Enterprise Digital Advisory Forum 29 February 2024

Room 110, Department of Enterprise, Trade and Employment, 23 Kildare Street

Attendees (in-person)

DC Cahalane	Sure Valley Ventures
Eoin Costello	DigitalHQ
Erik O'Donovan	IBEC
Kathryn O'Donovan	Google Ireland
Kieran McCorry	Microsoft
Martina Fitzgerald	Scale Ireland
Mike Conroy	ITAG
Patricia Scanlon	AI Ambassador
Stephanie Anderson	Meta

Attendees (online)

Minister of State for Trade Promotion and Digital Transformation, Dara Calleary TD

Carolina Pascaru	FactoryXChange
Gerry O'Grady	Enterprise Ireland
James Farrell	IDA Ireland
Rob Babos	Digital Business Ireland
Terri O'Donovan	J&J

Officials

Jean Carberry, Ciara Bartley, Nóirín Ní Earcáin, Sarah Bealin, Toby Sainsbury, Helena Keleher, Mary Dalton, Elma Cagovec (DETE)

Claire Hayes Curtin (Department of the Taoiseach)

Ruairí Ó hAilín (Enterprise Ireland)

Introduction

Minister of State Calleary, who joined the meeting online from gteic@Acaill, opened the meeting and set out the agenda, as follows:

1. Approval of minutes of the last meeting of the EDAF, 6 December 2023.
2. Presentation from Digital Services Commissioner, Mr John Evans, following Digital Services Act go-live on 17 February.
3. EDAF Work Programme Discussion – including proposals from Forum members.
4. Presentation on plans for an AI Regulatory Sandbox from Mary Dalton (DETE).
5. Ireland's D9+ Chairmanship - programme and priorities.
6. Update on Digital matters including National Digital Strategy and EU digital files.
7. AOB.

Minister of State Calleary noted he would have to leave the meeting early, with Jean Carberry (DETE) to continue as chair.

Approval of minutes of last meeting of the EDAF

IBEC requested the addition of the point raised by them that they would assist with raising awareness of the Digital Markets Act (DMA). This change was agreed.

Presentation from Digital Services Commissioner on DSA Implementation

John Evans, Digital Services Coordinator, Coimisiún na Meán (CnaM), presented an overview of the implementation of the Digital Services Act (DSA). Ireland was one of six Member States to have the necessary legislation ahead of the first meeting of the Digital Services Board.

Mr Evans provided an overview of the organisational structure of CnaM which has responsibility for a number of media and online content regulatory functions. The legislative framework has three main pillars: the Online Safety and Media Regulation Act (implementing the Audiovisual Media Services Directive), the EU Digital Services Act (DSA) and the EU Terrorist Content Online Regulation. The team he leads has responsibility for platform supervision and investigations.

The DSA is fully applicable since 17 February, with around 400 Irish-based services in scope for which CnaM has exclusive responsibility. Regulation of VLOPs and VLOSEs (Very Large Online Platforms and Very Large Online Search Engines) is a shared responsibility with the European Commission. The DSA provides for a risk-based approach towards services, with the highest obligations for VLOPs with over 45 million users, and tiers below with obligations based on potential harm. Four teams are working on regulatory operations, including a major investigations team. Resourcing of the Platform Supervision and Investigation Division continues to increase, with hiring ongoing. The team currently stands at 102, they have sanction for 160 posts and expect to increase to 250 over time.

There is continuous dialogue with the European Commission, with other regulators in Ireland and with regulators across the EU. Steps are being taken towards a more structured supervision approach based on risk.

The corporate spine is being built up also, including an internal division on data analytics, data technology algorithm expertise, and forensics. In light of Ireland's outsized regulatory role and ambition to build centres of excellence, CnaM and regulators are committed to building capabilities internally in the organisations as well as linking effectively to networks across Europe.

CnaM is embarking on an awareness campaign on illegal content, 'spot it, flag it, stop it'. The first line of defence is the platforms themselves. DSA is regulating to make sure this is being done the right way. At present the number of complaints is very manageable but CnaM expect the volume to increase as awareness of the law increases in all Member States.

The following points were raised in discussion with the members:

- The need for clear guidance for micro- and small- businesses, startups and scaleups as well as for medium-sized platforms approaching the VLOP threshold. CnaM is providing this.
- Actions being taken by CnaM, the European Commission and Digital Services Board on election integrity.
- The potential link between DSA and the AI Act with regard to the AI used in recommender systems and the VLOPs risk assessment.

Plans for an AI Regulatory Sandbox

Mary Dalton, Assistant Principal Officer, DETE, provided an overview of the considerations in play with regard to the establishment of an AI Regulatory Sandbox. The AI Act is near final agreement, and expected to enter into force in Q2 2024. It obliges MS to have a regulatory sandbox operational within 24 months. This can be done via an existing sandbox, in conjunction with other Member State, or through a new sandbox.

The objective of an AI Regulatory Sandbox is to foster innovation, ensure compliance with AI regulation and other EU and national law, enhance legal certainty for innovators, enhance competition, and support SMEs and startups. Sandboxes allow Member State regulators to learn through interaction with companies. The legislation explicitly focuses on SMEs, including start-ups.

Activity on regulatory sandboxes in the past 10 years, mainly in the FinTech sector, has had positive results, including improved regulatory certainly, facilitation of market entry, improved communication with regulators and quicker and more informed adaptation of the regulatory system to technological developments.

In considering Ireland's approach, a number of challenges have to be considered: how to target supports, including evaluation methods; scalability; risk of regulatory fragmentation; and the difficulties around institutional coordination of the official bodies involved.

International developments have been examined. Spain has been working with the European Commission to ensure its well-regarded sandboxes are aligned with the AI Act. Approaches in other jurisdictions have focused on public services. The Swedish Data Protection Authority has worked on health data in the health sector and France's Data Protection Authority is working on projects on the Olympic Games (safety), and AI in the Public Sector (Paris metro).

Next Steps: A governance structure is being established at national and EU level and Implementing Acts are in preparation to ensure uniformity and provide use cases and risk categorisation. A framework for Ireland's sandbox is being developed.

Responses/Proposals from forum members:

- These is a dichotomy between the support and advice approach versus the testing approach.
- The possibility to support only a limited number of companies and the difficulty in determining most effective use of resources. The potential benefit of focus on a sector(s) or uses of high public benefit.
- Risk of fragmentation – consider existing tools, services, research centres.
- Importance of speed and agility and the difficulty for startups to sustain a months-long process.
- The need for support, as is being provided by competitors.
- The requirement for sandbox is most acute for potential high-risk areas, however these are more advanced, whereas for less developed uses the support needs are broader.
- The value of taking a sectoral-approach, with a number of sectors mentioned.

Ireland's D9+ Chairmanship - programme and priorities

Organisation of the Digital Ireland Conference and the D9+ Ministerial Meeting are progressing well. Roberto Viola, Director General of DG CONNECT will be the keynote speaker at the conference. There will be two panel discussions, one on the theme of regulation and one on the theme of AI and two fireside chats. Ibec (co-hosts of the B9) will co-host a networking reception. During the D9+ meeting there will be two discussions on the AI Sandbox and on EU Digital Regulation. We expect a Ministerial Declaration to be adopted. The D9+ and B9+ will meet to share views on future EU digital policy priorities.

Responses/Proposals from forum members

- This is an important opportunity for Ireland to provide a leadership role and to showcase our strengths including on digital regulation.
- The D9+ and this event link to the EU competitiveness discussion and agreeing a common vision.
- Additional events in Ireland's 6-month chairmanship include an event with the Tánaiste in Washington DC this month and a Brussels-based event on the D9+ after the Conference (tbc). Ibec is also hosting a B9+ event in Brussels on 20 March with D9+ MEPs.

EDAF Work Programme Discussion

A discussion was held on the 2023 Work Programme and any suggested updates from Members. Members were invited to share further suggestions in writing.

Responses/Proposals from forum members

- The Digital Portal is near completion and will be shared with the EDAF before go-live.

- The impact of AI on employment and the disruption of certain business processes (opportunity and threat).
- The need for more in depth dialogue with sectors of strategic focus, in particular with regard to potential for AI, and other critical technologies such as quantum, and leveraging the strengths of Ireland's software sector.
- Request to remove reference to 'Digital Intensity Index' from workstream 1.
- Request to include immersive technologies, and consideration of taking a regional/cluster approach.
- EDAF could explore economic sectors of focus where greatest opportunities lie.

Update on digital matters, including the National Digital Strategy and EU Digital Files

No update was provided due to time constraints.

AOB

None raised.

EDAF Secretariat

May 2024