

Center for Strategic and International Studies

TRANSCRIPT

Event

**“Transatlantic Tech and Security: A Conversation with
EU Commissioner Thierry Breton”**

DATE

Friday, January 27, 2023, at 9:00 a.m. ET

FEATURING

Thierry Breton

Commissioner for Internal Market of the European Union

CSIS EXPERTS

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Max Bergmann: Good morning, everyone, and welcome to the Center for Strategic and International Studies.

I am Max Bergmann. I'm the director of the Stuart Center in the Europe, Russia, and Eurasia program here at CSIS, and thank you so much for joining us on a Friday morning. I know it's rare to have so many people in downtown D.C. on a Friday in this post-COVID era, or relatively post-COVID era. So, I want to thank you for attending in person.

We are so honored to have EU Commissioner for the Internal Market Thierry Breton here with us today, and the topic of today's discussion is transatlantic cooperation on technology and security.

This is a pivotal moment both for the United States and Europe. The war in Ukraine and growing geopolitical competition with China has highlighted the need for robust cooperation between Washington and Brussels, and cooperation between our two unions is never easy but it has greatly intensified over the last few years and particularly in the wake of Russia's invasion with the EU taking an impressive leadership role in welcoming millions of Ukrainian refugees, providing lethal aid to Ukraine for the first time in its history, in levying an unprecedented sanctions regime against the Russian economy.

However, significant challenges lie ahead for the United States and the EU, particularly on trade, climate change, technology regulation, and Europe's future in the global security order.

That is why we are so excited to have Commissioner Breton with us today. He is one of the most powerful political leaders in Europe with an incredibly broad and important portfolio. He is responsible for the smooth functioning of the EU's internal market, guiding European industry through both the green and digital transitions, implementing the EU's digital regulation, strengthening EU cybersecurity in the EU's – you know, in the EU's intellectual property regime.

And if that wasn't enough, he also has a critical defense role in implementing the EU Defense Fund and EU space policy. In short, the only thing he doesn't do, I think, is sleep.

So, if there's a hard problem facing the EU, I think, Thierry Breton is working on it. And so, fortunately, I think, for the European Union and for the transatlantic alliance there are a few political leaders with the depth of public and private experience to deal with such a portfolio.

In the private sector he has served as CEO of Thomson Multimedia and France Télécom, and from 2005 to 2007 he served as the French Minister for Economy, Finance, and Industry.

In 2008, Mr. Breton went back to the private sector to become CEO of Atos, a European IT company headquartered in France, and then in 2019 he was tapped on the shoulder to go to the European Union to serve as European commissioner for the internal market under the presidency of Ursula von der Leyen.

So, I cannot think of a better guest with whom to discuss the state and direction of transatlantic relations, technology and security cooperation, and every other issue that is dominating, I think, the news today in the transatlantic space.

So, without further ado, it is my pleasure to introduce Mr. Thierry Breton, EU commissioner for the internal market. Please join me. (Applause.)

Thierry Breton: Dear Max, thank you very much, and, ladies and gentlemen, thank you very much.

I should tell you that I'm extremely happy to be here today. I spent so many years of my life in the U.S. I feel like home here. But don't repeat it to my European colleagues. But it's true. So, it's very good to be back here and thank you for having me today.

You're absolutely right. We are living in times now of major, major geopolitical challenges, which probably are reshaping the world. So, it's probably a good time to discuss about it. Obviously, and we all know that the succession of crisis – the COVID-19 crisis, now Putin's war against Ukraine, of course, the consequence, even if it started before, the energy crisis, and, of course, this has shed light on what some are starting to say the end of globalization, at least the way we knew it.

Dependencies are used as weapons against us, and we know this, European, because this is what Putin do and he's doing not only since the beginning of the war but before that. So, we know that extremely, extremely well, believe me.

But also, I should say that supply chains become now geopolitical instruments, and without industrial production capacity we risk to become net importers and also being exposed to shortages and then exporting our jobs.

But while some have tried to weaken the European Union, it's fair to say that the effect has been the opposite, and as the world was in lockdown and even our U.S. partners applied an "America First" policy on vaccines, Europe rose to the challenge and became the globe's top vaccine producer and, by the way, also exporter.

Europe's efforts to enforce our defense and space industries to ensure our collective securities are yielding significant results, and our resolve to decouple from Russia is now greater than ever, even if our companies and household face much steeper [inaudible] than the rest of the world and, of course, it's an issue for Europe, who made excuses to them.

So, 2023 will remain definitely a challenging year for all of us. And in this so-called testing time, whether – (inaudible) – it is important to walk on well-established and well, let's say, relations, as well as potential new partnerships. And, clearly, of course, the United States will remain Europe's most important ally.

We need definitely this strong transatlantic partnership among the equals that builds on what we have achieved together and also evolve in light of today's new realities.

Firstly, let's speak about the security front. Europe and the U.S. partnership has shown all its value and efficiency in the joint reaction to the war in Ukraine, and our close coordination on sanction since day one, and also arms transfer.

Of course, the return of war on the European continent has been a wakeup call for all of us. It has made all of our member states realize the need to invest more and better in our common defense and to take more responsibility in meeting Europe's security needs as reflected, by the way, in the adoption of our strategic compass, our, let's say, new EU defense doctrine.

What we do at the European level to support Ukraine, I think, deserves probably more attention, especially from maybe this side – not in this room, but outside of the Atlantic as it is, I should say, definitely unprecedented. We, so far, after 11 months of war a total of more than \$50 billion of aid already sent out of wheat, around 11 billion (dollars) of weapons and an additional now 19 billion (dollars) approved for this year, 2023.

Europe is definitely a key player of support in Ukraine, and we will continue to do this, of course. But let me reassure you a stronger European in defense means a stronger NATO, which will remain at the heart of Europe's security.

So, there is nothing to fear in Europe moving forward and increasingly becoming a security provider for the continent. So, war is also reshaping how we approach new contested areas and, of course, we always think of cyber.

So, Europe has developed the capability, the regulatory framework or so, and the political willingness to increase our joint cybersecurity. We are ready to bring these to the table to build a strong partnership with the U.S., which is

one of the main objectives, by the way, of my visit here in Washington yesterday and today.

For example, yesterday I met – had a very good talk with Secretary Mayorkas. We launched together at a political level the EU-U.S. cyber dialogue. It will focus on very concrete deliverables, on, one, common situational awareness and structured exchange of information; second, cybersecurity standards for hardware and software; and third, cybersecurity of critical infrastructure.

So, while the U.S. has developed stronger personalized cyber capacity, I am happy to see that it is now developing a more stringent regulatory approach with the upcoming cyber strategy to be announced.

Still, under the question of security, I strongly believe we need to develop stronger common ground on technology security. We cannot allow China to access the most advanced technologies via the – in semiconductors, quantum, cloud, edge, AI, connectivity and so on.

I see a very strong alignment on this agenda between EU and the U.S. even if we may sometime differ on the matters, which is normal. For example, we worked towards 5G cybersecurity, and I was in charge of it, to remove high-risk suppliers from our networks and we are following closely the ongoing Chinese investment into European critical infrastructure.

On semiconductors, both the EU and the U.S. have put forward CHIPS Act and, by the way, Gina Raimondo did a fantastic job here. I just wanted to highlight it, which was so important for the U.S. but also for us as a partner.

And this is extremely important to attract megafabs on our soils, both in Europe and in U.S., of course, because, as you know, we did also our U.S. – EU CHIPS Act. This will allow us to rebalance and secure our supply chains, reducing, therefore, our collective dependencies from Asia.

And, by the way, our goal is at the end of this decade to be able to produce, both the U.S. and the EU, 50 percent of the global needs of the planet, 30 percent in the U.S. and 20 percent in Europe.

The world in this context on the EU's – U.S., sorry – bold decision on export control of semiconductors. In Europe, we fully agree with the objective of depriving China from the most advanced chips, and the same goes for quantum technologies. You will always find Europe by your side when it comes to ensuring our common security in technology.

But actions should be limited to what is necessary from a security point of view and then, of course, in full, transparent, and open partnership and integration, of course, with Europe.

Investment in critical infrastructure is another case in point. Take the example of the undersea cables. Europe is still reliant on a single route. So, we are now discussing the idea of an Arctic cable connecting Europe to Japan. But why couldn't we make this cable a, quote/unquote, "G-7 cable" connecting all allies – U.S., Canada, U.K., Europe, and Japan?

Certain dimension I would like to highlight here is of a renewed partnership which lies with our respective approach to fighting climate change. Of course, the green transition is a massive transformation for our societies and also our economies and, above all, for our industrial fabric, one that requires new NLG source, securing entire supply chains, as well as new skills, of course, for both of us, U.S. and the EU.

And with our green deal, Europe wants to be the first climate-neutral continent by 2050. This means a, largely, electrified continent relying on nuclear and renewable energies – solar, wind – which means also new ways to store electricity, batteries, or hydrogen.

And what do all these technologies have in common? Raw materials, lots of raw materials such as lithium, cobalt, rare earths and also, by the way, extremely important for semiconductors.

We will need in Europe to invest 450 billion euros per year, both private and public, per year, to drive this transformation. This is, by the way, 3 percent of our GDP. But if this is used to buy Chinese solar panels, batteries, or refined lithium, we will have only achieved replacing a dependency on fossil fuel with new dependencies.

So, it is time to reconcile climate neutrality policy with industrial competitiveness policy and, of course, the U.S. have defined their approach in the Inflation Reduction Act. And, yes, we know that – some have been vocal – there are some elements of the IRA that are still an issue for Europe when it comes to discriminatory provision with regards to European companies. But we are working with the U.S. to address them and, of course, I'm confident that we will have quick results. We need to have quick results here.

Overall, the IRA will not only fight climate change, it will also attract and secure key industrial value chains – we call it the clean-tech industries – in the U.S., of course, and we already see the impact, let's say, a pull factor for European investment towards U.S.

So, Europe must now also develop, and quickly, its own policy approach to secure its industrial clean-tech buys, and we are doing just that. In March, we will adopt a new Net-Zero Industry Act, as announced by our president, Ursula von der Leyen. We are looking, of course, carefully at U.S. policies for inspiration without emulating, of course, all the elements.

And what are we aiming at? Europe needs a more agile and favorable regulatory framework in areas like permitting and make sure that public money is spent smartly and efficiently, and as the former minister of finance, as you were reminded, this is extremely important. I never forget that it is taxpayer money.

But also, of course, with speed, predictability, and fostering production in strategic value chains. And in addition to remaining a leading exporter we want to remain a top destination, of course, of foreign investment but, of course, on our terms and with added value for Europeans.

So, needless to say, there will be no clean-tech industry without secure and sustainable access to all materials, and this is why the Net-Zero Industry Act will go hand in hand with a critical raw material act that we are finalizing also in March.

I know this is an area of shared concern with the U.S. and Europe as global demand for raw materials is not matched by supply. By the way, I just arrived yesterday morning from Namibia, where I visited the potentially largest lithium mine and where lies the potential biggest rare-earth reserve on the planet, totally under exploited.

But as in many African countries, Chinese activism is extremely important. They are fast, massive, and, to tell you the truth, without any concerns for the economic development of the country, extracting and sending the raw materials to be refined in China.

So, we must develop another model, a new type of partnership to secure our supply chains and also allow those same countries to benefit from local added value including ramping up refining, processing, and recycling capacities.

Last, but not least, a strong dimension of our transatlantic partnership concerns the regulation of online platforms. For years these platforms benefited from a free pass, and this has changed now in Europe where we just adopted the Digital Services Act and the Digital Market Act to reorganize our digital space, both for societal and economic reasons.

The DSA will protect our citizens in the virtual world against disinformation or cyber bullying of our children. The DMA will ensure fair competition in the access to the virtual space so that platforms cannot abuse their gatekeeper position.

I am, of course, in contact myself with platforms in Europe and all over the world so they get ready to comply with our new legislation, which will be

enforceable rigorously, believe me, including by applying sanctions where they will be necessary, and we are talking of things very serious here.

So, in Europe, which is, by the way, the largest digital market of the free world with its 450 million population, online platforms will no longer be able to act like if they were too big to care. As it was the case for the protection of personal data, Europe is a pioneer here. I understand the debate is going on in the U.S. on Section 230 with the clear position of the president of the United States in a recent op-ed. Of course, we're open and willing to share our experience and solution with the U.S. lawmakers.

So, as a conclusion, ladies and gentlemen, I would like to say that the EU and the U.S. have been, of course, allies for decades and will continue to be probably for centuries, and as the world and the geopolitical order is being reshaped now, this alliance must continue, evolve, and adapt.

We have shown great collective resolve and unity in face of Putin's war. By the way, it makes us even closer than ever, and this is central. But our alliance on security must also go into an alliance on technology, raw materials, and big tech, and these are the pillars of a renewed transatlantic partnership, which I'm glad to be able to discuss with my counterpart in the U.S., especially during this trip.

Thank you very much. (Applause.)

Mr. Bergmann: Well, thank you, Commissioner Breton, for those wide-ranging remarks and, I think, very helpful and insightful for us here in Washington to sort of understand everything that's on your portfolio and in the EU's perspective.

I want to maybe start broadly. We're approaching one year since the war in Ukraine and I'm curious for your take on how Europe has changed in response to the war and then maybe if you could look forward on where hasn't Europe maybe changed enough in response to the war.

Are there more things that you are hoping that Europe reacts to, the European Union, initiatives that European Union takes in the coming years? Maybe not just in the next few months but in the coming years, where does Europe need to go in response to this war?

Comm. Breton: Well, it's true and it's fair to say that Europe react and move forward on crisis, and, by the way, we have seen a lot of crises these days, and every time we have been able to progress. I said it. We are a big democracy, 450 million inhabitants sharing the same value, rule of law. It's not easy to be a big democracy and you know that. We have 27 member states. But we are driving our policies with these values.

And, of course, in our democracy, which is, by the way, not too far from the democracy I know here from years in Washington, D.C., the commission is proposing bills and then I spend my time like my counterpart, Gina Raimondo or whoever, to move from the Senate.

Our senate, by the way, is a council, exactly the same thing except that you have two senators by state, we have one, and then our parliament, which is the House. So that's pretty similar.

So, I understand exactly how it works, and you know that democracy is not always the most rapid way to change things. But we are happy to be in a democracy, not in autocracy, where things could be a little bit faster but not with the same result.

So, for us, it's true that when there is a shock, we can act a little bit faster, and we did it, by the way, for the COVID. You know that the health was only in the hands of member states. And after COVID, we have been able to mutualize our resources' capacity of producing research. And we import.

Same thing with the war. Energy and LG mix is still in the hands of member states, but because of the war and because of our willingness immediately, and we did it successfully, by the way, to get rid of the Russian dependencies and especially on gas, we didn't put any sanction on gas.

But we worked immediately and with my team with every single member state to make sure that we had a B plan to be able to get rid of the dependency and we did it successfully and, by the way, with a lot of LNG coming from this side of the ocean but not only.

So, we have been able to do this and now we are mutualizing our capacity to buy together, to have a cap together, to be smarter and stronger together. And it was something that you could not even imagine before. You spoke about – of course, when we speak about the war, we speak about our capacity to react or so for the first time by sending arms together to Ukraine. It was the first time that the commission was involved in it because by treaty we cannot be directly involved. But we find ways and we did it successfully and we continue to do it.

So, in a nutshell, I think with the crisis and especially this one, the feeling in Europe is that we are stronger together, that in order to cope now with the new geopolitical evolution of the world we need more than ever leadership, solidarity, and unity. And you will see in all our policies this triptych to being a part of our, hopefully, new DNA.

Final point, what we will need to do. So, you mentioned it. I'm in charge of our defense industry and space. I keep repeating it – we need to spend more in defense, and my goal – it's not my goal. It is a goal of – I mean, 25 countries are a member of NATO now or soon to be, which is very good news. But we need to spend at least 2 percent of our GDP in defense, and we are not yet here.

So, every time I meet a member state, I keep repeating we need to have a plan for that. That's extremely important. And by the way, as I said to NATO some time, I mean, we want to have a strong NATO because we are NATO. I mean, we are a very important pillar of NATO. So, the stronger we will be the better it will be for NATO, of course.

But it's true that within our member states we need to have the visibility for the defense industry to give the visibility to increase our production. We are not yet here. This is a subject, by the way, also for the U.S. So, we need to increase our capacity to produce more resources and munitions and everything. So that's something that I'm behind and we still are – we're still lacking of this capacity so that's something we need to increase.

Final point. A consequence of this war and our willingness to get rid of Russian dependencies and especially in fossil fuels is that it has accelerated our willingness to achieve our goal for being a zero-CO2 continent by 2050 and, in other words, to increase the deployment, which is mandatory, necessary, to deploy clean-energy production in Europe. And this is where we need to have more industry, so we have now our Net-Zero Industry Act that we are working, which is maybe a mirror of what happened with the IRA. And I said it very clearly to my fellow citizens. Let's work. Let's do the same thing.

By the way, we did it for the CHIPS Act. We have two major transitions going on, the digital transition and the green transition. For the digital transition, we decided it was absolutely critical to enhance our capacity to produce more chips, which are key for the digitalization on our territory, both the U.S. and Europe. And we did it wonderfully well-coordinated. I mentioned the very smooth relations that we have with Gina and her services, and it's working well.

We need to do the same thing for the clean tech. So, U.S. started with the IRA so we need to have also our new CHIPS Act like we did for the one and I'm convinced that it would work. But we need to work in cooperation, not in competition.

Mr. Bergmann: Just on that point, one of the things that strikes me. The challenges of U.S.-EU cooperation is that we have two very complex unions, two complex democracies. As you outlined, you know, for – the United States the passage of the IRA was incredibly complicated, you know, negotiations behind closed doors. And then when we – when the EU or the U.S. comes out with a new law or new regulation, it's then very hard for us to change it or really to adapt to the concerns of the United States or the European Union.

And I'm curious – you know, the Trade and Technology Council that has been set up between the U.S. and the EU has been really highlighted by this

administration as an example of transatlantic cooperation. It was mentioned in the National Security Strategy.

How do you see the role of the TTC in sort of playing that role of trying to iron out some of the differences that emerge in our perspective approaches? All the while, it seems as if we're actually quite aligned on the big picture, on the need for protecting supply chains, on the need to be concerned about climate, and China.

So, I'm curious, how do you see the role of the TTC here playing as trying to improve transatlantic relations?

Comm. Breton: I mean, first, it's good that we have rendezvous when we sit together and we speak and we can talk frankly, because we are the strongest ally for decades and more. So, when something is going well, it's good to share. When something has to be improved it's like in a family.

So, it's always good to have this rendezvous, meetings, where we can speak openly and also to measure our progresses and share what we do. But to be honest, we did not wait for the TTC to have these relations, and fortunately enough, because TTC is only T for tech and T for trade.

By the way, there is only tech and trade in our nations. For example, I have launched the EU-U.S. Cyber Dialogue. We have many other dialogues on many strategic issues, so the TTC is not for everything between us. But it's true that it's important to have this rendezvous.

My message is very simple always, and I said it. I think what we did for the CHIPS Act or the way we did it before the TTC – so what we did for the CHIPS Act was definitely to have very smooth and close discussions, even – as you mentioned, we are democracies so even before having this act being approved in the U.S. it has been quite a challenge and quite a success and we are, for us, in the process to finalize our final approval.

But we were exchanging before that, and I don't say that we have been strongly influenced by the U.S. or that Gina has been strongly influenced by us. But it's true that discussing together helped us to design what I believe was good for the U.S., is good for Europe, and is good for our partnership because we worked closely together before.

My point here is that for specific things, very important. It's important to speak maybe ahead than after. So that's the only point. And for the rest, of course, I really cherish the fact that we have this gathering together. It's important to spend some time. But here I am, and the TTC is only in five more months. I can't wait for it, but it will be in Sweden, by the way. But I will probably come back before.

Mr. Bergmann: Yeah. Well, you're always welcome back here as well.

Comm. Breton: Thank you.

Mr. Bergmann: Let me maybe dive into some of the topics that you mentioned in your opening remarks and some of the topics that you're responsible for.

Maybe we'll start with defense. Many in Washington, if you ask them what role the EU plays in defense, they would say they don't. It's all about NATO.

But, in fact, that's not true. The EU is increasingly playing an important role in defense and one of the things that you have pushed is that the European Union – now that European countries are spending more on defense we're seeing a significant investment – it's much better if that spending is coordinated, if it's integrated, and if it's not just 27 countries going and spending in all different places, and the EU has set up a new fund to try to encourage cooperation.

Are you hopeful that that will lead to this kind of a sea change in how European countries approach defense, that the EU can sort of play this role in beginning to integrate European defense more? One of the things that we've seen is that cooperation between European countries on defense has actually not increased over the last decade, especially when it comes to big procurements.

So, what is the role that you think that the EU can really play here, and do you think this 500-million-euro fund is going to be enough to sort of really incentivize cooperation?

Comm. Breton: Of course not. But let me come to your three points – your three remarks. The first one, we are NATO. There is not Europe and NATO. There is not U.S. and NATO. You are NATO. We are NATO.

So why don't we stop opposing NATO and Europe not oppose NATO and U.S.? I mean, NATO is an alliance. We are allies within NATO, but without our resources NATO is nowhere. So, we are NATO. The stronger we will be the stronger will be NATO.

So, my job, which is not easy, is to coordinate, of course, all these efforts to make a stronger European pillar of NATO than it is today because we believe it's important. And it's true that defense was part of member states' policy.

So now my goal, in charge of defense, is to make sure that we will be able to have the tools to create an incentive, a willingness, for member states to work together, and this is exactly the philosophies that we had, that I had, when I presented the defense fund. The European Defense Fund is basically exactly what this mean. In other words, you need to have a few countries

together with a single project for countries with big companies, SMEs, and then we have many, many projects in tanks, hypersonics, frigates, many things.

So, we – if the countries come here and have a plan to invest in R&D for this project, we can add a top up as long as it is a corporation, and it works extremely well. In other words, we give an incentive for a specific project, and by the way, our strategic compass now is very clear, so we know exactly where we want to invest.

We have many, many projects. Companies come to us, together with a minimum of member states – not one- or two-members states could come. Should be a bunch of member states. And then when it makes sense we support it, and it works.

So now in terms of – you were mentioning the so-called EDIRPA. The EDIRPA is our new regulation that we're working on to encourage member states to buy together. This is for R&D, right, not for the defense fund. Now, for EDIRPA and then the future EDIP, EDIRPA is just a bylaw. This is why we have just 500 million (euros).

By the way, we started also the defense fund with a pilot of 500 million (euros). It is just a pilot. This is why, of course, it's not enough. It is a pilot. This pilot is designed so that if three member states come together and decide to buy the same ammunitions, the same product, military equipment, then we will add a top up to force them to have an incentive to work together.

The European Commission by treaty cannot by itself. Should be member states. But, again, we are creating an – (inaudible) – that is to have the benefit to work together. And I know in my life and when you start to see that it's working you continue to work because you have a benefit.

This is how we build step by step and, of course, if the pilot is successful – I have no doubt that it will be successful – then we will have an EDIP, which will be like the sister project of the European Defense Fund for biggest procurement with the largest fund to incentive, again, member states to buy together and to be more harmonized.

But it takes time. Democracy takes time. So, I have on one hand, to adjust the speed, which is necessary to increase our capacity, our industry of defense, because it's what we need in order to reach the 2 percent and even more. If we look at Poland, for example, it will be more. And some member states are already saying I want to do – I need to do more. But we need to increase, again, our capacity to produce and it will be very good, I believe, for all our allies and for NATO.

Mr. Bergmann: I want to turn to digital and technology regulation. It seems like there's a few

big differences between the U.S. and the EU. I mean, I think the first big difference is that the EU can actually pass legislation that then regulates the digital and technology space while the United States, despite expressing a desire to implement and to pass digital regulation, hasn't yet or it hasn't passed digital legislation.

But the second seems to be the U.S. is much more focused on doing no harm, essentially, to its companies and preserving innovation while the EU is more focused on preventing the potential harm that can come from some of the online digital platforms and digital activities.

How do you balance this tradeoff between trying to preserve innovation with the desire to also prevent harm? Do you feel that sometimes the EU regulations are stifling innovation within the European Union?

Comm. Breton: I know, I know, I know this simplification. In Europe, you are good for regulation, and we are good in technology. I know. I worked 20 years of my life here in this country, so I know this, and it's absolutely not true. So, thank you for giving me the opportunity to say it once again.

Mr. Bergmann: I teed it up.

Comm. Breton: Because we – because, on one hand, it is absolutely true that we missed totally, we failed for the personal data revolution. It's true. But why? Because at the end of the day, sorry to say that, but it was not really rocket science. To start, I will not give names. But the social network even a one-year college dropout students could do it. So, it's not rocket science.

But why did it work in this country? Fund money, and you had a big market, 310 times two eyesball unified. And for us, it was 27. No chance to win. And then, of course, the merit – a lot of marketing merits first, and then technology came.

But let's be honest, this is how it started. And I don't want to say that it was fantastic progress with these platforms, and I don't minimize it. But let's just be honest.

Now there is another regulation in place, which is industrial data revolution. Much bigger than the personal data, much bigger, because now we will generate 10 times more data per year than we generate for industry that we generate for the personal use of our data, and this is where we will create value. This is where we will create services.

But in order to do this you need industries. That was – that's why, personally, I think what President Biden did with IRA was very smart because it's true that U.S. lost its capacity in industry, and I know this very well. Twenty years ago, I was the chairman and CEO of RCA. Probably the younger generation

didn't know RCA but maybe others knew RCA.

RCA was the leader in consumer electronics, 25 percent market share. I was the chairman and CEO. I had 18 factories in the U.S., and you know what the market was asking me to do? Mr. Chairman, close this. No. No. No more factories in the U.S. No factories. Put all your factories in the maquiladoras and then send all your factories from the maquiladoras to the Detroit Belle River between – and I did it, like all my peers.

And at the end of the day, we had all these states without any jobs. No more manufacturing capacity. That's why I think it was very smart to industrialize and especially the states in the central of the U.S. and you need to have capacities.

You need to have this industry and you need to speed up because this is where you will – not only you will create data, but you will use the data to produce new services. And here Europe is in an extremely good position. So, we are putting things, helping companies – by the way, we welcome U.S. companies to come here also to benefit from a new generation of industrial data, to benefit from it and to use it, of course, our way in Europe and we are European. But everyone will be welcome, and we don't want to miss this one.

But, of course, in partnership with our U.S. friends. So now coming back on the regulation, because of this extremely good success and very, very successful social platforms we did this without any regulations and we also – a lot of catastrophes happening. We have a lot of holes in our physical world and almost no holes in the digital.

You know that our children are spending five, six, seven, sometimes eight hours per day. Per day. I have examples, not in my family, but I've met – I have examples. I mean, without any support regulations and you know what of the catastrophes.

We had to do something. We are politicians. We had to do something for our fellow citizens. We don't want to take care of the U.S. fellow citizen. We first have to take care of our fellow – that's my responsibility as a regulator. And so, we had to do it and we did it. It was tough because the lobbies are pretty strong. These companies are – they spend a lot of money for lobbies. I'm not bad.

But I was one of them, so I know exactly how they behave. So, it helped a little bit and I know all these guys are the CEOs, they are great CEOs for many, many years. It helped me a little bit to know a bit to anticipate their way – I will not use other words – and to anticipate it even if I have been the victim myself of some tentative to, let's say, destabilize my ability to do what I had to do.

But we did it. We did it with the parliament, we did with the council, and it worked well. And, of course, we did it also, by the way, with after a very large consultation, more than 3,000 consultations. You forgot to mention that I have been also a professor for – at HBS. I was teaching governance after – when I left the government.

So, governance is extremely important for me and having the stakeholder being able. But there were a lot of U.S. ones that were extremely important. So, we took all this input, and this is how we have designed our regulation. So, I don't want to say that it could be used like that for the U.S. But we did it with all the stakeholders including all the U.S. stakeholders. So, if now it could be useful for our U.S. friends, be our guest.

Mr. Bergmann: Well, let me just ask about Twitter because Elon Musk's takeover of Twitter, the content moderation standards seem to have declined greatly. A lot of the staff have been let go. Now with the Digital Services Act you're sort of responsible for implementing that.

Are you going to take action against Twitter? Have there have been steps taken or have you sent any signals to Elon Musk that the way he's running that company is not fit with EU standards?

Comm. Breton: No. But, you know, as a regulator and an enforcer, I will not – I will not give names. I will not tell you what we will do. I'm just telling you that we will do what we have to do by law now.

But my job – to answer to your question, my job is to make sure because we are now in a transition. These platforms are almost no rules. I know they will be strongly regulated. I mean, strongly they will be regulated, they will have obligations, to protect our fellow citizens, to protect our children, to avoid harassment, to everything. And then we'll have obligation to be transparent with the algorithm, and so on.

And just let's – to give you the timeframe, by February 17 the platforms operating in Europe will have to declare how many users they have because then it will qualify them in categories for systemic platforms or others and then, of course, they will have more – the bigger they are the more obligations they have.

So, Twitter, like others, have to declare themselves by February 17. Then they will have more or less around three months, something like that, to adapt themselves. Let's say if you are a systemic platform, you have three months to adapt yourself to the new rules. Three or four months. That means that by summer we will start to enforce. My job – I'm coming from the private sector – is to make sure that everyone understands it.

Of course, everyone is welcome in Europe. But we have our rules. So now

everyone will have to follow ours. No one would avoid to have the benefit of the largest digital market of the world. No one. Nobody.

I mean, it's totally normal that Twitter, TikTok, whoever, is willing to have access to the European market, and it's fine. But, you know, in Europe – in continental Europe we are driving on the right side of the road. So, if you're on the left side too bad for you. You have to adapt yourself.

So that's what I'm telling them. But I explaining so it's true that when Elon Musk mentioned his intention to buy Twitter I was in the U.S. I was in Austin. And then I said, oh, maybe we could have a chat.

So, I met him and I said, look, Elon, this is all yours and I was happy that he told me, oh, fantastic, this is exactly what I want to do. So good for you. So, but OK, then I met again with him and I said, look, this is what you have to comply with. Just be ready for it.

And, by the way, I offer him like I offer to all the platforms is I want also a dry test, a dry run. We could also have a run just to show them what is missing today and where they will have to change very quickly.

I had a meeting also with the TikTok CEO a few days ago and I told him, look, I look carefully of everything you do and if it was today, you will not pass. So, you have three months to adapt yourself.

So, I understand that – for example, you mentioned Twitter that maybe they get rid of moderators, but probably to fulfill our condition he will have to watch very carefully. I mean, moderators will have – at least in Europe. Maybe he was thinking that less moderators outside of Europe to put more in Europe. I don't know. We'll see.

But what I know is that my mission is to make sure that everything is clear, that they understand everything, and that they put themselves to fulfill. If not, like always, we have also to have some fine because, of course, most of them, of course, and hopefully all of them will comply with our rules because that's the law now.

So, I'm sure that they will live. If some don't, we have some fine, up to 6 percent revenue and if it continues, we could have a ban and, of course, I will exercise all the powers that our co-legislator just gave to me. I will do it.

Mr. Bergmann:

OK. I want to take just a couple questions from the audience. We're running short on time. My last question, though, for you – so if you have a question, please raise your hand. But my last question for you is to just tie it to – on climate and your efforts on responding to the IRA.

It seems like the biggest advocates of a fiscal union right now are actually in

Washington with John Kerry and Katherine Tai advocating that the EU follow the U.S. approach. There's been a lot of talk of the need for the EU to find ways to find more funds to either borrow or find ways to raise revenue to move toward a fiscal union so they can address some of the issues you talked about on defense, on climate.

There's a division within Europe on this. What is your view on the EU needing to move toward a fiscal union to address issues like climate and perhaps providing more defense spending?

Comm. Breton: No, but – first, I know John extremely well and he's a good friend of mine and I know what he said in Davos. But I could say, John, we did not wait on your recommendation. I was working on it since beginning of September and I thought it's our mission to have – OK, and we are not too late and that is what I keep telling our industries, look, the U.S. has been smart enough. It has been since mid-August. So now we are mid-January. So OK, that's five months. Let's do it, and we will do it.

We'll do it but you're absolutely right, we have to make sure that we will have enough fundings. And, by the way, we are exactly like the U.S. The U.S. they don't have their first dollar available. The EU also. So, what we will do? We will borrow. Yes, we borrow, we borrow, we borrow. So, we have to borrow overly. But that's for good – for the good reason. The good reason is to fight against climate change, and we have also today so we have to make sure – and as the commissioner in charge of internal market let's be very clear.

I was re-advocating to have an act, a wise internal act like we did, again, for the CHIPS Act, to make sure that for the clean-tech industry we'll have all the same rules and obligations, very easy for all the member states – accelerating permitting, accelerating access to financing, making sure that things will be more easy for this technology, like we did, again, for the chips.

So, this is why I'm extremely pleased that von der Leyen now presented this Net-Zero Industry Act, which is, again, this horizontal framework to make sure that every member states behave the same way for this clean-tech industry.

Second pillar, of course, we need to finance it. So now, of course, we have different options. Some member states can borrow easily, like, for example, Germany, Netherlands, France also. So, we borrow. By the way, Germany announced 200 billion euros, not for this but a package maybe 60 (billion euros), 70 (billion euros), 80 billion (euros), 90 billion (euros) will be used for that. But they announced already that they will have an extra borrowing for that.

Same for the Dutch. Some others have some remaining money available from next generation EU, our former – so, like, for example, Spain and Italy. So, we

have to see if we can adapt it. So, most of us would like to have access to our European Investment Bank.

So, we are working with a bunch of solution because we need to make sure that everyone will have access to the capital – to the funding which are needed, again, to have a global access and also solution for their own industrial base, and also for their old supply chains because one thing which is extremely important – the internal market now is based strongly on supply chains, extremely interconnected.

It's not like the internal market 20 years ago when, for example, Mario Monti was here. It's a new one. It's a new internal market. We are totally interconnected, much more than in the past. And so, people didn't see this revolution of supply chains.

My job is to make sure that the supply chains will continue to work, and it was extremely visible during the COVID-19 security crisis. And this is why we have been able to have this next-generation EU package, borrowing globally to maintain our supply chains because it is our internal market.

That's the new internal markets. That's the new Europe – industrial Europe that we are. We need to make sure that here also for this new industry we'll be able to act exactly the same way. Not one big member state and – or two or three and forgetting the other.

So, my job is just to remind to everyone we are 27. This is like in the U.S. Delaware is as important as California.

Mr. Bergmann: Great. We're at the hour. I'm not sure if you have two minutes to stay past 10:00. But maybe I'll take –

Comm. Breton: You got my team, yes?

Mr. Bergmann: Yes, we got the thumbs up. I'll take one question from Fran Burwell here in the front and maybe one more in the back, and if you could keep – really keep it to a question and introduce yourself.

Q: Fran Burwell from the Atlantic Council. OK.

I wanted – you have been one of the strongest supporters, at least rhetorically, in terms of digital sovereignty for the EU. Can you describe what you mean by that? And when I travel in central Europe, I hear a lot of the time open strategic autonomy rather than digital sovereignty. Do you see a difference between those two?

Comm. Breton: Well, no, not really. This is why I'm not using too much the word "sovereignty," because it means different things when you are in central

Europe or in northern Europe or in south or everything.

I'm just saying that we need to be able to monitor our own future and own destiny. Of course, understanding what we are, what are our weaknesses, what we need to consolidate, but also working with our allies. So that's the new world we are in.

We have to make sure that whatever could happen in this new geopolitics of supply chains is the way I'm calling it – whatever could happen our supply chain will continue to work because this is vital for our industries.

I will always remind when I've been in charge of the vaccine, and when the decision has been to ban their export from the U.S. not only for vaccines but also for components how painful it has been for us and for me to reinitiate the dialogue and to refine the ways that our product manufactured in our facilities in the U.S. could be exported. It was painful.

But we did it and you know with whom? With a very good friend of mine, Jeff Zients. He was the U.S. chief vaccine. I was the EU chief vaccine. At beginning I said, Jeff, I need this. Oh, yes, but I can't because I've banned. We find a way. We said, look – then my co-legislator said, look, Thierry, if we don't get what we need then we will not send what the U.S. needs. And when I said this to Jeff, he said, wow, we need to find a solution. Balance of power, and we find a solution together and we become the best friend.

But it was painful. I will never forget it. So, my point here is that mentioning the supply chain is something extremely important. So, again, I'm really – you know, I've worked all my life in the private sector so, believe me, I know exactly what it is. I made all the way to partnership. I'm everything but a protectionist. But I know that in life, in politics, and in business, even with your biggest and strongest ally, everything is based on a true and respected balance of power. So, it's my job to build it. In order to have a bridge you need to have at least two pillars. Both of them should be solid. My job is to take care of the European one.

Mr. Bergmann: Well, Commissioner Breton, I think we could go on for hours, given your portfolio.

But I want to – I know you have a very busy day ahead of you here in Washington. I want to thank you for a really interesting and wide-ranging discussion, and I hope that our two unions find a way to figure out ways to increase our cooperation and partnership in years ahead.

Please thank me – please join me in thanking Commissioner Breton.
(Applause.)

(END)

