



ACT | the App Association:

Policy Recommendations and Priorities for the European Union 2019-2024



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INTRODUCTION

ACT | The App Association is an international not-for-profit trade association that represents more than 5,000 small and medium-sized software application developers and connected device companies in Europe, the United States, and around the world. Our members include many European Union (EU) based innovators who develop mobile technology products across established and emerging markets, generating economic growth and valuable jobs in all parts of Europe. The App Association is the leading industry voice on the app economy, and we aim to help our members engage in current and future policy debates. Our goal is to improve the understanding between small technology companies and government officials by bringing them together and giving our members the opportunity to participate in the regulatory process.



As part of her initial Agenda for Europe, President von der Leyen set out six priorities, including “a Europe that is fit for the digital age” and “an economy that works for the people.” We appreciate the emphasis on digital issues, such as research and investment in artificial intelligence (AI), blockchain, high-performance and quantum computing, algorithms, and other tools for data-sharing and usage. We are also glad to see an EU-level commitment to a dedicated small and medium enterprise (SME) strategy. As the EU works to make Europe fit for the digital age, we suggest focusing on the following six policy principles during the mandate of the next European Commission and Parliament.



1. A FUTURE-ORIENTED DIGITAL AGENDA

The App Association welcomes the emphasis on digital issues and encourages the European Union to prioritize future policies that foster innovation in the digital economy. The new European Commission’s digital strategy makes clear that Europe wants to be at the forefront of setting out a robust legal framework in the digital sector. Understanding and anticipating emerging technological trends is crucial to achieving this objective. For this reason, the voices of all digital stakeholders and innovators need to be included in the tech policymaking process in order to achieve the best outcomes.



Future-oriented also means future-proof. Throughout the 2014-2019 term, the Council of the European Union encouraged other European institutions to adopt regulatory tools that keep up with the newest technological developments. In an environment where technology tends to outpace legislative developments, any regulatory action should strive for the creation of flexible and fit-for-purpose policies.



2. A EUROPEAN UNION THAT SUPPORTS INNOVATION

Targeted investments in Europe's digital future

Investments in the European digital economy are key for the future prosperity of the Union. An ecosystem that encourages investments not only in new technologies, but also in European startups, will lead to increased job creation and propel the European economy forward. Investments focused on research and innovation create long-term benefits for the European digital ecosystem. Similarly, better access to venture capital in Europe is vital for retaining talent in Europe instead of moving offshore in search of the funds needed to scale a business successfully. We appreciate the emphasis on supporting small businesses and the commitment to a dedicated SME strategy to ensure that SMEs can thrive and access markets and financing to grow and scale-up.

A fair and balanced intellectual property and standards ecosystem

A strong intellectual property framework is essential for App Association members' success and continued innovation in the digital economy. Copyright and trademark infringements can significantly hurt our members' ability to compete, innovate, invest, and hire. Laws and regulations governing copyrights and trademarks must remain accessible to SMEs and strike a fair balance between the obligations of rights holders and service providers to detect infringement and appropriate actions in response to it. With the ongoing implementation of the Copyright Directive, the EU has an opportunity to achieve fair rules that allow all stakeholders to make the most of the digital economy.

App Association members leverage the use of standardized technologies in myriad ways. Being a patent licensee raises concerns about unreasonable licensing practices for many of our members. The ability to license technology on fair, reasonable, and non-discriminatory (FRAND) terms underpins the future success of the internet of things (IoT) for SMEs and consumers. Open standards are the foundation for innovation, and SEP owners' commitment to FRAND licensing is crucial to the success of entrepreneurs everywhere. Therefore, the App Association encourages the next Commission to pursue policies that incentivize the proliferation of standardized technology on FRAND terms.

3. HELPING COMPETITION THRIVE

The European Commission should prioritize preserving the competitive environment of the app economy by continuing the relatively low barriers to entry for small developers. We recommend that the Commission consider all implications and nuances when regulating platforms or designing an EU-wide digital tax framework, in order to avoid rules that favor larger companies or unintentionally affect SMEs disproportionately. An innovation-friendly environment in which competition can thrive also means facilitating the free flow of data and refraining from imposing measures that require local storage or processing of data, facilitating and increasing investment in cutting-edge technologies like AI, and ensuring that regulation does not stall innovation.

The concept of digital sovereignty should be approached cautiously as to avoid digital isolationism and stifling competition in the European market. Focusing attention on the creation of European champions comes at the risk of leaving SMEs behind. SMEs remain the backbone of the European economy, and competition in the digital economy should be preserved and incentivized rather than limited.



4. A COMPLETED DIGITAL SINGLE MARKET

Completing the Digital Single Market started in 2015 should be a high priority of the European Commission. While much has been achieved, there is much to be done to complete a genuine Digital Single Market (DSM) in Europe – such as a commitment to the free flow of data, an EU-wide approach to 5G and cybersecurity, a multilateral approach to a digital tax, and ensuring the effective implementation of the General Data Protection Regulation (GDPR).

Harmonized regulations are important to create a level playing field. A completed DSM generates legal predictability and allows SMEs to focus their time and resources on improving their products and services rather than regulatory compliance and increases the overall attractiveness of the EU economy for startups.



6. ENSURING REALISTIC AND EFFECTIVE PRIVACY PROTECTIONS AND LAWFUL DATA ACCESS RULES FOR SMES

As the EU continues to work towards further regulation related to data privacy and lawful data access, the App Association encourages European institutions to consider scalability for small businesses. SMEs often become collateral in the development of such regulations designed to target big tech firms, making it essential that their voice is heard. The ways in which our members can use and share consumer data affects how consumers engage with their products and services. Having good privacy and lawful access policies that comply with regulations helps to build a level of consumer trust that helps our members succeed.

