2023 ODVA

Industry Conference and 22nd Annual Meeting

22nd Annual Meeting of Members

October 19, 2023

Future of Data Management and the Impacts of Developing Global Policy:

A close examination of EU data privacy, cybersecurity, data sharing, and product compliance within automation

Our members

45,000

companies represented

Cybersecurity
AI software & hardware
Data analytics
Telecoms
Semiconductors
Cloud technology
International trade

Resilience and the Ukraine war
Healthcare
Manufacturing
Finance
Buildings
Mobility

"We have set a path for the digital transition"

European Commission President
Von Der Leyen, 2023

Priorities

Data Act

Cybersecurity

Product compliance & Standardisation

Data Privacy

#1 Data-sharing: Data Act

- EU seeking to **mandate data-sharing** in sectors other than financial services: narrative is about busting siloes between ''data haves'' and ''data have nots'''

- At request of product user, manufacturers are mandated to **share with third parties raw and pre-processed data generated during usage**, spurring IT system interface and authentication redesign

- Financial services industry has experience of lengthy regulatory discussions about govt-driven APIs for payments data.
    - EU is down similar path with Data Act

➢ DIGITALEUROPE secured exemptions from sharing (case-by-case refusal/suspension) if trade secrets, business position at risk (complaint lodges, dispute settlement bodies in the text)
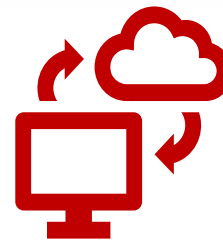
#2 Cybersecurity

– Manufacturers should brace for vast volume of mandatory requirements.

– EU embarked on a journey to regulate cybersecurity holistically: **operation level** (NIS2) and **product level** (Cyber Resilience Act; Machinery Regulation).

– World-first **Cybersecurity Resilience Act (CRA)** mandates broad security for software-embedding products: success of exporting traditional EU market framework to dynamic cybersecurity landscape remains uncertain

– Looming areas to address in CRA:
  • Remove reporting of unpatched vulnerabilities: it raises risk for customer, product manufacturer
  • Define link with RED Delegated Act Directive
  • Define link with new Machinery Regulation (provisions against a) corruption and b) protection of control system logic now part of essential requirements)
  • Leverage EN IEC 62443 (harmonised CRA standards to be ready by 2025)

➢ It's crunch time for the Cyber Resilience Act negotiations. DIGITALEUROPE is actively lobbying, leveraging recent experience on NIS2 advocacy

#3 Product Compliance & Standardisation

- EU seeking to revamp **conformity assessment** and look at lifecycle perspective

  - Evaluating gaps in existing conformity assessment modules, particularly around software design which is seen as overlooked.

  - Addressing challenges in environmental compatibility and software product assessment.
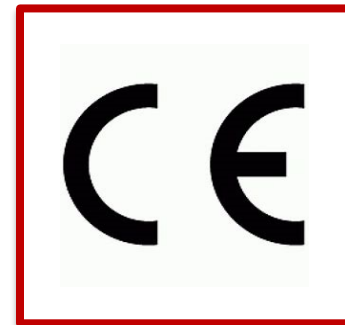
#3 Product Compliance & Standardisation (cont.)

- EU seeking to introduce mandatory **Digital Product Passport** to expand product information visibility and accelerate circular economy

- Will imply a group of environmental, yet-to-be-defined product info will need to be accessed via a data carrier (i.e. QR code)

➢ DIGITALEUROPE is pointing to real-life examples of market access legislative issues needing clarity:
  - Digital Product Passport
  - Machinery Regulation

#4 Data privacy

– Manufacturers and their suppliers operate globally, not regionally

– EU mandates **GDPR controls even on mixed datasets**, which industrial manufacturers are accustomed to deal with.

– Recent adoption of **EU-US Adequacy Decision** gives more legal clarity to industry moving data across the Atlantic. Yet new deal faces possible suspension in court review next year.

   • If that happens, a return to **ad-hoc contractual agreements** looms: 75% of firms rely on them for data transfers to US

– Scrutiny of **international data transfers** will only keep growing. EU talks emerging of outbound investment controls

➢ DIGITALEUROPE has highlighted risks and ineffective approach of EU strategy on third-country data transfers. Engage with us to shape a more industry-friendly framework.

Recap: regulators adapting to digital workflows

- New EU B2B law will require upgraded data export features in machinery.

- Upcoming cyber product regulation will mandate secure-by-design products and components.

- Product compliance framework likely to increasingly embrace digitalisation.

- EU-US data flow deal under scrutiny. Engage with us to maintain it.

Questions?