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INFORMATION, COMMUNICATION & TECHNOLOGY

PORTUGUESE GOVERNEMENT APPROVES THE DIGITAL TRANSITION ACTION PLAN AND ZLT – TECHNOLOGICAL FREE ZONES

Digital transition and the promotion of Innovation, entrepreneurship and competitiveness benefit now, in Portugal, from a structured approach aimed at responding to the new social and economic challenges. This new approach brings important novelties relevant for the public sector and for all market stakeholders and is laid down in three Resolutions of the Council of Ministers published on 21.04.2020:

- **Resolution of the Council of Ministers no. 29/2020**, which establishes the general principles for the creation and regulation of Technological Free Zones;
- **Resolution of the Council of Ministers no. 30/2020**, which approves the Digital Transition Action; and
- **Resolution of the Council of Ministers no. 31/2020**, which creates the Digital Portugal Mission Structure.

The **Digital Transition Action Plan** recognizes the central role of digital transition for businesses, public administration and citizens, and defines a set of strategic measures and actions for its promotion. The Plan is based on three pillars: (a) capacity-building and digital inclusion of people, (b) digital transformation of businesses and (c) digitalization of the State. In this context, the catalytic role of regulation, privacy, cyber-security and cyber-defense, of the data circular economy, of connectivity and infrastructure, and of disruptive technologies such as artificial intelligence systems, 5G technology, cloud and proximity computing and the Internet of Things, are highlighted.

The Plan contains 12 measures, among others: (i) Digitalization Programme for Schools; (ii) e-Residency Programme; (iii) Digital Capacity Building Programme for Small and Medium Enterprises in the Interior; (iv) Digital Innovation Hubs for Entrepreneurship and (v) Cloud Strategy for the Public Administration. The promotion of Technological Free Zones is also one of the indicated measures.

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Technological Free Zones ("ZLT") are especially addressed in the Resolution of the Council of Ministers no. 29/2020, which establishes the general principles for the preparation of a legislative framework that promotes and facilitates research, demonstration and testing activities, in a real-life environment, of innovative technologies, products, services, processes and models, in Portugal. Experimentation plays a central role in the research, development and implementation of innovative services and products, as well as of regulatory responses appropriate to the new technological challenges. For this reason, the Resolution notes the importance of approving a legal framework that promotes and streamlines experimentation activities in a cross-sector manner in order to take advantage of all the opportunities brought by new technologies – from artificial intelligence to Blockchain, bio and nanotechnology, 3D printing, virtual reality, robotics and the Internet of Things, and including Big Data and the 5G network. This approach goes beyond the creation of disparate "regulatory sandboxes", "innovation spaces", "experimental spaces" or "living labs" that are setup by sector or predefined area. This approach is, in fact, a coherent and aligned approach for experimentation activities, aimed at facilitating the testing of products, services (including public services), processes and models that are cross-sector and integrated (i.e., that cross more than one sector and may therefore be subject to different regulations and regulators), thus reducing burdens and promoting a culture of experimentation.

The Resolution further adds that the legal framework to be approved should take into account, for example, (i) mechanisms for legal flexibilization (such as exception or experimentation regimes), whenever possible, when the legal framework limits innovation or is unclear in this respect, and (ii) mechanisms for incentives for experimentation, including when it is not possible to make the legal framework more flexible. The Portuguese government is currently studying and drafting the cross-sector and backbone legislation for ZLT, taking into account the goal of ensuring a common vision for all sectors and areas of activity as well as of reflecting the specificities of each sector and the respective regulation.

Finally, the **Digital Portugal Mission Structure** (called "Portugal Digital"), approved by the Resolution of the Council of Ministers no. 31/2020, is a technical structure created to monitor the implementation measures of the Government's Digital Transition Programme and to support the coordination of public policies relating to the digital transformation of society and the economy. Portugal Digital's goals include, among others: (i) to support the overall coordination of the Digital Transition Action Plan and its articulation with existing programmes and initiatives; (ii) to monitor the achievement of the strategic objectives defined in the Digital Transition Action Plan and; (iii) to communicate and promote the Portugal Digital Action Plan, at the national and international levels.