

EU leaders look to digital future

September 29 2017, by Alex Pigman



German Chancellor Angela Merkel, the EU's most powerful leader, has indicated her support for French President Emmanuel Macron's vision for the future of the bloc

EU leaders will look to the bloc's digital future at a summit in Tallinn on Friday, a day after debating wider plans unveiled by French President Emmanuel Macron to strengthen the union.

Macron is expected to seek to persuade sceptical counterparts to overhaul tax rules so that more of the profits from Silicon Valley giants

like Facebook and Google fall into Europe's public coffers.

The proposal was part of a wider vision that the 39-year-old leader unveiled in a landmark speech in Paris on Tuesday, aimed at reviving a European project hurt by Brexit, populism and the migration crisis.

At dinner in the Estonian capital on Thursday, EU national leaders held a debate about Macron's plans.

German Chancellor Angela Merkel, the EU's most powerful leader, indicated her support for Macron's new vision.

"There is a wide agreement between France and Germany when it comes to the proposals, although we must work on the details," Merkel said.

The leaders discussed the ideas—over courses of flank steak, salmon and rabbit liver—"in a very constructive and positive atmosphere", an EU source told AFP.

Based on the discussion, European Council President Donald Tusk, who coordinates EU summit meetings, "will consult with his colleagues in the coming two weeks and propose how to take the work forward", the EU source added.

British Prime Minister Theresa May was also present for the summit, and was set to meet Merkel for a bilateral discussion on Friday as well as a visit to a NATO military base with Macron. Brexit negotiations, however, were not on the official menu.

Silicon Valley 'freeloaders'

The summit will discuss the opportunities and dangers of the digital economy, as well as cybersecurity.

The tax push by France, already backed by Germany, is part of a wider regulatory onslaught by the EU on Google and other US tech behemoths.

In his closely watched speech on Europe Tuesday, Macron thundered against high tech companies that had become the "freeloaders of the modern world".

Macron's proposal seeks to tax digital multinationals on the revenue generated in an EU country, instead of on profits booked in a low-tax EU HQ, often Ireland or Luxembourg.

So far about a dozen of the EU's 28 member states have signed on to the idea, though many urge action to take place on a global level, instead of just in Europe.

But smaller EU states have expressed strong resistance to the idea, which they say will chase US tech giants from their shores, especially Ireland, which serves as a low-tax hub for Apple, Facebook and Google.

The hope is to have a formal proposal by December that would be made into law in 2018.

Tax fights

Britain meanwhile has warned that the new tax may anger Washington, which could abandon tax reform in retaliation.

Several national authorities in the EU have opened up tax fights with Google, Airbnb and other Internet giants.

The discussion on a digital tax is one component of a full day of talks by EU leaders that will also touch upon cybersecurity and the free flow of data in the Europe.

The two-day meeting in Estonia was originally intended to chart out a digital future for the continent but became upstaged by more down-to-earth issues including Brexit and the unexpected rise of the far right in Germany.

Estonia, which holds the EU's six-month rotating presidency, bills itself as among the avant-garde of the digital revolution and called the talks to help bring the rest of the bloc up to speed.

Formerly part of the Soviet Union, Estonia has reinvented itself by taking a jump to the digital world, modernising and digitising all aspects of public life.

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