

April 24th, 2023

Need for cloud development in the Central Eastern Europe A joint statement by CEE's digital industry

As CEE Digital Coalition - an initiative associating the digital and advanced technologies industry organisations of Central and Eastern Europe, working together to boost the digital transformation of the region's economy and informational society by promoting close business and policy-making cooperation between the countries of CEE, today we call upon the European Commission, European Data Protection Board (EDPB) and Member States for a swift adoption of the adequacy decision for the EU-U.S. Data Privacy Framework so the process can be continued and finalised. In our opinion, the process of establishing the new legal framework has been excessively prolonged.

The two parties reached an agreement 12 months ago and so far, we saw the Executive Order signed by the US President in October 2022 and subsequent proposal by the Commission of a draft adequacy decision. Long administrative processes should not hamper the development of European companies and their digital capabilities, including cloud adoption.

The dependence of our member companies and CEE region end-users on the digital environment and cloud services is constantly increasing. It is essential that clear rules be set for international data transfers. Over two years have passed since the annulation of the EU-US Privacy Shield agreement. Our member companies are facing mounting legal problems, as the legal viability of international data flows continues to be challenged. This destabilisation has had a negative impact on the development of innovation and cloud adoption. Data transfers are a prerequisite of the global economy, but their role is taken for granted.

We would also like to urge both the US government and the EU Institutions to use the platform of the Trade and Technology Council to address the emerging bottlenecks in the data regulatory framework. The European regulatory framework becomes increasingly challenging towards cloud services. The proposed European Cybersecurity Certification Scheme for Cloud Services (EUCCS) can limit access to the European market for multiple

leading cloud providers, which are setting the standards in many areas incl. cybersecurity. Limiting their access to the market would affect the overall cybersecurity of European business. The Data Act aims to impose an entirely new regime for non-personal data which constitutes a challenge in itself for the industry. It may undermine the application of existing data protection rules, create legal uncertainty and lack of coordination with Data Protection Authorities.

Also at the member state level, European governments start proposing data localization measures arguing that it's necessary to ensure the security of data and protection of privacy. However, data localization mandates may pose serious risks to digital resilience, while stifling the economic benefits of cross-border collaboration and innovation. A regulatory framework impeding cloud adoption is detrimental to the development of our region and deprives businesses of competitive advantage associated with using cloud services. It is especially important for the Digital Challengers of the CEE region - our digital economies grew by 51% in the last 5 years¹.

Respectfully,



American Chamber of Commerce in Bulgaria



Association for Applied Research in IT, Czech Republic



Association of Producers and Dealers of ICT equipment, Romania



CONFEDERATION OF INDUSTRY
OF THE CZECH REPUBLIC

Confederation of Industry of the Czech Republic



CEA
Croatian Employers' Association

Croatian Employers Association

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<https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/digital-challengers-on-the-next-frontier-in-central-and-eastern-europe#/>



**Digital
National
Alliance**

Digital National Alliance, Bulgaria



Digital Poland Association



ANIS
Asociatia patronala a
industrii de software
si servicii

Employers' Association of the Software and Services Industry, Romania

infobalt

L I T H U A N I A

INFOBALT, Lithuania

İVSZ

SZÖVETSÉG A
DIGITÁLIS GAZDASÁGÉRT

IT Association of Hungary

LIKTA

LATVIJAS INFORMĀCIJAS
UN KOMUNIKĀCIJAS TEHNOLÓĢIJAS
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Slovak Alliance for Innovation Economy