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Feedback of

ACT | The App Association
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Rue Belliard 40,
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to the

European Commission

regarding its

International Digital Strategy

Introduction and statement of interest

ACT | The App Association (hereafter ‘App Association’) welcomes the opportunity to submit comments to the European Commission’s consultation on its International Digital Strategy.

The App Association is a policy trade association for the **small business technology developer community**. Our members are entrepreneurs, innovators, and independent developers within the global app ecosystem that engage with verticals across every industry. We work with and for our members to promote a policy environment that rewards and inspires innovation while providing resources that help them raise capital, create jobs, and continue to build incredible technology. Today, the ecosystem the App Association represents—which we call the app economy—is valued at approximately €86 billion and is responsible for over 1.3 million jobs in the European Union (EU).¹

International Digital Strategy

We express our support for the European Commission’s initiative to articulate an international digital strategy through the forthcoming Joint Communication. The strategic intent of this initiative reflects the pressing need for the European Union to assert itself as a proactive and principled actor in the global digital landscape. In an era defined by digital transformation and geopolitical tech competition, the EU must reinforce its capacity to shape global norms, protect its interests, and lead with a human-centric approach to digital governance.

We also commend the EU’s commitment to a human-centric digital transformation, not only within its borders but as a cornerstone of its international engagement. This approach positions the EU as a responsible global actor, one that is willing to lead by example in promoting digital inclusion, safeguarding fundamental rights online, and developing ethical standards for emerging technologies such as artificial intelligence and quantum computing. These values are vital in distinguishing the EU’s digital offer and fostering trust among international partners.

Additionally, we support the objective of strengthening European digital sovereignty. However, sovereignty should be achieved by investing in and nurturing European innovation, not by restricting access to non-European providers or creating protectionist barriers. SMEs and other users must continue to have access to the best, most secure, and most innovative solutions available, regardless of origin, to remain competitive. That is why, we are pleased to see that the current mandate focuses on fostering innovation and investment, this is the right approach.

The ‘Team Europe’ approach, encouraging coordinated action between the EU institutions, Member States, and the private sector, is a necessary innovation. By aligning political, regulatory, and industrial capacities, this model ensures consistency and amplifies the impact of EU external

¹ See <https://actonline.org/wp-content/uploads/Deloitte-The-App-Economy-in-the-EU-2020.pdf>.

action in the digital realm. It is particularly beneficial for smaller actors, such as SMEs and startups, which may not have the capacity to navigate fragmented or inconsistent international engagements on their own.

Concerning digital trade, the small business innovators we represent prioritise the following principles:

- **Enabling Cross-Border Data Flows:** The seamless flow of data between economies and across political borders is essential to the functioning of the global economy. Innovative app development companies must be able to rely on unfettered data flows as they seek access to new markets.
- **Prohibiting Customs Duties on Digital Content:** European app developers and technology companies must take advantage of the internet's global nature to reach the 90 percent of customers who live outside of Europe. However, the "tolling" of data crossing political borders to collect customs duties directly contributes to the fragmentation of the internet. These practices jeopardise the efficiency of the internet and effectively block innovative products and services from market entry.
- **Securing Intellectual Property Protections:** The infringement and theft of intellectual property and trade secrets threaten the success of the App Association's members and hurts the billions of consumers who rely on app-based digital products and services. Some governments themselves have even proposed or require that companies transfer, or provide access to, proprietary source code as a requirement for legal market entry. These intellectual property violations can lead to customer data loss, interruption of service, revenue loss, and reputational damage, each a potential "end-of-life" occurrence for a small app development company. Strong protection of intellectual property rights (copyrights, patents, trademarks, and trade secrets) are therefore essential.
- **Enabling Free Trade and Export of Digital Goods:** Expanding free trade includes ensuring that digital goods can easily be exported by companies that are looking to expand into new markets. Data localisation requirements, for example, seriously hinder imports and exports, reduce an economy's international competitiveness, and undermine domestic economic diversification. Another barrier to import and export is market entry contingent on source code transfer. Such a transfer of source code presents an untenable risk of theft and piracy for our members. Government policies that pose these requirements are serious disincentives to international trade and a non-starter for the App Association's members.
- **Preserving the Ability to Utilise Strong Technical Protection Mechanisms to Provide Security and Protect Privacy:** Global digital trade depends on the use of technical protection mechanisms, such as strong encryption techniques, to keep users safe from harms like identity theft. However, some governments continue to demand that backdoors be built into encryption keys for government access. These policies jeopardise the safety and security of data, as well as the trust of end-users, by creating known vulnerabilities

that unauthorised parties can exploit. From a privacy and security standpoint, the viability of an app company's product depends on consumer trust.

- **Avoiding the Misapplication of Regulation to New and Emerging Technology Markets:** As the European Union proceeds with the implementation of key regulatory frameworks, it is critical to ensure that these measures remain inclusive, proportionate, and reflective of the diversity of actors in the European innovation ecosystem, particularly startups and SMEs. Some regulators are currently considering or implementing policies that could put mandates on nascent and developing emerging technology markets already benefiting from strong competitive dynamics. The design and implementation of these frameworks must avoid inadvertently creating disproportionate compliance burdens or reducing access to enabling technologies for smaller players.

All in all, the App Association supports the EU's International Digital Strategy and its goals to open digital opportunities for business and enhance Europe's position as a world leader in the digital economy. The EU should pursue trade agreements, whether through bilateral or multilateral negotiations, that contain provisions consistent with the above.

We thank the European Commission for the consideration of our views. The App Association is committed to facilitating good digital trade relations across the Atlantic in any way that we can. We remain at your disposal should you have any further questions.

Sincerely,



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