

**EUROPA FORUM LECH – Europe in challenging times: How can the data economy stimulate growth and jobs in Europe?  
19 - 21 April, 2017**

**REPORT**

The 6<sup>th</sup> edition of the Europa Forum Lech took place on 20 and 21 April, 2017, bringing together over 100 high-level decision-makers and experts from a cross-section of industry (energy, digital, health, banking), government, civil society and academia. The Forum looked at ways forward to steer Europe in the light of the significant political and economic challenges it is currently facing. It took the development of the data economy as a prime example of a cross-border and cross-sectoral area which can foster growth and jobs in Europe and where the EU has a vital role in ensuring Europe reaps the full benefits of an ever-developing digital economy - capturing its opportunities, addressing its challenges, and including its wider budgetary implications.

The meeting was opened by Mr. Günther H. Oettinger, European Commissioner for Budget and Human Resources, Mr. Ludwig Muxel, Mayor of Lech, and Mr. Markus Wallner, Governor of the Vorarlberg region.

**THE THEMES DISCUSSED WERE:**

- **Europe in challenging times.**
- **European opportunities in the data economy: the examples of banking and health.**
- **What does the data economy mean for Europe's energy and automotive sectors?**
- **A budget for an EU that delivers, empowers and protects.**

**Opening remarks**

Mayor Muxel welcomed all participants to the town of Lech and highlighted the importance of hosting the Europa Forum. Governor Wallner stressed the long history of the Forum and the importance of bringing the European debate to Vorarlberg, a highly integrated region with high growth rates where the European integration has produced added great value. He touched upon the current political challenges faced by Europe and for the imminent need to respond to questions of migration, growth and the reduction of bureaucracy.

In his opening remarks, Commissioner Oettinger thanked the hosts for their hospitality and welcomed all participants, both those who returned to the event and the new participants. He described the current challenges Europe was facing as a growing competition between systems and ways of living which was questioning the success of the European model of the past 60 years. This has been built around the concepts of the democratic division of powers, the market economy, personal freedoms, media and religious pluralism and family values and is a model worth fighting for. He commented on the various elections in the EU in 2017, the negative effects of Brexit and on the anti-European

sentiment, inviting the participants to discuss the five scenarios for the Future of Europe launched by European Commission President Juncker in March as one key response to that sentiment. He furthermore stressed the importance of key European projects ranging from nano electronics and quantum technology development to effective and efficient European border control. He underlined the need to respond to the different changes through an improved use of the EU's budget which has to correspond to an increased role of the EU in the world.

### **Session 1: Europe in challenging times**

**Moderator: Günther H. Oettinger**, Member of the European Commission, responsible for Budget and Human Resources

**Panellists:**

<b>Wolfgang Schüssel</b>	Former Federal Chancellor of Austria
<b>Torsten Jeworrek</b>	Member of the Management Board, Munich Re
<b>Wilhelm Molterer</b>	Managing Director, European Fund for Strategic Investment
<b>Rudolf Kemler</b>	Senior Partner, Roland Berger GmbH

These panellists discussed the future of the European Union on the basis of the five scenarios presented by the President of the European Commission J. C. Juncker in March 2017. Participants considered this topic important as the old continent faces hard times. The feeling was that there is no other alternative for European countries to working together. The EU has to address the problems head on, not just muddle through. Border security was highlighted as an important issue to be dealt with at the European level using more resources from the common EU budget. The citizens expect a European solution to the refugee crisis.

Europe was considered a silent soft superpower playing a key role in the global economy. The flows of refugees confirm its attraction. Democratic politicians have to resume leadership urgently as people are dissatisfied with the way EU handles key issues of concern to them. The historic role of Germany and France for the destiny of Europe was recalled. It was noted that Europe's economic problems had not been overcome. There is a lack of competitiveness. The uncertainties some European countries experience are being abused by populists and extremists. The participants suggested to encourage citizens to look into the future rather than justify the past. The EU does many things well, and has to "sell" its achievements better. People should learn more about what the EU is and does.

Is Europe a rational or emotional project? Some participants argued we needed emotional pro-European arguments. Politics is not management, but leadership. Hiding politics behind "political correctness" feeds the extremes. Others claimed Europe was and had to remain a rational project.

Many in the audience made parallels between the public and private spheres. Some recommended that the EU takes lessons from business. In a similar way as citizens/consumers decide in the market which system they prefer, the EU should give its citizens the power to co-decide. It is important to end the perception that "Brussels" imposes its policies over their heads. Citizens should feel included instead of just affected. Some countries may not share the same approaches to EU competences so enhanced cooperation might be the way forward. The EU must be made attractive for the next generations. It is the responsibility of politicians to understand the way young people perceive the world and set the right goals for the future.

European business needs to have a major partner in the EU. Individual countries are too weak. Europe should be open and ready to face competition. Workforce adaptation is key. Some jobs will be lost, but new positions will be created thanks to digitalisation. The EU should support the re-skilling of the workforce.

The digital economy is a significant part of the discussion in all scenarios about the future of Europe. Digitalisation of society (Society 4.0) is needed. Europe as a whole has to catch up with the US (digitalised or marginalised). Many European companies in modern technologies have lost their positions. Only a common energy policy with a true EU common market for renewables can satisfy future needs. Fragmentation of our markets would cause further moves of successful start-ups and high quality workforce across the Atlantic. European companies need to transform their business model and focus on digitalisation. EU funding should support this, perhaps with new types of resources for the EU budget.

Several participants clearly supported scenario 5 even if there were further countries that would decide to leave the Union and there could be difficulties with ratification. Others claimed that 27 countries could not all continue with the same speed, yet a dialogue is needed with all of them.

## **Session 2: European opportunities in the data economy: the examples of banking and health**

**Moderator:** Maive Rute, Deputy Director General, DG JRC

### **Panellists:**

<b>Armin von Falkenhayn</b>	Head of Corporate & Investment Banking for Germany, Austria & Switzerland. Bank of America Merrill Lynch International
<b>Julio Faura</b>	CIO, Santander
<b>Monika Rimmele</b>	Senior Policy Advisor Healthcare with Siemens Healthineers
<b>Miklos Szocska</b>	Director of the Health Services Management Training Centre of the Semmelweis University

This session brought together experts from the two - only on the surface - very different services sectors of health and banking. It stressed the opportunities of the data economy for Europe in these sectors and the need to be aware of and take into account the research, economic and societal benefits, together with the necessary privacy and security aspects. The panel also highlighted some of the available technical and regulatory tools and instruments that can create these opportunities. It furthermore outlined some of the expectations towards rule-makers on which areas to focus on in order to best reap the benefits of the data economy and ensure the right trust and security balance in and beyond the two sectors. Over all, the session proved highly effective in identifying and merging common themes between sectors not usually associated with each other and in sending clear signals to decision-makers on what role they can play in supporting the digital evolution and transformation of the sectors.

Asked what the data economy meant for their sector, the panellists and the audience painted an overall positive picture of increased opportunities and innovation potential.

Common themes included the increasing value given to the quality of tailor-made critical data as the determining factor to use the opportunities of the data economy, be it for instance to

help doctors provide more remote treatment or precision medicine, or be it to provide more customized and personalized banking services. Furthermore, digitalisation was propelling changes in terms of skills, profiles and roles of doctors, carers, patients, bankers and customers alike and the relationships between them. This has high empowering effects for all through the increase in data knowledge and data sharing, urging the sectors to find better solutions on how to deal with data issues and ensure security and the protection of data and identity in the process. Opportunities for cost efficiency was seen as a further common factor despite the highly different sector-specific backgrounds – on the one side the need to contain the rising costs of public health systems, while on the other as a consequence of the banking crisis and increased global competition. The evolution of the data economy was also having profound effects on the sector value chains, leading to the emergence of new fintech actors and blockchain solutions or to a shifting between actors towards a smarter public health system and the reaching out to new areas of health monitoring and treatment. Equally interesting were the discussions that for both sectors, Europe was well positioned to make good use of - and evolve - data economy potentials through its experience and tradition of providing high-quality and universal health care for all as a model, through its tradition and ability of dealing with identity in general (e.g. the widespread use of ID cards) or through the use of the European economy of scale.

The session also highlighted several common expectations regarding the role of government in general and the EU specifically. Here there was a clear emphasis on the need to ensure, adapt and implement a clear European legal framework for data protection. Governments should furthermore identify and respond to the host of increasing legal and also ethical questions which the evolution of the data economy naturally raises. This includes data ownership in general, data transfer for instance in the link between patient, patient data and insurances or addressing what sort of medical interventions are covered or not to avoid a potential health divide. The need to tackle issues of a more technical nature was also in high demand in terms of systems interoperability or the creation of binding standards to ensure the quality of data. Support in creating a global level playing field was particularly important for the banking sector. There were common calls to not lower standards and support the reskilling and re-tooling of all actors involved. Finally, the importance of instruments such as public private partnerships (PPPs) was stressed, as was the general need to create areas of experimentation to probe the potentials and impacts of the data economy.

### **Session 3: What does the data economy mean for Europe's energy and automotive sectors?**

**Moderator: Roberto Viola**, Director General, DG Communications Networks, Content and Technology, European Commission

**Panellists:**

<b>Michael Bültmann</b>	Head of Governmental Relations at HERE & Managing Director of the HERE Deutschland GmbH
<b>Iain Conn</b>	CEO, Centrica
<b>Mats Granryd</b>	Director-General, GSMA
<b>Joanna Hubbard</b>	COO, Electron - Blockchain Systems for the Energy Sector
<b>Peter Molengraaf</b>	CEO Alliander
<b>Stephan Neugebauer</b>	Chairman ERTRAC, BMW

The panel focused on the impact of the data economy for two key European and traditionally production-oriented sectors of energy and automotive. It brought together a mixture of speakers and audience from established and new operators, from larger and small companies and from the inter-linking ICT sector.

Against the background of two of the main current EU projects of the Digital Single Market and the Energy Union, the panel was able to address the synergies between the sectors, not only because connected and automated vehicles will in the future be electrical, but more importantly because in both sectors Europe is confronted with questions related to data, specifically access and use; technical formats which need to ensure seamless communication; and both sectors are driven in their own needs and by their own ways to make data flow freely and securely.

Asked about their digital vision of the future, the panellists talked about a connected driving revolution in an environment aided by spectrum roads in the air in which data and information lead to more road and traffic safety, real time navigation and more consumer choice. It was also described as a place in which motorists have control over their data and where privacy is seen and organized as a service and as a chance rather than a threat and a problem. Panellists furthermore clearly identified the move to a digitally decentralized, democratized and decarbonized energy system environment. This gave customers increased choice, power and influence and was redesigning who can trade, what can be traded and how energy markets are organized. This in turn was irreversibly leading to new business models and a widening of the respective value chains. Cutting costs, cutting intermediaries on the one side, and introducing blockchain and artificial intelligence solutions on the other were some of the examples shared in the session.

With data quantities doubling every 18 months and the demand for data exploding, some of the main asks from the session included the need for spectrum reform with globally competitive i.e. long release periods; the necessity for close cooperation between sectors and with authorities; a harmonization of rules along the lines of the general data protection rules; creating privacy one-stop-shops and an investment-friendly climate with a regulatory light touch in some areas and more regulation in others; upholding a technology neutral stance; avoiding monopolies; or very concretely asking the energy sector to introduce better market incentives for changing batteries for electric cars.

While the opportunities were huge, the threats were also – getting the ownership and data control balance right, countering cybercrime, reskilling the work force and enhancing the resilience of systems were some of the more prominent ones.

Within this picture, Europe should grab the opportunities to create level playing fields and boost competitiveness – the digitalisation of the energy and automotive sectors constituting a great chance for Europe.

## Session 4: A budget for an EU that delivers, empowers and protects

**Moderator:** Nadia Calviño, Director-General, DG Budget, European Commission

### **Panellists:**

<b>Jerzy Kwiecinski</b>	Secretary of State, Ministry of Economic Development, Poland
<b>Valerie Khan</b>	Technical Advisor, UN World Food Programme
<b>Ivailo Kalfin</b>	Member of the High-level Group on Own Resources, former MEP, 2014 – 2016 Bulgarian Dep. Prime Minister and Minister for Labour and Social Policy
<b>Joachim Pfeiffer</b>	Member of the German Bundestag (CDU/CSU)

The panel followed on the discussions about the future of Europe since the EU budget is an important tool for the implementation of European policies. Financing grants to universities or farmers, supporting large operations such as Galileo or small start-ups, regional administrations or NGOs, the EU budget differs from national ones. It is an important tool for supporting growth and jobs. In some countries it covers more than 50% of public investment. Cohesion policy is an expression of solidarity aiming to eliminate differences among EU Member States which is a key precondition for the creation of a truly common market. It was mentioned that 25 - 30% of convergence achieved by Visegrad States (Czech Republic, Hungary, Poland and Slovakia) was thanks to cohesion policy. Several participants called for a continuation of the EU cohesion policy in the future. Others argued that the EU's focus should perhaps switch to supporting more digital technologies which could also prevent an exodus from rural areas. It was noted that financing cross-border cooperation brings clear EU added-value.

The participants devoted particular attention to the ways EU budget can address root causes of migration. It was recalled that thanks to using flexibilities and new innovative ways of financing, such as trust funds, the EU could double the originally agreed levels. The EU budget has risen up to meet the challenges, yet it will need to be better equipped in the future to face such emergencies. The EU continues to be the biggest donor in the world. In distributing development aid the Union closely cooperates with the United Nations system, including the World Food Programme (EUR 800 million in 2016).

Several of those taking the floor asked that EU financial rules should be made simpler and more harmonised. They mentioned that the EU asks its partners and beneficiaries to do excessive reporting. When compliance is not followed in considerable detail funding can be recalled. Others put more emphasis on the need of setting concrete measurable results. A better focused EU budget could also be a more ambitious and more important tool contributing to the unity of the EU. The Commission supports cutting red tape and simplification of financial rules. However, the legislative process is in the hands of the Member States and of the European Parliament and the Commission is asked to demonstrate that EU finances are duly protected and well spent.

The panellists warned about the danger of dividing EU countries into net payers and net beneficiaries. The EU budget is not a zero-sum game. European Structural and Investment Funds create win-win situations. Some studies show that companies from the "net paying" countries benefit up to 80 cent from each Euro invested from the EU budget in the "net

beneficiaries" countries. Populist anti-European politicians often misuse the EU budget. That is why the EU should be stronger in communicating its undisputable successes. Some participants asked a question about the impact of Brexit on the EU budget and claimed that the remaining "net" contributing countries would not accept to make up for the lost UK "net" contribution.

It was generally agreed that the EU budget after 2020 would not look exactly the same as at present. Some participants underlined that the EU should continue financing cohesion, common agricultural policy, innovation and employment. There should be more flexibility in the budget to address unforeseen needs. In a number of contributions security and defence were presented as areas where the EU budget should be used in the future, while the number of EU programmes (now around 50) could be reduced to focus it on key areas. Though continued grants, in particular for cohesion, were clearly preferred by some, there were participants who supported new forms of financing. The successful implementation of the so-called Juncker Plan was presented as an example of how the EU could attract private investment. The audience agreed that the EU budget should support initiatives with growth potential. Digital mainstreaming was mentioned. Support for modern technologies can help to address such urgent problems as migration, e.g. using data from mobile phones.

It was generally agreed that more synergies between public and private finances should be found. Taxpayers' money must be used in an efficient way. Participants preferred more autonomous resources for the future EU budget while not increasing the overall amounts and concentrating more on EU added value. No new taxes should be agreed. The income to the budget could be related to the implementation of EU policies.

### **Closing remarks**

In his closing remarks Commissioner Oettinger expressed his satisfaction with the lively discussions. Combining different topics and inviting experts from various sectors (politics, finances, digital, health, energy, security, automotive) contributed to a unique creative atmosphere. Many interesting arguments and innovative approaches had been heard. The Commissioner considered the debates an important contribution to the discussions about the future of the European Union.

The panellists and participants agreed that key European values, such as rule of law and democracy, have to be defended against populism and extremism. European citizens want the EU to propose concrete solutions, in particular in the field of external security. The EU has to improve its image and communicate better with its citizens. Despite speaking different languages our continent has a common history. Before the creation of the EU, which is a unique international organisation, Europe suffered many wars and conflicts. European nations have their differences, but in spite of them they cooperate. This was also the goal of Europa Forum Lech 2017.

There was a common desire to continue the discussions initiated by the Commission's White Paper on the future of Europe. It is an offer for the European public, companies, stakeholders, citizens, to shape the future of the Union. The EU budget should be oriented to address key topics which preoccupy European citizens, in particular security, growth and jobs. Digitalisation of our economies and of our societies remains a great challenge which Europe must address urgently. Our economic performance is a key precondition for maintaining our way of life, freedom, democracy and rule of law. The root causes of the most important

European problems lie outside the continent. The EU as such and the EU budget in particular should take this into account as the EU's role in security is high among citizens' expectations.

Commissioner Oettinger once more thanked the Lech municipality, Tourismus Lech, the Vorarlberg regional government and all those who contributed to the successful conference.

### **Follow-up**

Europa Forum Lech 2018 will take place on 11 – 13 April 2018. The intention is to continue with combining general issues, such as the future of Europe and the role of the EU budget, with more concrete topics, such as defence and security, energy, mobility and digital economy. Some discussions may specifically focus on how to address the problems in areas outside European borders, e.g. relations of the EU with Africa.