

Geopolitics, Digital Sovereignty. . . What's in a Word?



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Abstract An overlay of digital networks and services often operated by global players encircles and “shrinks” the planet. At the same time, the geopolitical dynamics have entered a cycle of feud for leadership between trade blocs who compete for economic and industrial leadership but also on ethics, values, and political outlook. In this context, governments and lawmakers are struggling to combine the need for global cooperation in digital matters with the imperative to protect their jurisdiction from undue influence and provide economic agents with the means to compete on a global scale. The concept of “digital sovereignty” was carved to address this. Words matter a lot especially when they are meant to translate political goals. We argue that “digital sovereignty” lacks meaning and teeth, while the concept of “strategic autonomy” is more operative, contains in itself the elements of strategic planning, and should lead EU to aim at genuine “digital non-alignment.”

1 The Context

1.1 *The Paradox*

Nations (and groupings thereof), industry, and international organizations have spent megabillions in the last decades to connect the globe. Sub-marine cables, satellite communications, fixed and mobile networks, the Internet, enabled global connectivity and access in the most remote places.

To enable this, the geo-political dynamics shaped a world of multi-lateral collaboration, with the WTO¹ as the arbiter of a frictionless global trade. The global village

¹The World Trade Organization is an intergovernmental organization which regulates international trade. The WTO officially commenced on 01/01/1995 under the Marrakesh Agreement, signed by 123 nations in 1994, replacing the General Agreement on Tariffs and Trade (GATT), which commenced in 1948 (www.wto.org).

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was not a rose garden indeed, but multi-lateral regulatory cooperation would fix it, and global trade would make the world a safer and wealthier place for all. So was the narrative, for example, when China became a member of the WTO in 2001.

Fast forward to 2021, “second life” has become our life, digital connectivity has infused through the economy and society worldwide, M-Turks from Nigeria or India work in real time for Silicon Valley corporations, and geography is ended (so is privacy, but this is a different subject). And yet, as technology, economics, and politics have shaped this global cyber-reality, globalization is challenged by the (re)formation of more or less antagonistic trade blocs. After three decades of moving toward a single global market governed by the rules of the WTO, the international order has undergone a fundamental change, and an open, unified, global market may indeed become a thing of the past (Fischer 2019).

1.2 It’s More Than the Economy, You Know

With different narratives, each regional trading bloc is developing its own roadmap to achieve global digital success and indeed global supremacy. Be it President Biden signing an executive order strengthening the “Buy American” provisions, China asserting its primacy in digital matters and global trade, India promoting a technological agenda, or Russia developing its offensive cyber capabilities, it is as if global trade in the twenty-first century was bound to be a discordant zero sum game.

What’s more, this global competition is not only industrial, technological, or economic but also about visions, values, and methods. Whether trade irritants can dissolve in good intentions remains to be seen.²

In a conference of the Centre for Economic and Policy Research in February 2021, Dr. Christian Bluth³ argued that the most important challenge for EU today was the increasingly charged geopolitics of trade. He argued that trade policy is increasingly used for projecting power rather than generating prosperity and several countries are “weaponizing” the trade dependence that others have on them.

2 Europe, How Many Divisions?

Be it for tea in China, spices from the Malabar Coast, gold in South America, coffee or rubber in Africa, and oil in the Middle East, Europe did not have a problem with global supply chains or national sovereignty when it was dominant in worldwide trade and industry. It even got support from moral or political authorities (Treaty of

²Some call for “differentiated digital sovereignty.”

³<https://www.bertelsmann-stiftung.de/en/about-us/who-we-are/contact/profile/cid/christian-bluth-1>

Tordesillas in 1494,⁴ Berlin Conference, 1885⁵) and carved the political concepts to lean on, e.g., Westphalian sovereignty. Today's situation is indeed slightly different.

2.1 A Pacific Centered *Digital* World Map

Once an economic giant (but a political dwarf), Europe's ambitions for the "digital decade" are caught in between a duopoly with the USA and China dominating the global digital economy. *The Old Continent appears to have already lost the artificial intelligence battle—to name but one. We need to wake up to the fact that we are falling behind in 5G development, and its application in service and industrial verticals, and so running the risk of becoming a minor player in the global contest.*⁶

2.2 In the Platform Economy, Nobody Can Hear EU Scream

GAFAMs (a short for Google, Amazon, Facebook, Apple, and Microsoft) and BATs (Baidu, Alibaba, Tencent) are not only global platforms with revenues much larger than many countries' GDP. They also integrate vertically and horizontally, absorbing potential competition, shaping the whole economy including for strategic sectors and the provision of public services. Incidentally, they also alter the fundamentals of the labor market. This market is not EU's strong suit as shown in Fig. 1.

2.3 Digital Sovereignty, a New Concept to Operate and Compete in This Context

Originating in the cybersecurity community, the concept of "digital sovereignty" gained ground in lawmaking circles with the increasing number of attacks on critical infrastructure (power, communications, water, etc.), the global connectivity, and the sky-rocketing number of IoT devices with its related security and privacy issues. The complex relationship with the previous US administration also contributed to propagate the idea that EU had to rely on its own capacity to defend itself in the hyper-connected world.

⁴An agreement between Spain and Portugal aimed at settling conflicts over lands newly discovered by Christopher Columbus and other late fifteenth-century voyagers.

⁵Conference at which the major European powers negotiated and formalized claims to territory in Africa

⁶IDATE, Digiworld 2020 <https://en.idate.org/the-digiworld-yearbook-2020-is-available/>

Top 100 worldwide platforms

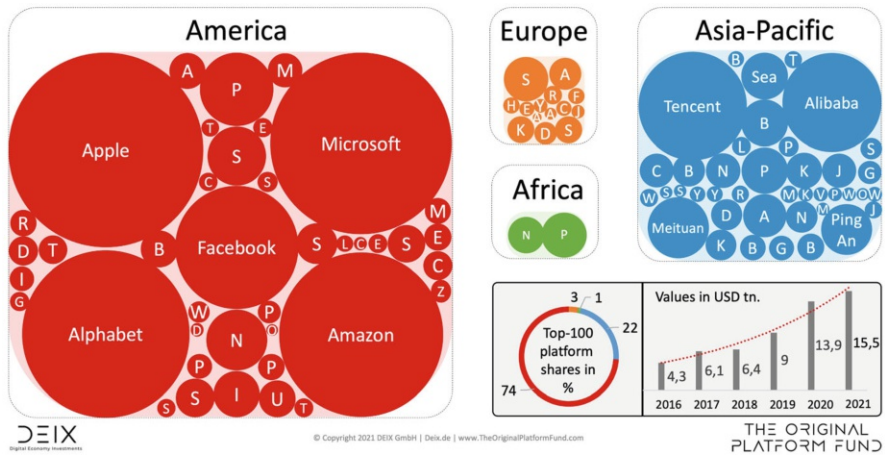


Fig. 1 The imbalance of platform economy (H. Schmidt, TU Darmstadt, <https://TheOriginalPlatformFund.de/>, 2021)

Devising new fundamentals to build EU policy in this challenging context, the European Commission—and some Member States—developed the concept of “digital sovereignty,” defined by Commissioner Breton⁷ as:

- Sovereignty on data, especially industrial data (a sovereign cloud)
- High-performance computing and microchips
- Connectivity (5G, optical fiber, and low-orbit satellites)

With its Communication on 2030 Digital Compass issued in March 2021⁸, the European Commission defined “the European way for the Digital Decade” to translate EU’s digital sovereignty objectives into specific targets. Additional policy instruments such as the Communications on Industrial Strategy⁹ specify the path toward EU leadership in digital.

⁷EU Commissioner for industrial policy, internal market, digital technology, defense, and space

⁸<https://bit.ly/310MBH4>

⁹<https://bit.ly/3aWrv94>

3 Words Matter: Especially When They Are Meant to Be Performative

3.1 *Digital and Sovereignty, How Does This Add Up?*

The digitalization of the world adds a meta layer on top of the political authority. To set the rules of the game in its own jurisdiction, EU policy makers devised a series of regulatory measures: General Data Protection Regulation,¹⁰ Cybersecurity Act, Directive on Network and Information Security,¹¹ Digital Services Act, and Digital Market Act.¹²

The legal framework is set—and this is not trivial, but does it suffice to build EU's capacity to be sovereign in the digital competition? Many EU companies that play in the global league are not particularly fervent of the concept of sovereignty as most of their operations and revenue are overseas. How about the indecision with GAIA-X¹³ constituency or ARM (a British leading chip maker) acquired by its US rival NVIDIA (“a disaster for Cambridge, for the UK and for Europe” H. Hauser BBC Radio 4 in September 2020) and envisaging to subsidize a US company to build EU chip industry capacity?

3.2 *Political and Legal Considerations*

Defined by F.H. Hinsley (1986, p. 1), sovereignty is “the idea that there is a final and absolute political authority in the political community [. . .] and no final and absolute authority exists elsewhere.” This implies, on the one hand, that no political authority can be half sovereign and, on the other hand, that the entity from which sovereignty emanates should be monolithic or at least sufficiently integrated to project “final and absolute political authority.” Both characteristics are in contradiction with the way the EU is constructed and the breakdown of jurisdiction and competence between EU and Member States.

Does the exclusive competences of the EU¹⁴ grant EU lawmakers the means to walk the talk? What means sovereignty without jurisdiction? How sovereign when, for example, 15 EU countries representing over 50% of the entire EU membership

¹⁰<https://bit.ly/3nKbzyW>

¹¹For the Cybersecurity Act and NIS Directive, see <https://bit.ly/3gYIE6M>.

¹²For the Digital Services Act and the Digital Market Act, see <https://bit.ly/2QIfHR2>.

¹³GAIA-X is a project for the development of a competitive, secure, and trustworthy federation of data infrastructure and service providers for Europe, supported by representatives of business, science, and administration from Germany and France, together with other European partners (<https://bit.ly/3nD241q>).

¹⁴Customs union, competition rules for the internal market, monetary policy for the euro area, common fisheries policy, common commercial policy, and conclusion of international agreements

sign with China's Belt and Road Initiative or European automotive brands ink deals with the GAFAs for data analytics, machine learning, and artificial intelligence?

This might partly explain the bids from the European Commission to seize activities in areas the Treaties allot in principle to Member States, such as radio spectrum allocation, health, or e-identity. Maybe "life on life's terms" will change this breakdown of competence; for the time being, the EC's bids have not been welcomed with open arms in EU capitals.

4 Where Next?

4.1 *Many Assets to Mobilize*

EU may not be a leading player in several areas of the digital economy, e.g., platforms. Yet it has a series of assets to build on, such as:

- The largest GDP in the world and a market of 500 million
- Leadership in several domains (e.g., aeronautics, cryptography, banking, automotive retail)
- A very dynamic SME scene
- R&D and intellectual capital
- High-end connectivity and networks (transport, energy, telecoms)
- Cultural diversity and a fundamental rights charter

*Europe is a deep wellspring of talent, with a tremendous capacity to rebound, and a rare power of innovation: (. . .). Europe is also synonymous with actions and projects driven by exacting values and a commitment to positive and progressive construction.*¹⁵

4.2 *Strategic Autonomy*

We argue that leadership in digital does not mean leading in all segments of the tech industry, but rather the capacity to digitalize industry and services in a safe, secure, and trustworthy way. With this come the questions of how to combine those assets, which battles to choose, which alienous bricks can be part of the plan, who to partner with on what terms, etc.

In other words, select strategic sectors, and within those, make one's own rules and own plans on its own terms. Strategic autonomy, literally, as in *auto-nomos*. This implies acting in several directions and selecting what to do and what NOT to do—which is often the forgotten part.

¹⁵IDATE, Digiworld 2020, op. cit.

This is not new. To a large extent, the EC (and several capitals) are headed in this direction with the recent Regulations mentioned above, the increased powers granted to ENISA¹⁶ in cybersecurity, or the rules to participate in EU-funded research projects.

Contrarily to the concept of digital sovereignty, the concept of strategic autonomy does not hint at any notion of protectionism, rather the idea that “you’re most welcome to operate in my jurisdiction as long as you play by the rules I set.” It is also much more operational as it almost self-contains the notion of a dynamic planning.

In a webinar of a Brussels think tank in February 2021, Anthony Gardner, ex-US Ambassador to the EU, said in a very poetic manner that “Digital sovereignty as sometimes heard in EU circles is chasing moonbeams.” Strategic autonomy on the contrary is very down to earth and operational.

4.3 Aim for the Moon

In the debate on digital sovereignty—or strategic autonomy as we prefer to call it, China is the geopolitical elephant in the room. In order to fight on the geopolitical scene in a heavyweight (industrial) category, Europe often advocates to “partner with think-alike,” those who share EU values on freedom of speech, democracy, and human rights. This makes sense and is possibly much encouraged by the new US administration.

The other elephant in the tech and economic room are the GAFAMs. And as described earlier, all EU trade partners ponder the ambition to be global leaders in the digital world and act accordingly.

In this context, we argue that Europe could define a “third way,” a sort of “digital non-aligned” doctrine which would also give it total leeway to make its strategic choices and rules:

- Define areas for collaboration and no-go areas (e.g., in research programs, in FDI).
- Keep friends close and enemies even closer (that’s what diplomacy is for).
- Respect historical allies while controlling lobbying and entry strategies.

The continent has all it takes to embody this third way and build its own path in the otherwise digital bipolar world shaping before us. This might seem utopian but so was the European construction at its beginnings when the founding fathers launched the process in a devastated continent, which interestingly started with industrial cooperation on coal and steel, as essential to the economy then than digital is today.

¹⁶European Union Agency for Cybersecurity, <https://www.enisa.europa.eu/>

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