

Observatoire des futurs
EM Strasbourg

European Regulation

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European Regulation

1. Definition and Relationships with Other Factors

General Definition

- **European regulation:** The European Union adopts various types of legislative acts, which aim to fulfill the objectives set forth in the European treaties. Not all of them are binding. Some apply to all EU countries, while others apply only to a few.
  - Regulations/Directives/Decisions/Recommendations/Opinions
  - Dependence on member states

- **Regulatory topics:**
  - Environment
  - Digital technologies
  - Competition
  - Taxation
  - Labor

Connection to Uberization and Industry 2030/Key Questions for the Future

Key Questions for the Future

- **Uberization: the EU's ability to establish a legal framework.**

Protection of workers and partner companies

- **The future of European industry in light of EU regulation?**

Impact of regulations on the competition/innovation, labor, the environment, and the future of cyberjustice?

- **Key issues for Europe? (the crisis in the EU, the eurozone, etc.)**

Relationship with Other Factors/Stakeholders:

- **Digital transformation** stakeholders, industry, technologies, policies supporting digital transformation…

2. Summary of the Retrospective Analysis

Retrospective

In General and for Uberization and Industry 2030

- **Environment: Europe as a "model" but with limited applications**
  - European policy since 1986 (polluter pays) has been "exemplary"
    E.g.: 85% of national regulations stem from European regulations; the 1997 Kyoto Protocol.
  - Since 2013: Environment Action Programme through 2020, "Living Well Within the Limits of Our Planet" (preservation of natural capital, a low-carbon and resource-efficient economy, and challenges for human health); budget: €3.456 billion (€2.143 billion for 2007–2013).
  - New program planned for 2021–2027: budget of €5.45 billion (+60%)
  - Limitations: Decisions and implementation depend on the will of member states (e.g., glyphosate)

- **Taxation: regulatory vacuum/uberization, blurring of the lines between tax optimization and tax evasion**
  - See the BEPS (Base Erosion and Profit Shifting) phenomenon: estimated annual loss of between 100 and 240 billion U.S. dollars for governments;

Retrospective

In General and for Uberization and Industry 2030

- **Competition: single market**
  - The common market began with industry (the automotive roundtables).
    → *Since then, it has been neglected under the pretext of free competition*
  - Since 2014: "Horizon 2020 Program": a budget of **€79 billion.**
    → *Scientific excellence, industrial leadership (support for SME innovation), social challenges*
  - Opportunity for GAFAM to establish an oligopolistic position due to the lack of regulation.

- **Digital: GDPR came into effect in May 2018**
  - **95,000** complaints filed in eight months, but limited enforcement (due to national policies and activities outside Europe) and sanctions that remain modest.
  - *"Data protection is not a priority"; 31% of surveyed companies are unaware of financial penalties (2018 survey).*
  - Enforcement at the national level and for business activities in Europe.

Current Trends

In General and for Uberization and Industry 2030

- **Support for industry from the European Commission: a treaty to secure the environment, adapt, and innovate**
  - E.g., €500M in investment in digital innovation hubs by 2020 + incentives from member states and regions; a commitment to better adapt legislation to the autonomous vehicle system.
  - However, investments are comparatively limited (€100M vs. €225M in China).
- **Regulations for worker protection:**
  - e.g., **court cases recognizing the employee status** of "Uberized" workers (2017 LeCab; 2018 TakeitEasy).
  - **EU Directive 2019:** transparent and predictable working conditions for atypical jobs (excluding "genuinely" self-employed workers).
  - **ERDF 2014–2020:** European fund to promote growth and employment: €960 billion.

Current Trends

In General and for Uberization and Industry 2030

- **Regulation of the digital single market**
  - Regulatory efforts targeting GAFAM => e.g., copyright; regulating (and monitoring) “fair and transparent” relationships with partner companies.
  - Penalties for abuse of dominant market position (e.g., Google: €2.42 million in 2017, €4.34 million in 2018—the Android case…) that can reach up to 10% of revenue… in theory…
  - New legislation is currently being drafted (“Digital Services Act” and “Digital Markets Act”) for strict regulation of GAFA
  - Curbing hate speech and misinformation online, enforcing rules on transparency and accountability, and equipping Europe with new competition tools to prevent abuses of dominant market power in the digital economy.

Current Trends

In General and for Uberization and Industry 2030

- **Tax regulation of digital players : a perilous dynamic…**
  - European proposal rejected/referred to the OECD for a joint response; multiple and varied national initiatives.
  - The 2000 e-commerce directive is currently being updated.

- **Digital technologies**
  - Blacklist of harmful practices.
  - Strengthening of the GDPR—penalties (Google: €50 million).
  - Programs of study in cyberjustice (e.g., University of Strasbourg).
  - Robotics law: Asimov's Three Laws of Robotics (1942) adopted by the European Parliament.
  - EC expert group on AI: moving beyond controversies and discussing ethics as the basis for common legislation.

3. Summary of Prospective Exploration

Major Trends / Constants

- **Delay** in European regulation in relation to GAFAM, digital technologies/robotics (e.g., e-justice) => tension between timeframes.
- **Too many regulations** (e.g., ethics in robotics).
- **Limit of the sovereignty** of states and the EU for the multinational corporations;Shouldn't the EU framework be expanded? (OECD, G20…)
- **Social divide** and opposition to environmental policies.

Uncertainties

- **The future** of the EU.
- Capacity of states to converge toward **a single, appropriate set of European regulations.**

Seeds of Change

- **A robot** (Sophia, Hanson Robotics) was granted citizenship on October 25, 2017, becoming a Saudi citizen.

Controversies

- Protections for **self-employed workers** in the age of "Uberization."
- **Regulating the positioning of GAFAM** (relationship of mutual dependence with the EU).
- **Moral controversy over the responsibility of autonomous systems** (e.g., self-driving cars, weapons, BOTs).
- **Data protection vs. data sharing.**

Disruptions

- **End of the EU.**
- **Robots take over!**



Sources

Experts

- **Patrick Dollat**, professor of law and researcher at the Center for International and European Studies (Strasbourg), expert with the Council of Europe, EU research group
- **Laurent Weill**, professor of economics and finance, Director of LaRGE EM Strasbourg

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