

ANSWERS TO THE EUROPEAN PARLIAMENT**FURTHER WRITTEN QUESTIONS TO THE COMMISSIONER-DESIGNATE****Sylvie GOULARD****Commissioner-designate for Internal Market****SECTION 1 / PORTFOLIO**

- 1. At the hearing of 2 October 2019, your answers and commitments were not clear to us. In this respect, we would like to ask you the following question: How will you manage, coordinate and master the work of such a large portfolio under your responsibility - unprecedented before- the new key DGs - with the conflicts of interest and the additional task of building one of the three DGs (new DG Defence and Space), artificially added, and even with the responsibility of the Media and Audio-visual policy? For instance, how will you manage to shape the next Industrial policy? And the new Defence and Space strategy?**
- 2. The portfolio that Ursula von der Leyen entrusted you with goes from industry to digital services, from space to defence, from audio-visual services to SMEs. How do you intend to use the potential synergies between the policies and synergies between the Directorate-Generals?**
- 3. As Commissioner-designate for Internal Market, you have been entrusted with a quite ambitious portfolio, which aims at combining together quite divergent responsibilities ranging from Defense to Digitalization, with an expected overall budget of no less than 36 bln euros. In spite of the clarification, you provided during the recent parliamentary scrutiny, the prospective portfolio still appears unlikely to ensure a smooth and satisfactory implementation of the manifold and divergent responsibilities you will be entrusted with.**

Technological developments and the convergence of business models have made the distinction between a “single market” and a “digital single market” obsolete. This affects all of our companies, in particular our industrial companies. It calls for a seamless and coherent approach in terms of regulation, financing and coordination tools. This will be at the core of our industrial strategy, underpinned by a deeper single market and our SME strategy. The new remit given in my portfolio will better equip us to meet this growing expectation.

Industry, companies and entrepreneurs need a single interface dealing with the challenges our economy now faces. The portfolio will allow a better use of synergies in many areas, such as innovation. All three Directorates-General work on artificial intelligence (AI), on industrial property, on digitalisation, and on cybersecurity. All bring specific expertise from their sectors – services, goods, technology, media and audio-visual, space and defence. Bringing this knowhow together is a unique opportunity.

Let me give five examples of synergies:

1. One project we are looking at would combine high-performance computing, high-speed connectivity networks, AI, cloud and space resources to achieve a highly accurate prediction and crisis management capacity in Europe. Such a capacity would give European industry a head start in the field of AI/big data which would in turn generate business and societal value for the EU. It would, for example, allow us to answer questions such as which areas will particularly be affected by extreme weather events or rising ocean levels. This matters to the public sector (in terms of planning, preventive actions, etc.), to the construction sector, and to many others.
2. A fully secured data infrastructure will be a prerequisite for any advanced economy. Quantum is the next frontier for secure communication. Building on the work of the Directorates-General in space and cybersecurity, we would encourage research centres, private companies and other public entities to join forces to develop and deploy a fully secure end-to-end quantum communication infrastructure that will integrate satellite and terrestrial technologies.
3. Sectors such as medical technology, construction, fashion or beauty products are examples of industries that need to adapt to the digital transition or their future will be at risk. They will benefit greatly from an integrated approach in which sectoral legislation is reviewed and made fit for the digital age and climate-neutral. To reach all companies and sectors - not just the frontrunners - a series of sector-specific dialogues on “everything tech” (construction-tech, fashion-tech, tourism-tech and so on) could be launched. The aim would be to work with all stakeholders to develop a series of specific actions that would help all key sectors of the EU economy to transform and profit from digitalisation. This would be supported by specialised Digital Innovation Hubs extending beyond digital to energy-efficient solutions, new materials and production technologies.
4. Cross-fertilisation between traditional production industries and creative industries has always been a distinctive point of European excellence. With the integration of advanced technologies, new avenues are opening for our creators. For example, 3D printing allows for unprecedented blending of eco-design and creative architecture. Virtual reality productions by professional content producers allow training of operators of complex machinery. I will support co-working spaces in Digital Innovation Hubs that bring together artists, technologists and industrialists. There should be at least one such space in every Member State.

5. Finally, climate change, digitalisation and an ageing population mean that we need to upskill and reskill our population to enable welfare and prosperity and maintain our Social Market Economy. I will therefore work closely with the Commissioner for Jobs on initiatives that can benefit the industry.

In addition, within the Directorates-General, I intend to implement the following:

- SMEs are key actors in the Single Market, in our industries, both in digital and defence. I will set up a new SME outreach team in the new Directorate General for Defence Industry and Space that will make sure that SMEs and mid-caps actively participate in the defence and space programmes. It will also ensure that they are at the forefront of using the data created by our satellites and space infrastructure. This team will join forces with the SME teams in DG GROW and DG CNECT to be one SME Task Force. Together, they will form a focal point in the Commission for SMEs, regardless of their sector. As detailed below, I will appoint a full-time SME Envoy, supported by this new SME Task Force. (S)he will be in charge of bringing together and energising the SME community, listening to SMEs' concerns and implementing the SME strategy that we will develop.
- I want to increase synergies between the enforcement teams of the three Directorates-General to take action on issues that matter, regardless of where the legal instruments happen to be.
- Given the exceptional circumstances of establishing a new Directorate General for defence industry and space, my cabinet will benefit from additional flexibility and temporary support in the cabinet based on the President's decision. I will consider adapting the structure of DG GROW following the setting-up of DG defence industry and space.

Similar concerns emerge about the unclear relationship between your own portfolio and that of Commissioner designate Margrete Vestager, which seems to overlap with your own especially on matters related to the digital agenda.

At this stage therefore, more details are needed to understand whether or not there will be compatibility between your portfolio and that of Commissioner-designate Vestager.

The Executive Vice-President for a Europe fit for the Digital Age will be responsible to steer and coordinate the work on digital leadership. I will work under a guidance for example on the issue of AI and to ensure cross-fertilisation between civil, defence and space industries. She will also co-lead – together with the Executive Vice-President for an Economy that Works for

People, the industry strategy and the SME strategy to which I will actively contribute as explained in the different answers.

Furthermore, while we appreciate your attention to the manifold difficulties currently faced by European SMEs, your answers proposed no specific measures on how to address the said difficulties, and concern remains that the next Commission will fail to address seriously the progressive exclusion particularly of micro-enterprises from the Internal Market.

SMEs – from traditional family business to start-ups, in all their diversity – represent 99% of our firms and employ two thirds of our workers. Yet Europe is not tapping their full potential. SMEs will be at **the heart of our industrial policy**, ensuring that their needs and concerns are addressed and that they are able to grow and become more competitive.

To move forward, I am deeply convinced that we should adopt a **pragmatic and bottom-up approach**, listening to all relevant actors to come up with effective proposals. This is the reason why, within the first six months of my mandate, I will make a special effort to come to you and your constituents, visit Member States, capitals and regions, and talk to businesses and workers, as well as to governments and national Parliaments. I will activate all relevant networks, structures and fora of cooperation in this respect. The new SME Envoy, referred to below, will support me in this endeavour.

The **SME strategy** we will build together will in particular aim at:

- i. Reducing regulatory and administrative barriers;
- ii. Fighting against late payments;
- iii. Improving SME's access to finance;
- iv. Making sure that single market regulations take into account the specificities of SMEs;
- v. Leveraging appropriate networks and programmes to provide SMEs with the skills they need and support them in facing new challenges.

To ensure these goals are pursued consistently with all relevant stakeholders, I will appoint a **full-time SME Envoy**. (S)he will be in charge of bringing together and energising the SME community, listening to SMEs' concerns and driving the SME strategy forward on a daily basis. (S)he will be supported by a new SME Task Force, bringing together the existing or soon to be created SME team in Directorates-General GROW, CNECT and the future Dg for Defence Industry and Space. Together, they will form a focal point in the Commission for SMEs, regardless of their sector, working closely with EASME on programme implementation.

As regards **regulatory and administrative barriers**, I will look at all the ways possible to reduce or eliminate these. I will, for instance, work with Member States to speed up the implementation of the Single Digital Gateway Regulation and, in particular, the "Once Only" principle that should ensure that companies need only submit a document or proof once.

On **late payment**, it is not acceptable that in many cases SMEs are being paid over 100 days late. This leads to over a quarter of all bankruptcies for SMEs. I will not hesitate to launch infringement procedures against any non-compliant Member States.

When it comes to **access to finance**, we have made progress in recent years, but much more needs to be done. I will work together with the Executive Vice-President for an Economy that Works for People and the Commissioner for Jobs on this.

- I intend to do more under the **InvestEU** fund, building on the success of the current COSME Loan Guarantee Facility. The Commission proposal of 11.25 billion Euro represents an increase of 20% compared to now. This will mean thousands more SMEs accessing finance. It will also be easier for them to access the new EU financial instruments as having a single rulebook under the InvestEU programme will simplify participation and cut red-tape.

Beyond these two instruments, we need both to **simplify access** to EU financing opportunities and to ensure that these opportunities cover the needs of SMEs at **each step of their development**.

- I will ensure that SMEs have a **single entry point** for all enquiries on EU financing opportunities rather than having to look from programme to programme.
- The current Commission has been piloting a programme to increase funding for SMEs and start-ups in the scale-up phase. The **ESCALAR programme** makes 300 million Euros of additional funding available to venture capital fund managers to continue investing or even set up new funds to target such companies. It is based on the successful Small Business Investment Company (SBIC) in the US and I will expand it under InvestEU.
- We can also do more to help SMEs to tap into **Initial Public Offerings** (IPOs), giving them the capital that they need to go forward and commercialise. We should make sure that the financing is available along the whole cycle of an investment into a company and raise the number of SMEs benefiting from IPOs, based on broadening existing financial instruments. EU financial support would reinforce the work being carried out in the Capital Markets Union. It could create the political impetus to unlock investment in public markets in Europe. I believe that our objective should be to have this instrument operational as soon as 2021 under the umbrella of InvestEU.

For SMEs to benefit fully from the single market, we need to **make sure single market regulations take into account SMEs' specific needs**.

- I will ensure that the **Digital Services Act** gives SMEs and start-ups the predictability and legal clarity that they need. Market fragmentation favours the big platforms that can face the related complexity costs and reinforce their market power. I will ensure that

they are fairly treated in the data economy through a rigorous enforcement of the Regulation on platform to business relations.

- SMEs should also benefit from the emerging opportunities in **Space and Defence**, including our Space Programme and our European Defence Fund (EDF). The EDF provides for a financial top-up dedicated to SMEs' participation. To ensure that SMEs actively participate, I will set up a dedicated SMEs team within the new DG for Defence Industry and Space to help their access.
- **Intellectual Property** protection is crucial for our SMEs and start-ups. Yet, so far, only 9 percent of our SMEs use IP and as a result, their inventions risk not being commercialised in Europe. This should change. For instance, I will focus on improving access to, and the availability of strategic IP advice, integrating them within the support offered by the Enterprise Europe Network and European Digital Innovation Hubs, as well as Horizon Europe funding. I will take measures to help our small companies lever on their IP when trying to obtain finance or work together with business partners for instance by ensuring that European support networks offer opportunities to find partners. Costs and complexity for obtaining, managing and enforcing IP protection should be reduced for instance by upgrading the designs system to make it work for SMEs in the new economy, and exploring guidance or the development of model contracts to foster partnerships for innovation such as in the collaborative economy. Finally, we should focus on making it easier for companies to fight against all forms of IP theft, such as counterfeiting, piracy and cyber theft.
- I will also do more to help SMEs benefit more from **public procurement** worth around EUR 2 trillion a year in the EU. Among the actions that I intend to propose are: an initiative supporting cross-border procurement for public buyers and regional SMEs in border regions; supporting start-ups and scale-ups through the innovation brokers programme for targeted matchmaking; promoting end-to-end digitalisation of the public procurement process,; and together with the Commissioner for Trade promoting better access of European SMEs to global procurement markets and as well promoting bilaterally and globally the reduction of administrative burden through global recognition of the EU standard for E-Certis.

Finally, **leveraging appropriate networks and programmes** to provide SMEs with the skills they need and support them in facing new challenges (e.g. digitalisation, sustainability) should also be part of our SME strategy.

- To ensure that SMEs benefit from **digitalisation**, I will reinforce the European Digital Innovation Hubs, and using the existing Enterprise Europe Network – the biggest SME support network in the world, linking over 600 local, regional and national organisations across Europe ranging from regional development agencies and innovation agencies to chambers of commerce to help SMEs innovate and grow - create dedicated services

under the ‘Enhanced Innovation Management Capacity’ advice service to help SMEs digitalise.

- It is essential that our SMEs can benefit from and lead the transition to a **sustainable economy**. As part of this, within the Enterprise Europe Network, I will set up dedicated ‘Sustainability Advisors’ and look at making it easier for SMEs to access finance to invest in sustainability.
- Delivering both of these – digitalisation and sustainability – means doing more to ensure that SMEs have access to the **skills** they need. That is why, helped by our support networks, they should be part of a skills for industry partnership, which I would like to work on together with the Commissioner for Jobs.
- We need to give **more opportunities for our entrepreneurs**. Over the last ten years, the Erasmus for Young Entrepreneurs programme has helped both new and experienced entrepreneurs learn from each other and expand into new markets, leading to increased turnover and employment. But it is operating on too small a budget, limiting its effectiveness. So far it has been limited to 16,000 entrepreneurs in more than 8,000 exchanges. I intend to give it more resources and if the current pilot of exchanges in Israel, Singapore and the US is successful, rolling it out to more third countries. This will help our entrepreneurs to expand into ever more markets.

SECTION 2 / SINGLE MARKET

At the hearing of 2 October 2019, you talked about the importance of boosting the services sector and the enforcement of the Services Directive for a well-functioning Internal Market. In this respect, we would like to ask you the following questions:

What kind of specific actions will you undertake, together with the Commissioner for Jobs, to make sure that a professional and a member of his/her staff can equally enjoy the freedom of movement when providing temporally services cross-border? More specifically, what will you propose in order to end the situation when a professional is allowed immediately to provide temporally his/her services cross-based, but a member of his/her staff is forbidden, unless a declaration of posting and complying with a number of compulsory conditions and formalities are fulfilled? What steps do you foresee in order to improve knowledge of service providers on national requirements and posting when going cross-border?

The single market is made up of four freedoms that have to be seen in combination and as a package. They are at the core of our objective of a highly competitive social market economy.

Completing the Single Market is essential. Improving the single market in services is of key importance for the EU, both cross-border and for the domestic economy of a Member State. Services account for 70% of EU GDP and employment. The competitiveness of EU manufacturing industries relies on services: 40% of their value added consists of services inputs. The services sector is also changing quickly (e.g. through digitalization and shifting consumer needs) and new challenges are constantly emerging. I will work to overcome the boundaries in our economies, because the single market, which is the size of a continent, also shelters us from geopolitical uncertainties.

Even if the importance of the single market is undisputed, I am also fully aware and understand that at times there are controversial debates about specific actions to develop the single market in services.

If we want to tap the potential of the single market, trust between us is essential. I want to change the way of doing things and launch a bottom-up approach. I will therefore engage in an in-depth and inclusive debate with you, the Member States and all stakeholders. Within the first six months of my mandate, I will make a special effort to come to you and your constituents, visit Member States, capitals but also other regions and especially border regions, and engage with governments, national parliaments, businesses, workers, any affected stakeholders and consumers alike. I will activate all existing networks, structures and fora of cooperation; and reflect on how to improve them if needed.

I want to build consensus before making proposals. My policy proposals will be based on this consultation, and they will be based on evidence.

Your question is particularly relevant for border regions, which typically see increased mobility of professionals. First, the Directive on the recognition of professional qualifications facilitates the mobility of professionals (including through automatic recognition).

Second, when it comes to the posting of staff workers, it is true that too often administrative requirements, such as requests to provide certain documents, including their translations, at times long in advance, are imposed on service providers. A lot has been done in the past years to update the legislative framework on posting of workers and improve implementation and enforcement of the rules. At the same time, these burdens could be significantly reduced without compromising the supervision of posting and safeguarding the rights of workers, if Member States' authorities cooperated better and if all possible digital opportunities were explored. The newly created European Labour Authority will play a very important role in enhancing the cooperation between Member States. Negotiations to revise the rules on coordination of social security systems, which will also address these burdens, need to be finalised. Much of this legislation falls under the responsibility of the Commissioner-designate for Jobs. I will work with him to ensure that the existing legislation under his responsibility (including the Directive on the enforcement of the posting of workers) favours labour mobility and enable the fight against fraud, in line with single market principles.

Third, we have a system in place, which facilitates cooperation and direct exchange of information between Member States based on an electronic platform provided by the Commission: the Internal Market Information System (IMI). But national authorities do not use it to its full potential in the area of posting of workers: in 2018, 10 251 information exchanges in IMI involved recognition of professional qualifications but only 2 785 involved posting issues. Together with the Commissioner-designate for Jobs, I will promote the usage of the IMI system and use all the tools at our disposal to make sure that Member States cooperate fully to reduce the administrative burden on companies.

Finally, providing information about applicable rules is crucial to ensure compliance by companies. This provides legal certainty and predictability for businesses wanting to provide services and post workers to other Member States. I want to make full use of the recently adopted Regulation establishing a Single Digital Gateway (Regulation (EU) 2018/1724). It reiterates and specifies Member States' obligation to make such information available and provides quality standards and ease of access. I will make sure that the obligations in the Regulation to provide information about employment terms and conditions for posted workers are applied effectively and fully.

Do you intend to make concrete proposals, together with Commissioner for Jobs, by expanding competences of the European Labour Agency in order to ensure a fair free movement of services and workers?

The European Labour Authority has the objective to support fair labour mobility and shall ensure that EU rules on labour mobility are enforced. It is crucial that the European Labour Authority delivers on these objectives. The Commissioner-designate for Jobs will be responsible for the Authority. Due to the link with the provision of services, I will strongly push for the Authority to deliver on the promise to make it easier for citizens and businesses to reap the benefits of the single market, without allowing any fraud.

What will you do concretely to create more trust among Member States in order to convince them that EU economic growth is not possible without vibrant services market based on the free movement of people?

The single market cannot properly function without trust and cooperation between Member States and their authorities. My objective is exactly this: to build trust in order to give a new push to the single market for services, built on the broadest consensus possible, through my engagement and dialogue with all actors involved in the services economy.

Member States and the Commission share responsibility for the functioning of the single market. I will not only invite Member States to make use of existing forms of cooperation and structures, but I will also ask them to point out the problems they face. I want to know how we could do better together.

One idea worth testing is that dedicated national authorities monitor and ensure the effective implementation of single market rules in each Member State. These authorities could be given effective enforcement powers, for example to bring matters before national courts for non-compliance with single market rules (similar to what already happens in the areas of data protection and public procurement). These dedicated national authorities could form a network at EU level, similar to other networks such as that of national competition authorities. They could collaborate closely, including by exchanges of views on specific cases and specific obstacles to the single market, as well as by promoting best practices and mutual learning. This is part of the discussions I want to have with Member States and national authorities.

In line with your statement of "a better implementation of the Services Directive" and the diverging interpretations in Member States of some of its contents, how will you ensure a uniform implementation and enforcement of the Services Directive by Member States?

On the single market, competition is fostering excellence. I am convinced that the best protection is excellence. The single market supports innovation and hence productivity and keeps prices low to the benefit of consumers.

Achieving a better implementation of the single market for services will be a key topic of my wide consultation. I will listen to all proposals and will discuss with all actors.

Correctly implementing existing rules would go a long way to improve the functioning of the single market. It will be one of my main priorities, especially in the area of services.

First, I will work on removing existing obstacles. I know that there is a lot of controversy, but I believe that progress is possible and I will strive to build consensus. I will adopt a policy of

proactive enforcement based on in-depth assessments of the remaining obstacles that are most detrimental for economic growth and job creation. These assessments could be in the form of sector enquiries similar to those carried out by DG Competition. I will not shy away from taking necessary legal action to enforce the Services Directive.

Second, I will work towards preventing new unjustified barriers. I want to make full use of existing instruments to prevent new single market barriers emerging. The notification procedure under the Single Market Transparency Directive are such an instrument. I will also insist that Member States systematically examine new legislation they intend to impose on regulated profession under the Proportionality Test Directive.

Third, I will make sure that the application of Member States rules on the ground makes life easier and not more complicated for businesses, in particular for SMEs. I will ensure that the Points of Single Contact under the Services Directive achieve their full potential, including by means of infringement procedures, and that Member States comply with the obligations on information provision and the digitalisation of procedures under the single digital gateway. Instruments such as SOLVIT deliver practical assistance and I will strengthen their operation together with the Member States. To facilitate the work of Member States to implement single market rules, I intend to issue more guidance on how to apply existing EU rules, for example by updating the handbook on the Services Directive and the users' guide on the Professional Qualifications Directive.

I will look specifically at border regions. They are very relevant for understanding the issues with the functioning of the single market. This will part of my listening exercise and could lead to testing new ideas or specific approaches. In the same vein, I will also look at the situation of specific economic sectors that are particularly important for the competitiveness of the European economy, such as business services, construction, and retail.

In the hearing, you confirmed that you want to deepen the single market. What concrete measures will you take to do that? The services sector is the one that suffers the most from the lack of European integration. How will you strengthen the Services Directive and extend it further?

I will go into the consultation exercise mentioned in preceding answers with the following ideas in mind, to test and adapt them, including in the light of emerging challenges:

1. Strengthening the implementation and enforcement of existing single market rules:

As set out above, I intend to take several actions to ensure better implementation of existing EU law on the single market, including the Services Directive. These include both actions to better prevent the emergence of new single market barriers and introducing a policy of more proactive enforcement on addressing barriers in services sectors.

2. Improving cooperation among national authorities:

As highlighted above, I intend to assess whether existing structures and networks among Member States' authorities could be strengthened. A possible network of national authorities could promote collaboration between them, ensure that the design and implementation of national rules are in line with single market law, and develop a closer partnership between the Commission and Member States on enforcement.

3. Extending automatic recognition:

I will explore with interested parties the possibility to extend automatic recognition - as already in place for architects, doctors, nurses and others - to professional services such as engineering and accounting. The revised Professional Qualifications Directive has introduced flexible tools to agree on common standards for the education in professions in a bottom-up approach by those professions interested. This has facilitated mobility. I will encourage and promote the use of these tools in close collaboration with all stakeholders.

I will also explore possibilities within the Services Directive to introduce commonly agreed means to facilitate establishment and cross-border provision in services, e.g. by rules concerning liability insurance and its availability across Member States – a very practical and everyday issue for many service providers, in liaison with the Executive Vice President designate for an Economy that works for people.

4. Promoting a responsible collaborative economy:

I want to investigate the issues linked to the fast development of the collaborative economy. We need to assess the need for actions to promote opportunities for citizens as consumers and entrepreneurs and to avoid regulatory fragmentation within the single market, while addressing legitimate public policy concerns. In particular, we need to reflect on how to ensure that collaborative platforms cooperate with public authorities to protect public interest more effectively than today, in full compliance with the principles of the single market. I will participate in initiatives taken by the Commissioners-designate in charge of Jobs and Transport on the working conditions of platform workers and ride-hailing drivers.

5. Promoting fair online market places:

More and more retail takes place online, giving platforms more power. I will ensure that the new rules on platform-to-business relations are fully implemented across the single market. They are a first step to ensure that online platforms treat traders fairly and that there is transparency in their relationship – for example on changes in terms and conditions and the ranking of search results. In addition, with the help of the EU observatory for the online platform economy, I want to address challenges like access to data and the preferential treatment by platforms of their own services.

6. Addressing information society services through the Digital Services Act

Digital service providers and in particular start-ups find it difficult to scale up in Europe as they face fragmented rules, while much larger global players and in particular large platforms are better able to navigate complex legal environments. The aim of the Digital Services Act will be to adapt and clarify the existing rules, often dating back 20 years, with a view to setting out a common rulebook instead of multiple national rules (for example on hate speech and online advertising). This will reinforce the single market. The objective is also to reinforce the cooperation between Member States and strengthen enforcement especially on the country of origin principle as enshrined in the e-Commerce Directive.

In the hearing of 2nd of October, several questions were asked concerning the services sector. Your answers lacked concrete proposals and were contradictory. For example, you said that we should use the potential of the market, even if this means to make "short-term sacrifices". You also mentioned that Member States barriers in the field of services are hampering our economies and that "gold-plating" should be avoided. However, later on you mentioned that the objective is not to deregulate the services market, but to make sure that the workers are protected, and reconcile the social and the market. Finally, you have said, still linked with the services directive, that "we should not reopen the debate, but we should reopen the subjects that deserve to be re-opened".

- Could you explain concretely what are the subjects that deserve to be re-opened?**
- Could you answer, by yes or no, if you are planning to re-open the services directive?**
- Could you answer, by yes or no, if you will continue respecting the country of destination principle in areas such as services and consumer protection?**
- Could you explain which concrete measures you will put forward to reconcile the social and the market?**

The Services Directive was adopted after much debate and contains a carefully crafted political compromise. I do not want to re-open past wounds. Therefore, I do not intend to come forward with new proposals to re-open the Services Directive. I will fully comply with and respect the fundamental principles enshrined in the Treaty and in the Services Directive.

I will however do everything I can to make sure that it is correctly and fully implemented and enforced so that we can realise the full potential benefit of a completed single market for our consumers and businesses. The proposal tabled by the current Commission for an improved services notification procedure is a good example.

The legitimacy of the single market relies on prosperity for all: entrepreneurs, workers and consumers. It is vital that we enable European businesses to benefit from their right of free movement. Without this, Europe will be unable to keep up with our global competitors, in

particular in the area of digital services. At the same time, we need to promote a better protection of workers' rights and fair competition.

As I explained during my hearing, we need to respond to criticisms denouncing the lack of tax and social fairness. This is the path that the President-elect has set when she calls for "reconcil[ing] the social and the market". This Commission as a whole will focus on important issues including a fair minimum wage, a common consolidated corporate tax base, and a different taxation of high-tech companies. On digital services, we will work on the question of platform workers' rights. I will support the delivery of these initiatives, working closely with the Commissioners in charge.

If publication of a proposal on regulating AI, a nascent, multi-faceted policy area, can be delivered in the first 100 days of the new Commission, how many days will you need to produce specific, effective proposals to address the continuing problems with enforcement of the Services Directive, which hamper the development of real companies on the ground across the European Union every day? Can you outline what you consider to be the order of priority for your actions as Commissioner for the Internal Market and the data underpinning this analysis? The bold, eye-catching policies of much of this Commission lie in narrow parts of the digital economy, but the backbone of our economy - services and the development of SMEs - need more imagination and political leadership from you. Based on your hearing, clarification on whether you are hesitant to open-up controversial topics like services is needed. Do you feel there are "no-go" areas for the Commission in the next five years, and if so, what are they? The previous Internal Market Commissioner found it difficult to bring Member States along with her on initiatives in the area of services - what will you do differently? The previous Commissioner also found that well-intentioned pro-Single Market proposals can get hijacked in the legislative process. If your proposals begin as shields, to protect the single market, but are turned into swords, to harm the single market, will you withdraw them before the damage is done?

Technological developments and the convergence of business models have made the distinction between a "single market" and a "digital single market" obsolete. This affects all enterprises, industrial companies and service providers alike. One of the strengths of my portfolio is that it will allow us to reinforce synergies across the board, including in areas such as AI.

There is ample economic data showing that the economic benefits of the single market are large, amounting to 8.5% of EU GDP. Economic studies also show that an ambitious implementation of the Services Directive would lead to additional growth of 1.6% of EU GDP. The benefits and impact of the single market cannot though be captured in terms of GDP alone. In terms of the movement of people, there are around 17 million EU citizens living or working in another member state. All this shows the urgency of making progress with the single market for services so I will start this work right away.

I have highlighted several of my priorities for the single market in services in the replies provided to the questions above. I will:

- initiate a pro-active legal enforcement policy;
- strengthen preventive enforcement;
- issue guidance on how to apply EU law;
- look into extending automatic recognition;
- promote the development of a responsible collaborative economy;
- promote digital platforms treating traders fairly, and
- update the e-commerce directive with a Digital Services Act.

I do not see any “no-go” areas, but, as explained above, I have no intention to reopen the Services Directive.

We all know how difficult progress is in the services sector, but I am convinced that it is possible. I want to work towards a consensus, bringing Member States and stakeholders along through my approach of a wide consultation. I have presented my initial ideas to you. I will refine them on the basis of this approach and then defend them in the College

Should at any given moment during a legislative procedure any of my proposals be turned into an instrument to weaken the single market and its objectives, I will not hesitate to propose to the Commission to withdraw the proposal. But since I will build my proposals on this broad consultation, I hope and expect that this will not be necessary.

We should recognize that in a fast changing world, we need to remain agile and willing to evolve to meet new challenges. Our priorities and their implementation will have to reflect and be fit for this changing world.

SECTION 3 / DEFENCE

At a time of acute geopolitical instability and when European citizens demand more protection, fostering more cooperation in defence spending, encouraging collaborative projects and developing Europe’s technological sovereignty will be key. What are your concrete plans to meet these expectations?

In this respect, how do you assess the implementation of European defence industrial development programme?

How do you assess the implementation of the 2009 Defence Package and what concrete steps will you undertake to ensure the creation of a genuine single market of defence products, while ensuring that all Member States have a part and an opportunity in this market?

My main contribution to promote cooperation in defence and contribute to technological sovereignty will be through an effective implementation of the European Defence Fund. The proposed budget of 13 billion EUR under the next multiannual financial framework will allow us to pool and redirect current scattered investments in defence research and capability development towards common projects to reduce unnecessary duplication and ensure a more efficient public spending in defence. It will foster investments in defence supply chains, thus closing the technological gap and removing our technological dependency on third countries for critical capabilities needed in the future. It aims at fostering investments in defence supply chains by supporting SMEs both financially and in developing specialised skills.

I am confident that the Fund can be a powerful tool to maintain a more competitive and innovative European industrial base consisting of both small, midcap and large companies and capable of producing the technologies and defence capabilities that we need over the next 15 or 20 years.

The ongoing precursor programmes, the “European Defence Industrial Development Programme” (EDIDP) and “Preparatory Action on Defence Research”, show encouraging results, which is positive for the European Defence Fund.

- The Commission has received more than 40 project proposals in response to the first calls of the EDIDP. 14 of these proposals responded to the call dedicated to SMEs.
- 18 projects will be funded under the Preparatory Action on Defence Research with a total budget of 90 million EUR. About 30% of the budget goes to SMEs.

As regards the implementation of the 2009 Defence Package, I intend to build on the evaluation, conducted by the Commission in 2016, of the Defence Procurement Directive and the Directive on transfers of defence products within the EU. The conclusion at the time was that both Directives were fit-for-purpose and broadly on track. None of the stakeholders consulted considered it necessary to amend the Directives, but all highlighted the need to step up efforts to ensure their proper implementation including by developing appropriate guidance.

To achieve this, the current Commission intensified technical dialogues with Member States and issued several recommendations (e.g. to help align national practices as regards transfers of defence products and guidance notices on government-to government and cooperative defence procurement). In 2018, the Commission launched, for the first time, infringement proceedings for the Defence Procurement Directive.

Effective enforcement of the directives is a priority for me. I will not hesitate to launch infringement proceedings when needed. However, I also believe that the Commission should continue to explain how the rules work, and further guidance could be provided to this end to ensure the full and effective implementation of the Directives.

I also intend to have an in-depth discussion with Member States and the European Parliament on how SMEs and mid-caps across the EU can be better integrated in supply chains. I believe we should encourage and support voluntary cooperation bringing together major industry actors, SMEs and mid-caps.

According to Article 41.2 TEU 'expenditure arising from operations having military or defence implications' must not be charged to the Union budget. Taking into account the decision of the Court of Justice (Case C-263/14) and in view of article 41.2 TEU, there is no legal base for the establishment of the European Defence Fund. Do you agree, if not, why and which parliamentary scrutiny rights and control mechanism will you provide during the implementation of the European Defence Fund?

The European Defence Fund aims at fostering the competitiveness and innovative capacity of the EU's defence industry by supporting collaborative defence research and development actions. It will not support expenditures arising from military or defence operations. It thus fully respects Article 41(2) TEU and the relevant case-law of the Court. Articles 173 (industry competitiveness) and 182 (research) TFEU. are the legal base underpinning the political agreement reached earlier this year on the proposal for the EDF Regulation. The European Defence Fund cannot finance military or defence operations.

The need for parliamentary scrutiny and control mechanisms is undisputed. Beyond what is already foreseen in the EDF Regulation I intend to:

- discuss with you the impact the European Defence Fund will have in contributing to the European Defence Union.
- explain the annual work programmes;
- present the results of the annual calls for proposals.

Finally, I will discuss with you any ethical issues that may arise from the implementation of the Fund.

One of the objectives of the European Defence Fund under art. 3 is to foster the competitiveness, efficiency and innovation capacity of the European defence technological and industrial base throughout the Union as a well as widening cross-border cooperation between legal entities. This idea is reflected also in the Fund's award criteria that among others reward contribution to the creation of new cross-border cooperation between legal entities. In your written answers you seemed to share this vision - you wrote that you would exercise diligent oversight on the EDF implementation, especially when it comes to the participation of SMEs, but also other companies that are new to the defence sector. During the hearing though you contradicted to above by expressing opinion that you would consider the Fund as successful endeavour just by applying a baseline criterion, namely a participation in a consortium of at least three legal entities based in at least three different Member States. In the light of the above contradiction we would like to ask you to provide a precise answer to following questions asked during the hearing:

What concrete steps you intend to take in order to make this widening of cross-border cooperation between legal entities possible. How to ensure that the main beneficiaries of EDF are not just a few of the largest international defence companies that have been involved in international cooperation for years?

We need to ensure that companies of all sizes from all Member States will have the opportunity to participate in the European Defence Fund. I want to build on the positive experience from the implementation of the European Defence Industrial Development Programme (EDIDP).

To reach this objective:

- I will ensure that the annual EDF work programmes include a specific category for SMEs, as was the case in the EDIDP. This will complement the specific bonus that the EDF Regulation provides for the participation of SMEs and midcaps in consortia with large companies.
- I will set up a dedicated team within the new DG Defence Industry and Space to deal with SME and mid-cap issues. This team will be in charge of developing platforms and tools to support networking between SMEs from different Member States as well as with large companies and for providing the required support and advice. Matchmaking events will also be organised.
- This team will cooperate with other teams in charge of SMEs in other parts of my portfolio (the SME Task Force mentioned above), as well as with the Special Envoy for SMEs.

Would you agree with Commissioner Elżbieta Bieńkowska's opinion, presented at the SEDE Committee meeting last week, that if, at the end of the day, only the 2-3 biggest European defence companies benefited from the Fund, it should not be continued after 2027?

My ambition is to make sure that the Fund will benefit companies of all sizes and from all Member States and that it becomes a catalyst to open up value chains in the Europe union. I therefore agree that if by 2027 only the 2-3 biggest European defence companies have benefited from the Fund, this would be a failure.

This should be prevented as we go along, through rigorous implementation. We should not wait until 2027 to draw conclusions.

I will annually report to you on the implementation of the Fund and describe how lessons learned from the implementation of the two precursor programmes should be taken into account for an appropriate implementation of the Fund. The Fund's mid-term review will be an important milestone to take stock and agree on corrective measures as necessary.

SECTION 4 / INDUSTRIAL POLICY

In your mission letter and during the hearing you reiterate a commitment for a long-term strategy for Europe’s industrial future. We have been waiting for a stronger industrial policy at EU level for a long time. Your written and oral answers remain very general on the approach, on which concrete measures you will take and its calendar. We fail to see the novelty, what will make things change this time, which new measures you have in mind in this strategy. We fail to see a coherent, single strategy only a patchwork of good intentions rather than a coherent single strong instrument with targets and common goals. We believe that with the current instruments, it will not be enough and the programmes of the next MFF will not be sufficient, during the hearing, we heard nonspecific proposals and a “business as usual” approach. You are called to manage a broad portfolio and we ask you to be more concrete.

The race between economic powers for dominance in technologies and their applications continues with unprecedented intensity. What is at stake is Europe’s ability to source and provide autonomously crucial components and services. Addressing these issues will require a collective public and private effort, building on European strengths and focused on ensuring a robust European industrial and technology coverage of the key parts of the value chain. The comprehensive long-term strategy for Europe’s industrial future, to which I will contribute, will aim at providing jobs and growth, leading the transition to a climate-neutral industry, and ensuring our technological sovereignty, also in digital. This strategy will strengthen our technological basis through targeted research and innovation projects and consider the specific needs of SMEs.

Within the first six months of my mandate, I will make a special effort to come to you and your constituents, visit Member States, capitals and regions, and talk to governments and the national Parliaments, with stakeholders, businesses, workers and consumers alike. I will activate all networks, structures and fora of cooperation.

While there is no single silver bullet solution, I fully agree with the need for a coherent approach, clear objectives and a specific roadmap and timetable. The industrial strategy must take into account the need for a strong and resilient social market economy. The priorities I will defend in the College will be:

- Setting an enabling regulatory framework;
- Facilitating projects of strategic interest;
- Accelerating the climate-neutrality of our industry;
- Facilitating the digital transformation;
- Promoting a skilled workforce and
- Promoting a social economy (économie sociale et solidaire)

1. Setting an enabling regulatory framework

A **deep and strong single market for goods and services (both physical and digital)** is a prerequisite for a globally competitive EU industry. (Please see my answer above on the services single market).

With the **Digital Services Act**, I will update our rules on a range of different digital services to offer more legal certainty for businesses and better protect citizens' rights and safety online.

Regarding **AI and data**, I will work on the EU approach for a new horizontal framework on AI, including its ethical implications, ensure coherence with the ongoing evaluation of the legislative framework concerning product safety and legislation, and intensify the work on improving access to data across industry and within sectors, and in particular the availability of data for SMEs. (Please see my answer on AI).

I will work on our **IP framework** to ensure that it stimulates innovation and that intellectual property rights are more accessible for SMEs. We have a strong IP system in Europe but we need to do more and ensure its coherence to i) overcome remaining fragmentation and adjust our rules; ii) make it easier for SMEs to use IP; and iii) reduce IP counterfeiting. I will also reflect on the issues arising from AI.

I will use the potential of **public procurement** to boost innovation and accelerate the transition to climate neutrality. To do so, I will consider an update of innovation procurement guidelines and launch an initiative to encourage cooperation between local, regional as well as sectoral public buyers in green procurement. (Please see my answer on the circular economy below).

As I said during my hearing, Europe should be open, but not disarmed. I will contribute to the work of my colleagues to defend the **level playing field** for our industry and to strengthen Europe's ability to protect itself from unfair trade practices. (Please see my answer on external relations below).

2. Facilitating projects of strategic interest

Technological sovereignty and industrial leadership often requires **large-scale projects of strategic interests** that go across borders and beyond the resources of a single company or Member State. No Member State alone is in a position to respond to the current strategic challenges adequately, not only with respect to the financial resources needed, but also regarding the ability to promote European alternatives. Successful initiatives such as microelectronics and batteries have shown that is possible to achieve a step change in competitiveness by pooling together the efforts made by industry, by Member States and at EU level.

This is why I will build on the approach of the Strategic Forum on Important Projects of Common European Interest (IPCEI) and mobilise the necessary investment in research and innovation in those sectors through relevant R&I partnerships and other instruments. I will encourage, where conditions are met, the establishment of further IPCEIs, a state aid framework

that allows for large-scale innovation projects including industrial deployment with strong spill-overs across Europe.

I will listen to the Strategic Forum's ideas on regulatory and non-regulatory barriers as well as enablers for the development of strategic value chains.

I will also encourage new industrial alliances such as the existing Circular Plastics and Sustainable Batteries Alliance to remove barriers and put in place enablers be it research and development (R&D), skills, SME cooperation or standards in strategic sectors.

In addition, I will mobilise the EU budget foreseen for digital in the next MFF to support a limited set of **high-impact projects to support EU technological sovereignty** in areas like high performance and quantum computing, AI, cybersecurity, and 5G.

Finally, the programmes as proposed by the Commission in the next Multi-Annual Financial Framework (MFF) provide for substantial financing to support a strong industrial policy. The Commission proposals provides for **187 billion Euros for research, innovation, digitalisation, Space, low-carbon, SMEs, strategic investments and the single market** as well as additional money in the structural funds and support for creative and defence industries. With the help of my colleagues Commissioners, I will have a unique opportunity to smartly combine EU programmes that cover the whole of value chains, from basic research to innovation, to deployment as well as to infrastructure and skills. For example, I see potential for cross-fertilisation from industry and SME to defence and from space to digital.

3. Accelerating a climate-neutral and circular EU industry

Beyond the financial support to low carbon projects, I will propose measures to facilitate industry's transition to a climate-neutral and circular economy to ensure that our industry builds on its leadership in clean technologies and taps international growth opportunities, while transforming itself in the most resource-efficient way.

Building on the Strategy for Plastics and on the Sustainable Batteries Alliances, I will build alliances in other value chains to accelerate the circularity and competitiveness of our industry. (Please see my answer below on the circular economy).

I will encourage the transition of energy-intensive industries to climate neutrality, following pathways identified in the Commission Communication "A Clean Planet for all". I will build on the Industrial Transformation Masterplan for energy-intensive industries. At the same time, I will ensure that Innovation Hubs dedicated to clean technologies will be rolled out to help companies, in particular SMEs, to become climate-neutral.

4. Facilitating the digital transformation

To enable digitalisation, sectors such as machinery, construction, creative industries, fashion or beauty products will benefit greatly from an integrated approach whereby **sectorial legislation**

is reviewed and made fit for the digital age. To this end, I will start a thorough review process of these sectorial rules.

In addition, a series of sector-specific dialogues on “everything tech” (construction-tech, fashion-tech, tourism-tech and so on) could be launched. The objective will be to work with all stakeholders to develop a series of specific actions that will help all key sectors of the EU economy to transform and profit from digitalisation. Public buyers need to become key partners in this as their combined weight can change the market especially in sectors where they are principal buyers such as e-health, smart public transportation or smart public buildings.

At the same time, I will ensure that **specialised Digital Innovation Hubs** will be rolled out. Innovation Hubs are an established tool to help companies, in particular SMEs, access the latest digital technologies. Currently, however, they are often very broad and address companies in general. We have to reach the breadth of companies and sectors, not just the frontrunners, in order for digital technologies to unfold their full transformative and wealth-generating potential.

5. Promoting a skilled workforce

Our industrial strategy needs to ensure that no one is left behind and that our companies have access to the best people with the best skills in the world. There is an urgent need to up- and reskill the workforce on a large scale. The Commission will take initiatives that will support and complement national strategies as well as efforts of the industry. I will work together with the Commissioners-designate for Innovation and Youth, and Jobs respectively on the development of skills that are necessary for the double transition (both digital and green). Skills needs – both basic skills and advanced skills - have to be identified together with industry in a demand-based approach.

6. Promoting a social Economy (Economie sociale et solidaire)

I will encourage the development of the dynamic social economy. They represent 2 millions of business and 10% of GDP. They are very diverse: cooperatives, associations, foundations or social entrepreneurs, mutual societies. Focusing profits on social return by servicing its members, local population and consumers, these businesses are indispensable for cohesion. I will propose to Commissioner-designate Schmit to organise a **high-level forum**, together with, to take stock on the situation of this sector in view of developing specific actions. In addition, I will propose **mechanisms, particularly in the context of the new SME strategy**, to give a new ambition to the social economy with three priority themes on youth, environmental transition and territorial development.

We cannot anticipate all the technological and geopolitical developments over the next five years. I will therefore ensure that our common industrial strategy is agile so that we can adjust our strategy to unforeseen changes.

How will you make sure that the new industrial strategy is completely in line with the goal to achieve carbon neutrality until 2050 and therefore aligned with the Carbon neutrality transition? Will you insist in having an Industrial Agenda as done in the previous term for the Digital Agenda, with clear objectives and timetable? How do you plan to involve and support a proactive role of industry? What is your opinion of introducing fiscal incentives for those industries leading this process?

The new industrial strategy will go hand in hand with the aim to achieve climate neutrality by 2050, with clear milestones for 2030.

I will encourage the transition of energy-intensive industries to climate neutrality, building on pathways identified in the Commission Communication “A Clean Planet for all” and build on the Industrial Transformation Masterplan for energy-intensive industries. This will be published at the end of October 2019 and I will present to you its conclusions to exchange views on follow-up actions. As an example, the access of energy-intensive industries to clean energy in sufficient quantity and at affordable prices is essential for their transition. I will therefore step up efforts in cooperation with the Commissioner for Energy and with the Vice-President in charge of the European green Deal, either by pooling EU funds or in co-ordination with Member States, to develop new technologies, to deploy renewable energy sources as well the necessary infrastructure to transport and store it where it is needed. This will also reinforce the EU’s global leadership as a provider of new integrated clean energy solutions.

The ambition of the future Commission is to achieve a just transition for all. This is particularly important for regions where energy-intensive industries are located. I will pay particular attention to support measures to secure the re-skilling and up-skilling of the workforce to help it adapt and to support carbon-intensive regions in transition. To that end, I will work together with the Commissioners-designate Gabriel, Schmit and Ferreira. Green, digital, and the conversion of skills will be crucial to allow the workforce to adapt.

Moreover, I will propose measures to incentivise the development of markets for sustainable industrial products, in particular through the launch of a second circular economy action plan with the Commissioner for Environment and Oceans. In an effort to increase circularity in the construction sector, I will engage with Member States to boost the modernisation and the sustainability of the (existing and new) built environment as well as its resilience and adaptability along with a life-cycle based approach.

Achieving our decarbonisation objectives while preserving our industrial competitiveness will mean looking into the necessary regulatory framework that can allow us to better assess and support the Commissioner-designate for environment and the Oceans in its monitoring of the environmental and social performance of products, but also services and organisations along their entire supply chain. (Please see my answer to the next question.)

I will work with industry and Member States towards an IPCEI for hydrogen technologies and systems and advance the work on low CO2 emission industry towards coordinated large-scale investments.

To make sure that industry is involved in the process, I will continue to rely on high-level expert groups like the one on energy intensive industries. I am ready to create new ones if needed, and will listen to your suggestions on this.

Looking at energy-intensive industries (i.e. aluminium, steel, ceramics, cement etc.). You mention the greatest challenge for Europe is “becoming the world’s first climate-neutral continent by 2050” which we could support. The risk is while we become carbon-neutral our industries decide to move outside Europe, where they can pollute and emit CO2, with no commitment to respect high environmental or social standards. How do you plan to support these industries in their decarbonisation process and how will you make decarbonisation an attractive business for the concerned industries?

The energy intensive industries want to stay in Europe – they have the ambition to become cleaner, decarbonize their production process, deliver low carbon products, capitalize on low carbon technologies and lead the transition by helping other sectors decarbonize using their clean products as inputs. I commit to help them in this endeavour.

Eleven energy intensive industries, i.e. aluminium, steel, ceramics, cement and others are already working together under the High Level Group on Energy Intensive Industries to develop a joint industrial transition masterplan that will be published soon, the conclusions and recommendations of which we will discuss once published. We should not forget the ICT industry here. Digitalisation has the potential to significantly reduce energy consumption and greenhouse gas emissions in many sectors, from precision farming to connected transport. At the same time, ICT is one of the few sectors where associated greenhouse gas emissions are steadily growing. If not properly addressed, the energy needs and environmental impact of ICT are likely to quickly increase and become a significant hurdle to Europe’s Green Deal objectives.

We therefore need to address this issue along three main lines: the creation of markets for climate-neutral and circular economy products; the development of climate-neutral solutions and the financing of their uptake; and the access to the necessary resources and their deployment. To address these priorities, we need more coherence between EU policies, better alignment of initiatives at EU, national and regional levels as well as a collective effort for both the public and private sectors.

Given the importance of the circular economy for the success of the transition to climate-neutrality of energy-intensive industries, initiatives foreseen under the circular economy policy,

notably the launch of a second circular economy action plan (see answer to previous question) will need to contribute to this objective and be attentive to it.

Numerous measures will be needed to create the right regulatory and financial framework for energy-intensive industries to stay in Europe and remain competitive.

For instance, as far as the regulatory framework is concerned, we will in particular need to examine how best to develop a methodology for lifecycle assessment of embedded greenhouse gas emissions and use demand and supply side measures to develop markets for clean products. Moreover, I will propose to develop standards for low carbon products and use public procurement as a tool to stimulate demand. I intend to work closely with my colleagues on the best way to use carbon pricing to achieve our climate and competitiveness objectives.

As far as financial support is concerned, the EU will need to ensure the funding of deployment of technologies in the next 5-10 years, making use of the IPCEI framework, where conditions are met (see answer to question above).

I will support energy-intensive industries to develop advanced technologies through partnerships and funding for large-scale projects. Some of these are known (e.g. hydrogen replacing coking coal in steel production, high performance computing, AI and robotics) but others are as yet unknown. We will use the Innovation Fund, Digital Europe, InvestEU and regional funds to support their deployment and the accompanying social adaptation. We will also need to develop infrastructure to carry clean electricity and low-carbon fuels and industrial feedstocks such as hydrogen, methane and carbon.

I will also propose to scale up what we have started with Digital Innovation Hubs so that wherever they are located, companies across the EU have easy access to latest technologies in their regions to improve their products, maximise the resource efficiency of their processes and adapt to new business models.

I will help energy-intensive industries to secure the raw materials needed for clean technologies and infrastructure through active European economic diplomacy and work with Member States to produce, refine, recycle and reuse more of them in Europe, respecting high environmental and social standards.

Finally, we need to monitor progress by industry and the timely development of the enabling policy environment. For this, we need analytics and a governance framework bringing together industry, the energy, waste and infrastructure sectors, Member States, the Commission and civil society. I will be happy to report the findings made by the observatory on a regular basis and discuss them with you.

During the hearing, you mentioned SMEs several times, we all agree on their contribution to the European economy, but would you commit to revise the Small Business Act?

In my opinion, the ten principles outlined in the Small Business Act should be updated to reflect the new challenges facing SMEs such as digitalisation and sustainability.

In line with my overall approach, it will take a pragmatic and bottom-up approach, based on consultation with all relevant actors – including of course the European Parliament - to come up with effective measures. The new SME Envoy should support me in this endeavour.

The **SME strategy** that we will build together should in particular aim at:

- i. Reducing regulatory and administrative barriers;
- ii. Fighting against late payments;
- iii. Improving SME's access to finance;
- iv. Making sure that single market regulations take into account the specificities of SMEs;
- v. Leveraging appropriate networks and programmes to provide SMEs with the skills they need and support them in facing new challenges.

I have provided more details in response to the question above on the specific measures that I intend to take to deal with the difficulties faced by SMEs.

Will you take the necessary legislative measures to have a more European market on networks, in particular on telecom regulation and digital infrastructure which are highly fragmented, with concrete measures to avoid abuse to consumers (i.e Roaming regulations) and market-failures (rural areas not covered by high-speed networks)?

The abolition of roaming charges, to which the European Parliament greatly contributed, has been in force since 15 June 2017. It is amongst the top 20 actions of the EU most appreciated by Europeans. In summer 2018, the use of roaming data in the EU was 12 times higher than the summer before the abolition of roaming charges. I will take the necessary steps, including legislative measures, to ensure that Europeans continue to benefit from roaming without surcharges in the coming years and that wholesale markets are working well. I will submit a review report to the European Parliament and the Council by 15 December this year to take stock of how this measure, 'roam-like-at-home', has worked over the last two years. Both the Commission's interim report of last year and the European Body of National Regulators (BEREC)'s recent opinion have concluded that the roam-like-at-home system has worked well, but that there are areas for improvement.

I am committed to reaching our 2025 Gigabit Society targets and to implementing the 5G action plan. This means, for instance, that all households, including in rural areas, should have access to at least 100 Megabits per second, upgradable to Gigabit speeds. I am also aware that there are still some (mostly rural) areas in Europe that lack even basic fixed or mobile connectivity and it will be my top priority to address the pressing issue of digital divide.

Last year, the European Parliament and the Council adopted the European Electronic Communications Code that sets out the new regulatory framework to incentivise competitive investments in new digital infrastructure - both in fibre networks and 5G - and hence improve connectivity for all Europeans. The Code includes very specific measures to achieve that goal. Thanks to the European Parliament's resolve, the Code also includes a universal right to affordable and adequate broadband internet access service. This should be guaranteed by Member States if the solutions delivered by the market along are not sufficient. The Code advances the single market with a high level of harmonisation of end-user protection rules including measures to improve significantly the access to emergency services at any location and for all citizens.

My priority is to ensure the correct and timely implementation of the Code. The Commission will make sure that the timetables for the presentation of all the delegating and implementing measures is fully respected. I am committed to work closely with Member States and BEREC to ensure this. In cases of late transposition – total or partial - I will not hesitate to take action, including seeking financial penalties from Member States.

A key determinant of infrastructure investment is cost. Up to 80% of fibre deployment costs relate to civil work (digging trenches, laying ducts, etc.). I will continue to look for ways to remove obstacles and avoid fragmentation to broadband infrastructure deployment and to lower costs of investments in very high-capacity networks.

For that reason, during this mandate, I want to update the Broadband Cost Reduction Directive to reduce unnecessary and costly administrative burden, which can significantly deter and delay network deployment. We need to further improve the current measure by further simplifying permits and procedures or making the engineering works more agile by improving coordination with other infrastructures (roads, energy, etc.). This can represent an important opportunity for new legislation to reduce overall administrative burdens in the sector.

The Internet of Things represents the next step towards the digitalisation of our society and economy, with objects and people are interconnected through communication networks and report about their status or the surrounding environment. The Internet of Things will raise new regulatory challenges. I will continue the review of the existing regulatory framework, and where necessary, propose measures to prevent fragmentation of the European market in this field.

The Commission also proposed last year 3 billion euros of direct EU support for areas where the market players cannot alone deliver the necessary investments – Connecting Europe Facility Digital programme (CEF Digital). I will fight hard, with the European Parliament's support, to make sure that this vital investment envelope is maintained in the MFF. CEF Digital will extend the very successful WiFi4EU programme to allow EU-funded connectivity to continue to reach the heart of the most remote communities in Europe. It can also support new financing instruments like the Connecting Europe Broadband Fund, which has begun investing in local fibre projects.

These direct EU actions are not enough: Member States can use parts of their allocations under the European Structural Funds when they have areas of severe market failure. I will work together with Member States and my responsible Commission colleagues to ensure development of the infrastructure, notably in cases where the market alone cannot deliver.

SECTION 5 / EXTERNAL ASPECTS

You rightfully raised during your hearing that internal market and external market are the two sides of the same coin. Together with your colleague for external market, will you review the Guidelines on State Aid in order to strengthen support for our industries? President Von Der Leyen proposes a social and environmental taxation at EU external border, which you supported yourself during our hearing. More precisely, what measures will you and the Commission take to tackle competition based on unfair labour and environmental conditions and not abiding by ILO norms or the Paris Agreement? A leeway for negotiation exist within WTO, as recently showed by its decision in favour of US taxation. What countermeasures will you take against unfair competition from the USA within the WTO?

The single market is the strongest asset Europe has when promoting our interests around the world, bringing together almost 500 million consumers and 22 million businesses.

On the single market, competition is fostering excellence. I am convinced that the best protection is excellence. The single market supports innovation and hence productivity and keeps prices low to the benefit of consumers. It is one of the EU policy that gives the EU a strong global influence. The Executive Vice-President for a Europe Fit for the Digital Age will evaluate and review Europe's competition rules, including state aid rules and guidance, with a view to ensure that the EU competition policy and rules are fit for the modern economy.

State aid rules can be used where there are market failures. For example, the IPCEI state aid framework referred to above is important for strengthening European value chains where no individual Member State or industry has the capacity to act on its own and where a common European interest is at stake. In 2018, the Commission approved 1.75 billion EUR of aid for a project in the microelectronics sector, jointly designed and notified by four Member States (Italy, France, Germany and the UK). The total investments are estimated at nearly 8 billion EUR, demonstrating that the aid has also leveraged additional 6 billion EUR of private investment that would otherwise not have occurred.

When the conditions are met, I will support the development of new IPCEIs to strengthen the competitiveness of our European industry.

On the external side, the single market is our strongest tool to promote Europe's interests around the world. The EU has always been and will remain a **strong supporter of the rules-based multilateral system.**

The EU ability to set global standards is essential to shape global rules according to our fundamental values and to promote our business. The success of the digital single market is a case in point: from the GDPR to cybersecurity certification or platform-to-business rules, it has shaped global rules. This approach should be further developed in other areas, for instance in AI.

This ability to set global standards is further reinforced through the agreements that we have concluded with our closest partners in the world such as Japan, Canada or Singapore. These trade agreements also include regulatory dialogues that are crucial to further align the regulatory framework of our partners with our own. I will pursue this work within my portfolio.

However, this does not always ensure a level playing field. A top priority in this respect will be to lead the reform of the World Trade Organisation (notably on the issues of subsidies, forced transfer of technologies and dispute settlement), which falls under the direct responsibility of the Commissioner for Trade. We should work to deliver a level playing field at global level **and use our instruments where this is not the case**. We should be opened but not disarmed.

The President-elect has called for increased attention on implementation and enforcement activities of our preferential trade agreements. I will work closely with the Commissioners for Trade and for Jobs to guarantee that we use our trade tools to support sustainable development, including abiding by high environmental and labour standards enshrined in the International Labour Organisation (ILO) Conventions and Paris Agreement. Moreover, the Commissioner for the Economy will work towards introducing a carbon border tax to avoid carbon leakage, compatible with WTO rules.

I will continue to push for fair competition and a level playing field in public procurement, within the context of the WTO Global Procurement Agreement. However, when a level playing field does not exist, we should not shy away from using our instruments. For example, foreign bidders from non-GPA countries may be excluded. Beyond this, it is of particular importance that public buyers ensure that third country bidders conform to our environmental, climate and social standards regardless of the applicable legal regime in their country.

The EU gains a lot from foreign investments, which play a vital role in our economy. However, in recent years, we have seen an increase in investments in our strategic sectors. China has rolled out an industrial strategy aiming at closing the technology gap with the EU and US which involves state investment of tens of billions of dollars to foster total investments reaching \$100 to \$150 billion from all sources, including state-owned enterprises in strategic technology such as semiconductors. Recent reports show that US companies account for around 30% of acquisitions of EU start-ups and half of the deal value. I will work closely with the Commissioner for Trade on the implementation of the Foreign Direct Investment (FDI) Regulation, which will enter into force in October 2020. Critical digital infrastructures and technologies (like telecoms, cyber, AI, and semiconductors) are mentioned specifically in the Regulation as relevant areas for screening.

SECTION 6 / DIGITAL

While all commissioners are bound to respect the laws and protect the fundamental rights of people, the choice of automated content filters as tool to enforce one legal provision or another has been criticized for breaching the fundamental rights. How will you ensure that the new DSA respects fundamental rights without obliging online platforms to monitor content and preserves the country of origin principle crucial for European companies to provide cross border services?

The European Commission - as well as the Member States – is bound by the EU Charter of Fundamental Rights. In particular, freedom of speech must be respected. The Internet must remain free and open.

But we cannot ignore the proliferation of illegal activities online. For example, the UN Broadband Commission report of October 2019 states that the number of illegal images and videos confirmed by INHOPE internet hotlines increased by 83% from 2016 to 2018.

The Commission's 2018 Recommendation on measures to be taken by platforms to effectively tackle illegal content online¹ goes in the right direction by empowering users. The current Commission has taken important steps to address some pressing issues, in the field of audiovisual media services (as set out in detail below), in relation to copyright and with its proposed regulation on terrorist content online. The Digital Services Act is not about opening this debate again. It should complement these rules and cover the breadth of digital services, from classic internet infrastructure to social media services.

Member States have started adopting national legislation in this field and there may be a need to address legal fragmentation in the single market.

In developing the Digital Services Act, I intend to examine the need for clearer and harmonized procedures for notice and actions about illegal content, as well as stronger transparency requirements for online platforms on their content moderation activities.

We will need to strike a fair balance between the different rights and interests at stake. When assessing the need for new rules, I will seek to maintain the prohibition to impose general monitoring obligations (in Article 15 of the e-Commerce Directive) as one of the pillars to protect fundamental rights online. We cannot allow indiscriminate or general monitoring and surveillance online.

Furthermore, to allow our 10 000 European digital services start-ups to benefit fully from the digital single market, I intend to look into the need for clearer and more harmonized rules, while maintaining the core principles of the Directive. In this context, the country of origin principle

¹ (C(2018) 1177 final)

of the e-Commerce Directive will be preserved. We need more effective enforcement and better cooperation among the different authorities involved.

To prepare the Digital Services Act, we will undertake a robust consultation and evidence-collection process, including broad involvement of civil society, national authorities, businesses and academics, as well as a fundamental rights impact assessment. I will work closely together with the Executive Vice-President for a Europe fit for the Digital Age to work out the precise scope and measures for the Digital Services Act.

SECTION 7 / DIESELGATE

Air pollution is the biggest environmental risk to public health in Europe causing, 500 000 premature deaths per year. The EU is clearly failing to address this crisis as highlighted by the European Court of Auditors. Four years after the dieselgate scandal, Member States are still reluctant to issue mandatory recalls. As a result there are about 51 million dirty diesels still on our roads. At the same time, the European Commission has proposed to amend Regulation 715/2007 re-introducing the RDE Conformity Factors that have been annulled by the European Court of Justice in December 2018, thereby continuing to allow manufacturers to put vehicles on the EU market that emit up to 2.1 times more NOx emissions than set in the Euro 6 Regulation. With the new Type Approval Framework entering into force in September 2020, you will have the power as Commissioner to carry out tests and inspections of vehicles to verify compliance, to trigger EU-wide recalls and to impose administrative fines on carmakers of up to €30 000 per non-compliant vehicle. Do you commit to make full use of this new power and dedicate adequate means to conduct independent EU tests on all vehicles suspected to be equipped with defeat devices by the end of 2020 at the latest, including the ones equipped with EA 288 engines? In light of the ECJ ruling that said that even with the final conformity factor "it is impossible to determine following an RDE test whether or not the vehicle being tested complies with those limits or is even close to them" , do you commit to withdraw the new RDE proposal put forward by your predecessor, and ensure that conformity factors have no future in EU legislation?

You rightly refer to the risk to public health and the environment that the Dieselgate has created. To respect the highest standards of safety for human health and the environment will always be my first consideration.

As a Commissioner, I will ensure not only that a Dieselgate-type scandal cannot happen again but also that we definitively deal with all the consequences of the emissions scandal. Dieselgate affected 8.5 million cars in Europe; of those, almost 7 million have been recalled, repaired and updated, in agreement with the national type approval authorities.

I know that we have to do more. The European Parliament reacted rapidly by creating a special committee in March 2016. In its report, the committee notably called on the Commission to adapt the regulatory framework and on the Member States to strengthen the enforcement and market surveillance, and apply sanctions.

As Commissioner, I would use all the powers stemming from the new Type Approval Regulation to ensure that Member States recall the remaining vehicles affected by the emissions scandal.

To do so, we first have to ensure that the rules of the new Type Approval Regulation are fully applicable as of 1 September next year. I will thus focus on making sure the whole set of

implementing legislation is adopted by then. I know that the Parliament will be very attentive to the adoption of the delegated acts.

The Commission has already undertaken important efforts in that direction, for instance by starting to build testing capacity and testing infrastructure in the Joint Research Centre (JRC) to carry out independent tests.

Thanks to these new competences, the Commission should be able, as of 1 September 2020, to carry out tests and inspections of vehicles to verify compliance, including the ones equipped with engines EA 288 if appropriate. In addition, the Commission will assess and monitor the performance of national authorities in charge of type approval, through joint auditing missions. All of this will involve close work with Member States to ensure that they comply with their duty to apply the rules by 1 September 2020.

Detecting non-compliance of the vehicle model does not require testing all cars in circulation. Targeted and well-designed sample tests will permit the detection of possible non-compliance and will trigger the obligation to bring them back into conformity. Should the non-compliance of a car be detected and established, I will use all the powers conferred on the Commission, which includes the possibility to trigger EU-wide recalls, challenge granted type approvals and impose sanctions.

I will fight to ensuring that the JRC is adequately equipped to carry out its tasks with regard to cars placed on the market and to verify their environmental or safety performance. I will need your support in this endeavour in the MFF discussions. In the long run, we will have to evaluate whether the new competences achieve the desired results or whether there is a need for a different set-up for controlling emissions and safety. I do not exclude any option at this stage.

Measuring emissions on the road is much better than measuring them only in the laboratory. The EU has therefore now in place rules that provide for real driving emission tests (RDE). However, such testing on the road is more complex and requires certain adaptations of the rules. The Conformity Factors, as in the Real Drive Emission proposal currently under discussion by the co-legislators, reflect the technical and statistical uncertainties linked with measurement of car emissions in real conditions compared to laboratory tests. The judgement of the General Court on the Real Driving Emissions Regulation did not assess the content of the regulation but ruled that the legal instrument used was not correct. Therefore, the Commission adopted a proposal that uses the form of a co-decision act, as envisaged by the General Court. Since the performance of the measurement equipment is due to improve, the objective is to be able to reduce or eliminate such conformity factors gradually through the annual review foreseen in the proposed legislation. The co-legislators will have the final say on these factors.

The legal systems in the US and the EU are obviously not the same. In Europe, we made significant progress recently with the New Deal for Consumers package, but there is scope to further improve how to guarantee the fair treatment of all EU consumers. I will work with the Commissioner-designate for Justice, who will be in charge of consumer protection, to examine ways to improve the treatment of European consumers in such cases of fraud.

Let me also stress, that beyond addressing the Dieselgate, I am very much committed to the European Green Deal and to take all necessary steps on the path towards low and zero emissions vehicles. Cleaner vehicles will play an important part in delivering on our clean air agenda in the context of the Commission zero pollution ambition.

SECTION 8 / CIRCULAR ECONOMY

President-elect von der Leyen has pledged to decarbonise resource-intensive industries. Enabling industry to become climate neutral by 2050 will be a challenge, but also a great opportunity to ensure EU leadership on circular, climate-friendly and safe products and technologies. The current circular economy package was primarily based on non-legislative measures and does not deliver the impact needed for the EU to comply with its commitment under the Paris Agreement. Bearing in mind that resource efficiency and sustainability need to be integrated from the very first stage of design and production: What concrete energy- and resources-efficiency requirements will you set up for resources-intensive industries? Will you propose sector by sector (textiles, constructions, etc.) measures and complement this by a more comprehensive approach by setting an overall resource efficiency target including concrete indicators to be monitored by the European semester? Public procurement should also be one of the tools to be used to lead the transition towards circular economy. What concrete measures will you bring forward to foster sustainable and fair supply chains through systematic use of sustainability award criteria?

I am deeply convinced that more needs to be done if we want our economy to become fully circular. In the College, I will defend a bold approach, building on the first Circular Economy Action Plan. Making our economy fully circular is essential for the achievement of the Paris objectives.

This is why, with the Commissioner for Environment and Oceans, we will propose a second circular economy action plan fully in line with the European Green Deal and the new industrial strategy.

On the regulatory front, we need to make the access to and the valorisation of waste easier. This is the only way that waste can be made a resource to be used and valorised. To that end, I will support the Commissioner-designate for the Environment and Oceans to simplify the Waste Shipment Regulation so that waste can circulate more easily within the EU and thus facilitate its re-use or access to adequate recycling facilities. I also intend to work with him to clarify and progressively harmonise end-of-waste criteria. The latter differ considerably today between Member States, thus presenting barriers to the best use of this potential resource. I also intend to launch new regulatory initiatives to improve the circularity of specific value chains presenting a high potential for circularity, for instance batteries or packaging and packaging waste.

But beyond valorising waste, avoiding its creation is important wherever possible. This is why I intend to use the possibilities offered by the Eco-Design Directive, which since 2015 not only covers the energy efficiency characteristics of products, but progressively addresses additional aspects related to circularity, such as reparability or durability. For instance, I want to speed up the work within this regulatory framework to define energy and circularity requirements for digital devices, starting with mobile phones.

Public procurement has to be one of the central instruments to deliver on transition towards the climate-neutral and circular economy. Public buyers manage budgets worth 14% of the EU GDP (roughly 2 trillion EUR/year). They are key investors in critical sectors for climate and environment such as mobility, buildings, and infrastructure.

Several product-specific voluntary ‘green’ criteria, which allow public buyers to integrate sustainability and innovation considerations into their procurements, have already been developed but there is a need for its specific expansion of its criteria and scope to cover areas not covered so far especially in the ICT domain. The Clean Vehicles Directive containing mandatory targets for the procurement of certain vehicles for public authorities has just been adopted. However, public authorities are often reluctant to use the possibilities given by the public procurement directives either due to lack of skills or competence or prudent approach because of auditing and review procedures. We need to change this, we need to do more.

Together with the Commissioner for Environment and Oceans, I consider we should consult all stakeholders (NGOs, economic operators, public buyers) on how to go about (i) developing guidance on the use of ‘labels’ and ‘life-cycle costing’; and (ii) putting in place effective verification and monitoring systems for compliance with labour and environmental standards in the whole supply chain. In this field, we could look at targeted legislative measures as part of sectorial initiatives, for example in the ICT sector.

I will work with Member States on the professionalisation of public buyers. I will engage in raising awareness about strategic procurement among auditors and review bodies. At the beginning of 2020, I will publish the ‘European Competency Framework’ for public buyers.

To inject a new dynamics into the transition effort to climate neutrality, I will propose two new initiatives to strengthen the collaboration with Member States.

First, the ‘Sustainable Procurement Screening Instrument’ aiming at climate-proofing of large public infrastructure projects, especially in the area of mobility, energy, and public buildings such as schools and hospitals. The proposal can build on the existing voluntary ex-ante assessment mechanism for large infrastructure projects. I will work with my fellow Commissioners to ensure that all major EU funded infrastructure projects will be subject to such screening

Second, I will propose a ‘Public Buyers for Climate and Environment’ initiative for public buyers from cities, regions, and specialised sectorial central purchasing bodies like health to facilitate cooperative procurement. I also commit to create a financial guarantee scheme across relevant EU instruments to help public buyers manage financial risks in procurement of highly innovative products and services. A pilot exercise has been launched for procurement of works and products for zero emissions construction sites, with special focus on non-mobile machinery.

The Plastics Strategy has demonstrated how effective a focused and targeted stream of actions can be. I will draw on this model of alliances with industry and Member States for other value chains for example textiles, food packaging or construction.

We will also address the fact that ICT is one of the few sectors where associated greenhouse gas emissions are steadily growing. If not properly addressed, the energy needs and environmental impact of ICT are likely to quickly increase and limit the positive impact on Europe's Green Deal objectives. I will work to create a European industrial model for the digital sector that differentiates itself by putting sustainability and green growth at its heart. I will look to improve the energy efficiency of telecom networks, data centres, flows and cloud.

The shift towards circular economy model will require ICT support to optimise industrial processes and manage the relevant data. As an example, ICT technologies (e.g. robotics, AI, big data) can support the re-use of waste materials by dismantling objects automatically, recovering the valuable materials, and re-introducing those materials in the production cycle.

I will work to secure access to financing instruments such as InvestEU or structural funds together with my colleagues. Digital Europe, the funding programme focused on building strategic digital capacity has been shaped by EU priorities in environmental policy. The programme aims to contribute to the circular economy objectives *inter alia* by providing technology tools, such as advanced computing and AI, for better predicting environmental impacts; by providing techniques for reducing pollution load (e.g. precision farming); but also by promoting solutions for resource efficiency, cutting waste and ensuring full monitoring of products' lifecycles.

I will also ensure together with the Commissioner for Innovation and Youth that circular industries (including the industrial symbiosis that allows one's waste to become the other's resource between actors of different sectors) are a priority and that circularity is mainstreamed when implementing the future Framework Research and Innovation Programme "Horizon Europe". The Sustainable Finance initiative could also support private investors and Member States in engaging more in circular economy processes.

Finally, it will be important to support the adaptation of our workforce to the development of the circular economy across sectors and across regions.

SECTION 9 / INTEGRITY

During your hearing in the European Parliament, you stated that, if you become Commissioner, you will take into account the judicial decisions that would be taken in the investigation you are under in France, the opening of which had led you to leave your governmental functions. Do you consider that a conviction would imply your resignation from the college of Commissioners? And if so, are you not afraid that the current procedure in a Member State will weaken your action within the Commission?

In the hearing of 2nd of October, you have been asked if you would resign from the European Commission in case the you would be indicted ("mise en examen") and you failed to give a clear answer. Could you answer, by yes or no, if you will resign from the European Commission in case you are indicted?

All citizens have the right to be presumed innocent until proved guilty. This is a fundamental right enshrined in the Charter of Fundamental Rights (Art. 48). The European institutions apply this fundamental right. In agreement with the President, I commit to resign in case I would be convicted by a final judgment for an offence relevant to the exercise of a public office.

If confronted with judicial decisions, such as being indicted ("mise en examen"), I will consider whether I can continue to exercise effectively my mandate. I would then, in line with the Commission's Code of Conduct, consult with the President on what course of action to take.

The President may also have to consider whether to use her powers under Art. 17(6) TEU that stipulates that "A member of the Commission shall resign if the President so requests".

Furthermore, during the hearing of 2nd of October, several questions were raised concerning the largeness of your portfolio. This broad portfolio will be challenging to coordinate and lead in equal measure the initiatives in all three DGs, while maintaining a high level of quality of work. By which concrete measures will you ensure high quality work in all policy areas under your responsibility?

Over the past years, it has become increasingly clear that digitalisation is a transforming factor for the economy and is relevant for all businesses. The distinction between a “traditional” Single Market and a “Digital” Single Market has become obsolete. A key task for the European industry is to adapt to digitisation. Bringing together the digital economy and society and the industry is key for the European Union competitiveness and technological sovereignty. The same apply to space and defence industries. This is key for supporting the diffusion of new technologies to the wider economy and society.

Bringing in a single Commissioner’s portfolio the industry, including the defence industry, and the digital will allow exploiting critical synergies, such as those detailed in section 1.

I will work hard, as I did in my previous activities, including as rapporteur and coordinator in the European Parliament, to come up with concrete results. I will not work alone. I will benefit from the steer and coordination of the Executive Vice-Presidents-designates Margrethe Vestager and Valdis Dombrovskis, as mentioned in section 1 and will work closely with all members of the College whose areas can help in delivering a sovereign, competitive and cohesive Europe. In this endeavour, highly professional services will support me. I have already started to work with them and will continue developing a very close working relationship.

Taking into account the areas you will have to deal with, digitalisation, space, industry, internal market, we can expect that you will be the focus of intense lobbying. How are you planning to interact with lobbyists? How are you planning to ensure that lobbyist will not have privileged access and influence compared e.g. to civil society stakeholders, such as trade Unions or environmental organisations over the DGs you will oversee?

Contact with stakeholders is a natural and important part of the work of a Member of the College.

I am fully aware of the rules that Commissioners, members of their Cabinets and Directors-General shall respect concerning meetings with stakeholders, in particular concerning transparency and representativeness. Accordingly, only registered stakeholders will be met, ensuring that anyone who wants to influence policy-makers has to accept the highest standards of ethics and openness by signing up to the Transparency Register; information on such meetings is also proactively published.

The Transparency Register applies to all organisations and self-employed individuals engaged in activities carried out with the objective of influencing the decision-making and policy implementation processes of the European Union institutions, including civil society stakeholders, such as trade Unions or environmental organisations. By revealing what interests are being pursued, by whom and with what level of resources, it allows for increased public scrutiny, giving citizens, the media and stakeholders the possibility to track the activities and potential influence of interest representatives.

During your hearing you implied, that as a MEP you did not have access to confidential information. While the EP is a transparent institution, not all documents are publicly accessible and some information is made available to MEPs under confidential conditions. You have been the rapporteur of important files and have been part of trilogues and negotiations, you were coordinator of your group and you have most probably have been exposed to privileged and confidential information. Were you not aware of the restrictions? Did you share this kind of information with any external stakeholders, including foreign actors, lobbies, with whom you had a contractual relationship.

In my intervention during the hearing on 2 October, I stressed the fact that, by the very nature of Parliament, debates, amendments and votes are transparent. And rightly so. It is the openness in the legislative process that contributes to conferring greater legitimacy on the institutions in the eyes of EU citizens and increasing their confidence in them by allowing divergences between various points of views to be openly debated.

I know of course the confidentiality rules applicable to MEPs, in particular Rule 210a of the EP Rules of Procedure and those of the Framework Agreements on relations between the European Parliament and the European Commission and on relations between the European Parliament and the Council, concerning the forwarding to and handling by the European Parliament of classified information. There is a precise definition of «confidential information » and special procedures for handling it.

As an MEP, I have always respected these procedures and hence never shared any confidential information with anyone.

In all my activities, I have always respected confidentiality. This was, for example, an important element at the Banque de France, where I chaired the Risk Committee, or as Defence Minister.

During your term as a Member of the European Parliament, you also worked as a special advisor to the Berggruen Institute. You declared to have received a total of 49,047 euros for being a special advisor to the think-tank from 2013 to 2015. Could you exhaustively list all activities that you have executed in the capacity of special advisor to the Berggruen Institute between 2013 and 2015?

Members of the European Parliament are allowed to have a remunerated activity if declared according to article 4 of the Code of conduct for the members of the European Parliament with respect to financial interests and conflict of interest.

I declared the consultancy fees deriving from my contract with the Berggruen Institute on Governance from October 2013 to January 2016 and they were published on the European Parliament website in full transparency. I also declared them to the competent French Authority (Haute Autorité pour la Transparence de la Vie Publique), in compliance with the French national rules.

The Berggruen Institute on Governance is a non-profit institution. I was involved in think tank activities, dealing only with general topics and making public advocacy for the European integration. This mission took place in the framework of the Council for the future of Europe, an initiative of the Berggruen Institute on Governance, which brought together high-level personalities from all over Europe.

I had no relationship of any sort with the business activities of Mr Berggruen.

In the Consultancy contract I signed on October 8, 2013 with Dawn Nakagawa, executive director of the Berggruen Institut on Governance, the tasks were described as follows:

- “- working with Mario Monti, Nicolas Berggruen, in cooperation as needed with Dawn Nakagawa and Nathan Gardels to assist in the strategic planning for the Council of the future of Europe ;
- Representing the Council for the future of Europe and Berggruen Institut on Governance in meetings with leaders, partners and media,
- managing communications with Council members regarding plans under development, upcoming meetings and other matters of relevance
- planning Council meetings and conferences, including planning the agenda, inviting members and experts to join and present, gathering acts and creating briefing materials and briefing members and presenters on their participation, creating summary documents and doing follow-up.”

At the end of 2015, Guy Verhofstadt succeeded to Mario Monti as chairman for the *Council For the Future of Europe*. In a joint letter to the President of the European Parliament (October 1st, 2019), Mr Monti, former Commissioner and former Prime Minister in Italy, currently member of the Italian Senate, and Mr Verhofstadt, former Belgian Prime Minister, and currently MEP, attested that I fully delivered on these tasks, as per the contract.

Nicolas Berggruen and Dawn Nakagawa produced a statement, confirming the execution of the duties, attached to their letter.

During my consultancy period, the Berggruen Institute on Governance organized several internal discussions and several meetings or “Town Halls”

- In Madrid in February 2014 ;
- In Cambridge (Ma), at the Minda de Gunzburg Center for European Studies of Harvard University, in September 2014 ;
- In Brussels, on the Economic and monetary Union (on public Investment), in December 2014.

All these events required internal work I was in charge of, such as the organisation of preparatory calls between *Council for the future of Europe* members, the drafting of internal papers and meetings with the Chair of the *Council for the future of Europe* and the Berggruen Institute team. They also required in depth thinking, designing the panels, identifying speakers and drafting briefings before and follow-up papers afterward.

In 2015, after the Brussels Town Hall I was tasked to work further on Fiscal Discipline and Investment, which I did with Prof. Dr. Enrico Giovannini and Prof. Dr Marcel Fratzscher. I had contacts with several European high schools and universities, such as the Hertie School of

governance in Berlin, Sciences Po Paris, Bocconi University in Milano, in order to increase the participation of young people in the Town Hall and work on follow-up. During this period, the Berggruen Institute on Governance launched also the WorldPost, an on line review for which I identified European contributors.

From the second half of 2015, we worked with Guy Verhofstadt on how to motivate members of the Council for the future of Europe to adopt an outreach strategy in relation to the Brexit referendum.

Finally, my consultancy activity with the Berggruen Institute on Governance was remunerated according to international standards, taking into account the composition of the *Council for the future of Europe* and my background, experiences and skills.

During your hearing, your links with the Berggruen Institute raised questions among parliamentarians from various political groups. You said that "all the means seem necessary to me to bring people together" and that the Berggruen Institute was a "private" entity. You submitted documentation to demonstrate that the Berggruen Institute is independent and nonpartisan. You also have submitted a letter signed by Nicolas Berggruen on October 2, 2019, which shows that you are still in contact with him. It appears that the Berggruen family contributed to the financing of Emmanuel Macron's presidential campaign (<https://wikileaks.org/macron-emails/emailid/1660>), Nicolas Berggruen himself not hiding his support for this candidate. So how did you help connecting these people with a view to financing the presidential election?

My activity for the Berggruen Institute on Governance is fully in line with all the advocacy work I engaged into, for example as Chair of the European Movement.

I first met Nicolas Berggruen and his team during a Town Hall conference of the Berggruen Institute on Governance organized in Paris in May 2013 on Youth unemployment in Europe, gathering many heads of Governments and Ministers from all other Europe. These contacts were established before my consultancy period.

My consultancy contract for the Berggruen Institute on Governance begun in October 2013 and ended at the beginning of 2016.

In 2013, I did not know Emmanuel Macron personally yet.

In January 2016, when my consultancy contract with the Berggruen Institute on Governance ended, the *En marche* movement had not yet been launched and Mr Macron was not yet a candidate for the French Presidency.

I did not put Mr Macron and Mr Berggruen in contact as they knew each other. Mr Macron was President Hollande's advisor when President Hollande participated in the Town Hall conference mentioned above organized in May 2013 in Sciences Po. As explained, it is at this conference that I met with Nicolas Berggruen and his team for the first time.

I have never been involved in *En marche* fund raising. Under the French law, the private financing of political parties is strictly controlled by an independent authority.

During your hearing on 2 October 2019, you were questioned about your links with the Berggruen Institute and the financial interests relating to this institute. In fact, this case has three aspects that call into question your ability to exercise your function of defending European interests in the Single Market. First, the pressure that Mr Berggruen would be able to exert on you because of his diligence in campaigning for your candidacy. Second, the economic interests of his holding company and the nature of its investments (in China, California, and other countries competing with European companies). And third, his partisan involvement in French political and media life through his family's support for La République en Marche and his past participation in the newspaper Le Monde. You have worked for a man who strongly expresses his support for your candidacy on the morning of a hearing everywhere described as decisive, this man has strong financial links with economic areas competing with the companies and people you would have to defend in the Single Market. This man is also politically invested in a Member State of the European Union. Does this situation seem to you to be bearable, ethically and politically, in order to assume your functions at the European Commission?

I am not involved in any conflict of interest.

Firstly, OLAF examined whether there was “a potential conflict of interest and/or a failure to comply with the obligations of Members of the European Parliament resulting from the remunerated activity undertaken (...) for the Berggruen Institute”.

On 1 October 2019, OLAF decided, and informed me in writing, “that no facts to corroborate the suspicions have been established against [me]”.

Secondly, in the process of my hearing as Commissioner-designate, the JURI Committee of the European Parliament established the absence of conflict of interest.

Furthermore, the contract (detailed above) explicitly stipulated that I was “not an employee” and hence not in “subordination” relationship. It was not the case then and continues to be so. During this consultancy activity, I only engaged with the non-profit Berggruen Institute on Governance, without having any relationship or any contact with the business activities of Mr. Berggruen, nor with his private companies. This is what I stressed during my hearing.

Mr Berggruen did not “campaign for my candidacy” nor did he “support my candidacy”.

Nicolas Berggruen, and Ms Nakagawa who signed the consultancy contract on behalf of the Berggruen Institute on Governance have drafted a letter confirming the objectives of the contract, the work expected and its delivery. The two Chairmen of the Council for the Future of Europe, I worked with, confirmed these. They certified that I have never been involved in any other endeavours or business activity with any other Berggruen organization or business enterprise. Their purpose was to give MEP factual elements before the hearing, in full transparency.

I do not see how Mr Berggruen factual statements on my past activities could mean that he would be able to exert any pressure on me.

I am fully aware of the rules of the EU treaty (article 17) on the independence of Commissioners and of the rules of the Code of conduct for the Members of the Commission and will abide by them if confirmed Commissioner.

I am fully committed to respect the rules of the Commission, as I respected the rules of the European Parliament.

I am committed to defend the European interests, as I did actively in all my previous capacities.

Did you have any knowledge that the founder of Nicola Berggruen has vast business interests in Europe, namely is an owner of department store chain Karstadt Warenhaus GmbH. How it is congruent with you statement during the hearing that Berggruen Institute is philanthropic entity and its founders' links to European affairs are of purely historical and sentimental nature? Do you uphold your statement that Members of the European Parliament have no right to access confidential documents in course of their activity and therefore you as a Member were not in compromised position while providing consultancy services to Berggruen Institute? Could you please confirm that contrary to media reports none of your parliamentary staffers provided any kind of services to the mentioned institute, and if provided, please specify was the nature of these activities?

Yes, I have read in the press some articles on Karstadt. But as explained, I have never been involved in any business activities of Mr. Berggruen in Europe nor anywhere else.

There is no doubt that the Berggruen Institute is a non-profit entity and that I was only dealing with general issues. Public authorities work frequently with non-profit foundations or institutions financed through business activities, such as the Gates foundation for example or the Robert Bosch Stiftung.

On access to confidential documents, see my answer above.

The name of one of my accredited assistants appeared, as a contact point for the *Council for the future of Europe*, in a document of May 2014 drafted by the Berggruen Institute, as it could have happened in other papers or documents of the many associations and foundations promoting Europe I was in contact with. My assistants were managing my agenda, as all assistants do. The phone number mentioned was mine. I want to stress that I have always written my books, articles and papers myself.

In 2013, I engaged in an outside activity I believed, in good faith, could advance the construction of Europe, in line with all the advocacy work I have always done and with what I was doing at the European Parliament. I did this transparently; I never hid the fact I was doing this work the consultancy fees paid for it.

I understand that the amounts earned, in line with the levels in an international consultancy, can raise questions from citizens.

A gap has emerged between what is legally authorised – the rules of the European Parliament imposes no limit on remuneration nor on the scope for external activities – and what is perceived as ethically acceptable.

On the legal side, I respected all the provisions in force in the European Parliament during my mandates.

During the process of my hearing as Commissioner-designate, the JURI Committee of the European Parliament established the absence of conflict of interest.

As mentioned already, OLAF examined whether there was “a potential conflict of interest and/or a failure to comply with the obligations of Members of the European Parliament resulting from the remunerated activity undertaken (...) for the Berggruen Institute”.

On 1 October 2019, OLAF decided, and informed me in writing, “that no facts to corroborate the suspicions have been established against [me]”.

On the ethical level, I regret this activity has cast doubt on my integrity or my capacity to act in an independent way for the European interests, even though these values are paramount to me. I only measured it retrospectively.

This is why I believe that, beyond my personal case, an in-depth reflection aimed at reconciling the ethical expectations of European citizens and the precise rules of conduct that apply to MEPs would be useful. It would make it possible to avoid such situations.

Ursula von der Leyen proposes in her political orientations "the creation of an independent ethics body common to all institutions". It is a project that I support as it could help bring more clarity and trust.

SECTION 10 / QUESTIONS FROM CULT

Considering the breadth of your portfolio, can you give assurances that media and audiovisual policy will receive the priority and focus it requires given that it is one of the most important, pivotal and multi-faceted issues that you will deal with? And, assuming that is the case, could you outline what will be your main priorities within that field? Moreover, what concrete measures do you intend to take to improve digital literacy given that it is an increasingly crucial skill particularly for combating online disinformation?

The media and audiovisual sectors will be among my utmost priorities. They have a unique importance because of their economic value, their cultural significance and the fundamental role they play in our democracies.

Convergence between content and services is the prevailing trend in online offerings. All the largest platforms Apple, Google and Amazon have a strong audiovisual offer. Video is an integral part of Facebook and Twitter platforms. The recent mergers in the US with AT&T's acquisition of Time Warner and Comcast acquiring SKY confirm the trend. Audiovisual content is estimated to represent over 80% of all Internet traffic in the near future. Audiovisual and Telecom policy therefore need a convergent approach bringing together a coherent set of reforms of audiovisual, telecom and copyright rules, which are now a global reference point.

The President-elect has entrusted me with this responsibility and she has significantly reinforced the aspect of Collegiality and teamwork as culture, and media in particular, is a multifaceted issue. I will work with the Vice-President-designate for Values and Transparency for all aspects related to media pluralism and disinformation and, of course, in the project team of the Executive Vice-President-designate for a Europe fit for the Digital Age for all issues related to the single market and platforms. Co-operation with the Commissioner-designate for Innovation and Youth will be very important as she has the Creative Europe programme amongst her wide responsibilities.

I will have a unique and unprecedented opportunity to better integrate the audiovisual and media sector in internal market policies and include it as part of our comprehensive industrial policy, which will better equip the sector to compete globally. The revenues of the European cultural sector, television advertising, newspapers and cinema admissions are falling. The number of professional journalists with stable employment has also fallen. Resources have shifted in the direction of the large internet platforms. We need a sustainable economic future for our creators. We can reverse the negative trend and we can do it together if you entrust me with this mission. There are some positive signs coming from motion picture, video and TV series mainly distributed online. We need to understand further the challenges faced by the audiovisual and media sector.

I intend to present a clear action plan to the European Parliament on how to guarantee the competitiveness and wealth of the audiovisual and media sector. This will have to be evidence-based. This is the reason why I first commit to present in the first three months of my mandate

an analysis of sources of financing (public support, market players, financial markets), market trends and perspectives for the European audiovisual and media sector to benefit from the digital revolution. Our action plan will be based on the results of this analysis.

My further priorities will be:

Audio Visual and Media Services Directive

The new Audiovisual and Media Services Directive is one of the most advanced and comprehensive pieces of legislation in this sector in the world. I am well aware of the decisive role of the European Parliament in shaping it. You have strongly represented the views citizens to ensure a balanced result.

It will be my priority to ensure now a correct transposition of the directive in national legislation. It is of key importance that the same standards are interpreted and applied consistently across the EU. For this, I will work on the adoption of **guidelines on how to calculate the 30% share of European works** that all Video on Demand services, including players such as Netflix and Amazon, will need to ensure in their catalogues. This should lead to a step change towards a broader and more diverse audiovisual offer for Europeans, with positive impacts on cultural diversity and bringing more opportunities for European creators. I will also look at the video sharing platforms: it is important to clarify in the guidelines that social media that use video as an integral part of their offer will be covered by the rules protecting our children from harmful content and the general public from illegal content inciting violence or hatred and other types of illegal content. I do not intend to do this work alone. I commit to call on stakeholders to express their views and will listen carefully to come up with a balanced set of guidelines. I also commit to present the results of this consultation to the European Parliament.

Finally, given the cross-border nature of platforms I am considering initiatives to enhance the role of the independent media regulators and deepen their co-cooperation within the European Group of Audiovisual Regulators.

Online disinformation

I will fight against online disinformation

I consider online disinformation a serious threat to our democracy. The Action Plan against Disinformation is based on a combination of different actions and I intend to fully cooperate on all of them with the Vice-President for Values and Transparency. We will assess the Code of Practice on disinformation thoroughly to identify possible gaps. I have taken good note of the progress made for example in removing fake accounts but there are still many open issues. We need a greater degree of cooperation between platforms and independent fact checking organisations and the degree of transparency of political advertising is still insufficient. I am a

great believer that self-regulation can deliver results but I will not hesitate to propose co-regulatory or regulatory measures if proven necessary.

Media and digital literacy.

Media literacy enables citizens of all ages to navigate the modern news environment and increases our resilience to disinformation. The revised audiovisual rules oblige Member States to actively promote media literacy and require video-sharing platforms to provide for effective media literacy measures and tools. I will make sure that both Member States and platforms take these new obligations seriously. Users will also be empowered by the new transparency obligations for advertising on video-sharing platforms. Under the new rules, children and their parents will know whether influencers they follow were paid to promote a fashion brand or a video game in their videos.

Together with the Commissioner for Innovation and Youth, we will maximise the positive impact of media literacy actions linking educators and schools with innovative fact-checking projects, and co-organise the EU Media Literacy Week in 2020 and beyond. We will ensure a comprehensive joined up approach to promote digital education in Europe, notably as regards coding in primary and secondary schools through the EU Codeweek. In 2018, 2.7 million people participated to the latter (twice as more than the previous year). Our goal is to reach 50% participation of schools by the end of 2020. All of this will feed into a renewed Digital Education Action Plan for Europe to ensure that all our citizens have the digital skills they need, from basic to advanced, to participate in the digital economy and society in a safe and secure way.

A new initiative in which I want to engage with the scientific community is on new tools to enhance our understanding of the effects on humans and the society when exposed with the intense use of screen devices and social media. Social media are a new possibility for citizens to participate to social life and to democracy, they unlock collective intelligence and co-creation. However, studies have linked the fact that 40% of young adults in Western countries are affected by myopia to the excessive use of screens and smartphones. Researchers have found that exposure to hours on screen could produce sustained alterations in certain cognitive and social interactions processes, a kind of a “mental myopia”. I will work with the centres of excellence to ensure that these issues are studied further.

Securing more resources to media.

Finally, I am fully committed to increased support to the European audiovisual and media industries. They need to develop new financing and business models, find new ways to interact with their audiences, promote first-class European content around the globe, and make use of state of the art technologies (e.g. AI, machine translation and virtual reality). For this purpose, considerable support from other sources than Creative Europe will be needed. That is why synergies among the different funding programmes (Horizon Europe, Digital Europe, Invest EU) should be encouraged; I will work towards this objective with the responsible Commissioners.

What will be your main benchmarks in assessing the future of the Creative Europe programme? What specific measures would you take to improve its efficiency and visibility? In particular, could you set out how you intend to coordinate and cooperate with Commissioner-designate Gabriel in that respect and with regard to ensuring consistency in implementation between the MEDIA and Culture parts of the programme?

The future Creative Europe – in particular the areas that I will be responsible for, such as audiovisual and certain cross-sectorial actions – will be assessed on the quality of **supported European works** and on their ability to travel cross-border and attract **large and diverse audiences** in Europe and beyond. Indicators could include: the number of international awards obtained by MEDIA-supported works, the box office numbers for our funded projects, and the number of European citizens accessing such content through our cinema networks, as well as our supported festivals and independent Video On Demand platforms.

With a view to further improving the efficiency, I intend to work on simplifying the procedures of the programme to make it easier for audiovisual SMEs to participate. This will in turn increase the diversity of the beneficiaries and the access of newcomers.

In terms of visibility, for a programme such as Creative Europe, it relies on the success of the works we support: from our logo displayed on the door of over 1,000 cinemas across the continent, to the presence of the films and series we support in international festivals (such as Cannes and Berlinale) or the Oscars. At the same time, I want all citizens in Europe – not just in the capitals – to have better access to European works. For example, I plan to continue building on the success of existing MEDIA events – such as the European Film Night – beyond big cities and reach more remote and rural areas. Furthermore, I intend to make further use of digital tools to consolidate and apply initiatives such as a European online quiz on European films on social media. Launched by Creative Europe MEDIA programme in 2017 to promote Europe's unique diversity of films and TV series in an accessible way to a wide audience, the #euFilmContest has become more and more popular each edition and, in 2019, it reached more than 14.200 participants.

The Commissioner-designate for Innovation and Youth has been given the task to maximise the potential of an ambitious Creative Europe Programme. I fully intend to support her in this challenge by enhancing the operational synergies and by ensuring that the programme, as a whole, brings forwards – as effectively as possible – its common objectives: cultural diversity and competitiveness.

As Commissioner-designate Gabriel pointed out during her hearing, the fact that Creative Europe was under the responsibility of two Commissioners, has not jeopardised the well-functioning of the programme. On the contrary, this has brought synergies with important areas of the broader digital policies: from our audiovisual media framework, to copyright, to media convergence research projects. As a result of the synergies, the MEDIA strand of the future

creative Europe programme makes full use of the opportunities offered by new digital technologies, such as digital marketing tools, to promote and circulate European content. It has provided support to new emerging types of content such as Virtual reality and promoted emerging interactive market places. One of the highest priorities of the training programmes is to equip audiovisual professionals with the skills necessary to deal with digital technologies.

In terms of coordination with Creative Europe, as you know, it has a single programme Committee and presents its results through a single Monitoring Report. The governance model of the Creative Europe programme has worked well, and will remain in place, based on strong dialogue at all levels between the Commissioners and their services.

During your Hearing you guaranteed that the liability regime of intermediary service providers as established in the E-Commerce Directive, which is the cornerstone for the regulation of video-sharing platforms as set out in the revised AVMSD, would not be put into question. However, you left the door open for possible adjustments to ensure that it is adapted to the current digital environment. Could you set out more precisely your intentions in this regard?

The new rules on video-sharing platforms, as laid down in the recently enacted Audiovisual Media Services Directive (AVMSD), are one of the achievements of the digital single market strategy. For the first time in EU law, online platforms are required to take appropriate measures, in full compatibility with the liability regime of the e-Commerce Directive, to protect viewers from illegal or harmful content. The AVMSD is a first building block towards a safer Internet environment for audio-visual media. As such, I am committed to working closely with Member States and authorities to ensure that the AVMSD is correctly transposed and effectively implemented. Establishing a structured cooperation mechanism between media regulators will likely be crucial in the implementation of the new rules.

I will not revisit or seek to modify what we achieved under the AVMSD. On the contrary, the Digital Services Act will reinforce the foundations of this act, and complement it where it is needed. I think we need an updated, balanced rulebook for all categories of content and all digital service, beyond the ones based on audiovisual content that are captured under the AVMSD. We will have to define the precise scope and measures for the Digital Services Act together with the Executive Vice-President for a Europe fit for the Digital Age and the College. The rules governing all digital services are now outdated and the single market is increasingly challenged by the legal fragmentation in the Member States, as well as by diverging case law cumulated over the past 20 years. This creates a regulatory complexity and uncertainty no European start-up can surmount.

The liability of intermediary service providers is a backbone of the e-Commerce Directive. As I stated in my hearing, I will seek to maintain the core principles underpinning the liability regime for intermediary service providers. In other words, providers should not be held liable unless they have obtained actual knowledge of illegal content on their platforms. These rules have allowed the development of the Internet landscape that we have witnessed over the last decades, and are intimately linked to the fundamental rights of citizens online. While these core principles should be maintained, I intend to look into the need for clearer and more harmonized rules. For example, the 2018 Commission's Recommendation on measures to be taken by platforms to effectively tackle illegal content online goes in the right direction by empowering users. However, Member States have started adopting national legislation in this field and there may be a need to address legal fragmentation in the single market.

I believe that updated, clearer, more uniform rules applying across the digital single market will provide the 10 000 different EU platforms trying to innovate at home with legal clarity and a large home market. Cooperation between Member States will be essential to have a joined-up, common approach to regulating all digital services – both the small innovators as well as the

technology giants. We will take our time to consult widely with all stakeholders, rigorously follow the Better Regulation approach, and work closely with the European Parliament.

SECTION 11 / QUESTIONS FROM JURI

You will lead the work on a "coordinated European approach on artificial intelligence". How do you want to strike an appropriate balance between the interest of creating a strong growth and innovation in Europe in the area of artificial intelligence and new technologies and the need to provide a legal framework for such new technologies which is based on European ethical values and the principle of non-discrimination, and creates citizens' trust in these technologies across cultures and generations, ensuring that there is always a human being ultimately accountable for decisions with significant impact on human beings, and which also ensures that the intellectual property regime is "coherent, fit for the digital age and supports our competitiveness", as stated in your Mission letter?

Europe's industrial strength is based on our capacity to produce reliable and trusted products and services that respect our ethical principles and are in line with the aspirations of our citizens. This is the approach that Europe needs to maintain for AI; be it for the development of the technology or for its wide use across the economy.

It is clear though that the EU can have the best ethical principles in the world but they will be of limited impact if the technology to which they should apply is developed elsewhere. Europe has set the tone with the General Data Protection Regulation, which is influencing thinking on data protection rules around the world. We should leverage this success by setting strong global standards for trustworthy AI. These standards can be an opportunity for business development in the EU and job creation provided that we reinforce also significantly our industrial and technology capacities across the AI supply chain, stimulate investments and develop the necessary skills.

The regulatory framework that we aim at putting in place should draw on the existing work of the High-Level Group of Experts on AI appointed by the Commission in 2018 and which developed a framework for trustworthy AI. It will also complement the ongoing evaluation of the legislative framework concerning product safety and legislation, which looks at the impact of new technologies such as AI and robotics. That framework comprises seven key requirements: 'human agency and oversight', 'robustness and safety', 'privacy and data governance', 'transparency', 'diversity, non-discrimination and fairness', 'societal and environmental wellbeing' and 'accountability'. The requirements were developed taking into account inputs from more than 500 organisations (industry, academia, consumer associations, public administrations and civil society) during a consultation organised on the online platform of the AI Alliance (which has more than 3,700 members).

To operationalise these requirements, an assessment list has also been developed which is currently being tested by companies and organisations involved in the development and deployment of AI technologies. The assessment list will be revised in the beginning of 2020 on the basis of the outcome of this piloting phase.

Based on these findings, I will work with the Executive Vice-President-designate for Europe fit for the Digital Age and the rest of the College to work on proposals in the first 100 days for an EU coordinated approach for an AI regulatory framework. We will work closely with the European Parliament and Member States. We need to make sure that the proposed measures are proportionate and do not create unnecessary hurdles for innovative companies. A set of different options will be explored ranging from self and co-regulatory measures to third party verification systems. What is important is to set up a truly single market friendly approach to avoid fragmentation in Europe

I will also take a close look at our IP system to ensure it fully supports the development and uptake of AI in Europe, as explained in the following answer.

Building on the work done with the Member States in the coordinated action plan on AI (of December 2018), I will accompany the work on the ethical and legal aspects with an ambitious and concrete set of actions to reinforce our industrial capacities and help business growth in, and with AI. This includes a substantial increase in our support to research and innovation. Starting in the EU Framework Programme (Horizon Europe) for which I will set up a new public private partnership in AI. The goal of the partnership is to develop and implement a clear roadmap for leadership in AI technology with strong commitment for co-investment by industry and Member States in its achievement. Research is important but not sufficient. We need Europe to be first mover in deploying trusted AI technologies across all sectors of the economy. This is the role of the Digital Europe Programme (DEP) that is focused on AI capacity building and deployment of the latest AI solutions.

We need to build the common data spaces aggregating data from all across Europe and making them available for AI applications in businesses and the public sector. While respecting the GDPR rules, we should facilitate data sharing and access to data, for AI applications in industrial/societal priority areas, including, but not limited to, manufacturing, health, transport, environment, finance and energy. Rules for secondary use of data should also be explored, drawing on experiences in Member States in this field.

To be able to compete in AI, our industry and our researchers will need, in addition to data, powerful computing capacities. With the support of the Digital Europe Programme, we hope to create a large network of competence centres and regional digital innovation hubs. Computing capacities that the EU and the Member States are investing in under the initiative on High Performance computing, could be pulled into an “EU secure data and computing facility for AI” available to our researchers and engineers.

Testing and experimentation sites for AI in key application areas from low carbon mobility to personalised medicine and precision agriculture should be developed thanks to pulled resources from the EU, Member States and the private sector.

My ambition is to bring gradually investment in AI in the EU close to 20 billion Euro per year in 2025 up from 4 billion Euro per year today. This includes a substantial investment in skills development and in the adaptation of our workforce to the AI industrial landscape. Of key

importance is indeed the support to start-ups and their scaling up and to SMEs in AI which should be a priority under the InvestEU programme.

I will also ensure that the public awareness-raising actions, to improve EU citizens' understanding of AI and enable more people and businesses to make use of AI application, will continue.

In parallel to the work we are doing to develop this regime in Europe, I plan to launch a permanent dialogue with our partners around the world to strengthen human-centred and trusted AI technologies and address global IP challenges when they occur.

In your Mission letter, you are invited to put in place the right framework to allow Europe to make the most of the digital transition, while ensuring that our enduring values are respected as new technologies develop, and to lead the work on the new Digital Services Act.

Fostering a fair and responsible environment for European digital businesses by way of strong legislative framework in the area of commercial law, civil law and private international law is one of the main challenges to support competitiveness. What will be your priorities with regard to the improvement of the current civil law, commercial law and private international law framework for European businesses, particularly in what concerns their commercial online activities?

Digital companies need to grow fast and build on network effects across borders. A small start-up cannot deal with the complexity and ensuing costs resulting from legal fragmentation in the Member States when extending their services across the European market. By updating the rules on free movement of information society services, the Digital Services Act will help European companies to scale-up at the European level, and then access global markets.

As your question points out, these matters are very broad. We have to do more to help start-ups and SMEs to deal with the complexity of international internet law. I will consider setting-up a special assistance programme.

It is also clear that the more we are able to be the norm setters for the digital world in privacy, AI, safety and liability, data and blockchain, the more the EU law and courts will be taken as reference, which will support doing business in the EU.

I will work closely together with my colleagues, in particular with the Commissioner-designate for Justice, to support digital business with civil law measures that advance fairness, predictability, legal certainty, and sufficient harmonisation that allows companies to benefit from the single market, and ensure that company law contributes to the SME strategy.

The problems of Internet jurisdiction and the related challenges in international private law are global. Europe is a significant contributor in the relevant multi-stakeholder fora and we should continue do to so including as regards the WTO work on e-Commerce.

As per your Mission Letter, you will be responsible for ensuring that the European intellectual property regime is "coherent, fit for the digital age and supports our competitiveness". Such a regime will play a crucial role in the development of Artificial Intelligence (AI) and other technologies of the future. There are, however, a number of foreseeable challenges in this context, namely:

- **the management, ownership and protection of data used in the development of AI systems;**
- **the definition of the relationship between data and intellectual property rights used in the context of AI, including questions of infringement, disclosure and sharing;**
- **the use of algorithms in the development of AI technologies and the use of AI technologies in the management and enforcement of intellectual property rights, e.g. "smart contracts";**
- **the potential problems arising from conflicting governing laws and jurisdictions.**

Bearing these challenges in mind, what is your strategy for ensuring that the European intellectual property rights regime is fit-for-purpose and future-proof?

The rise of AI and the data economy are game-changers, not only for our economies but also for the way our IP systems work. I will act in several areas:

First, I strongly believe that fostering the generation, availability, and sharing of data should be at the core of the EU industrial policy. Europe needs a well-defined strategy on how to get there. The large amounts of data sets available today can offer critically important inputs to our economy. Our capacity to roll out smart health systems or self-driving cars depends on the availability of such large sets of data. Data are as such not IP-protected. However, as your question indicates, IP-related questions arise. For instance, data and algorithms may be trade secrets covered by the 2016 Trade Secrets Directive. Data such as images may also be covered by copyright. Such IP regimes protect legitimate interests. Nevertheless, our IP legal framework is flexible and IP protection does not imply that such data cannot be shared.

So far, the main focus has been on sharing of public sector data under the Open Data Directive. We need to move forward while respecting the GDPR. Sharing and trading of private sector data has already been analysed. In 2018, the Commission produced an evaluation report on the available IP protection for databases, including copyright and the *sui generis* right, together with a Communication "Towards a Common European Data Space". The introduction of a specific exception for text- and data-mining is recognized as an important step forward for a more AI-friendly IP law framework in Europe. This work constitutes an excellent springboard to address the issues under discussion.

In the course of my mandate, I will make it a priority to define and implement the rules governing data and data sharing in Europe, while preserving the right incentives for the generation and availability of data. We need to facilitate making available and reusing data for

specific public interest objectives as for instance medical research and the improvement of public services.

We need to improve access to privately held data and address the problem of the unbalance of market power of different players. In doing so, we need to take account of the fact that data sets are not only held by big players, but may be held by small and innovative start-ups as well. We need clear and fair rules that work for all. My actions will not be limited to clarifying the regulatory framework: I will also work together with the relevant industry sectors and, where appropriate, public authorities, to put in place tools to facilitate effective data sharing.

This is not a problem of a particular sector – it is a matter of core industrial policy to maintain our competitiveness vis-à-vis the US and China.

Second, I will take a close look at whether and in what conditions AI-generated inventions and creations can be protected. In 2017, almost 30,000 global AI-related patent applications were published, twice as many as two years earlier.

IP in AI raises legal, policy and even philosophical questions about the nature of invention and innovation. We do not have all the answers yet but we need quickly to bring clarity. Patent applications have already been submitted listing AI as an inventor, thus challenging notions such as inventorship, novelty and disclosure. A similar discussion is taking place on copyright. The World Intellectual Property Organization and the United States are also interested. The Commission services have initiated these discussions and I am convinced that Europe needs to take the lead in this global discussion. Whilst this work progresses, we will assess in parallel the need to prepare guidance to our existing EU legal framework.

Third, I will explore how the AI revolution can help us make our IP systems more effective. AI and other technologies such as blockchain can be used to facilitate patent registration and examination procedures. They can also help European creative industries to reduce the complexity and increase the efficiency of our copyright system. They can be used to facilitate licensing, for instance, by enabling the use and development of smart contracts. Some Member States are considering the introduction of legislation on smart contracts and in general on blockchain. I think that the right dimension to regulate blockchain is the European one. Europe can take the lead and I will make concrete proposals based on the important amount of work already done and in full respect of highest better regulation standards.

Fourth, AI and related technologies can also help us fight IP theft. IP theft is on the rise both globally and in Europe. In 2016, counterfeited products accounted for 3.3 percent of global trade. It accounted for 6.8% of EU imports, compared to 5% only 3 years earlier. This should be stopped and new technologies can help us to do so. For instance, blockchain-based solutions can help rights holders to better control their supply chains. AI-based solutions can also be deployed to detect and remove illegal online offers.

As a first step, I will create a high-level group to look into IP-related issues raised by the AI and data revolution. I will hold stakeholder discussions and deepen our analysis with a view to proposing solutions.

During my mandate, I will work in close contact with stakeholders and all partners, and engage in an active dialogue with our main trading partners as well, to minimize problems from conflicting rules and jurisdiction. I also look forward to working with the European Parliament.