTC Innovation and Resilience Board should have the ability to create working groups around specific technical issues, such as definitions on emerging tech governance concepts like digital gatekeepers, the contours of self-preferencing, and co-regulation models, as well as create informal caucuses for model technical standards.

Finally, the TTC should provide docking mechanisms for interested third countries to participate in democratic tech governance. On market access in particular, there should be openness to participation in democratic data spaces, dual-use technology trade regimes, and investment screening exemptions, as well as research collaboration for states willing to adhere to rules on state aid, human rights, and cybersecurity.

---

31 On the trade side, the TTC atmosphere would be improved by:1) creating a permanent resolution or draw-down in the Boeing-Airbus dispute; and 2) announcing the lifting of 232 tariffs all together (perhaps at the US-EU Summit).

Conclusion

Such an effort would be challenging. The risks are high. If the EU and the United States choose to go down this path, it would involve both positioning and embedding this partnership into a broader context that would keep their work open to like-minded partners. There is also the question of EU member state support. If the member states do not properly empower the Commission and take constructive ownership of the transatlantic tech agenda, delivering on the latent power of the transatlantic tech relationship will be difficult.

But against the backdrop of rapid technological change, a transatlantic digital technology community could be a 21st-century answer to the Coal and Steal Community – a big democratic project that reaches across borders, knits like-minded communities together in a manner that reinforces shared values, and codifies standards of market access, increased interdependence, and intensified political dialogue. In the face of authoritarian technology, that aspiration is more urgent than ever.