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INVESTMENT IN FUTURE



Dr. Oroszi Viktor

Dear Reader!

The health, economic and social impacts caused by the COVID-19 pandemic have posed long-standing challenges for our country and the countries of the Danube region. Due to the situation, many unfavorable but some new positive processes (e.g. accelerated digitization) have also been launched. It is necessary to respond to them not only on a European but also regional scale, so that our relations continue to be characterized by cooperation and efforts to develop common solutions, not by closing down.

In recent weeks, the change in workflows caused by pandemics has also given us the opportunity to pause for a moment and review the most important events and results of the past half to three quarters. In the second half of last year and at the beginning of 2020, significant changes were also taking place around the Danube Region Strategy. As a result of lengthy consultation and social consultation between experts and countries, the Strategy's Action Plan has been renewed after 10 years, and its communication strategy has been completed and awaiting the final grinding. Ukraine has been co-ordinating in two areas since 2019, and in some priority areas new thematic working groups (for example in the field of artificial intelligence or disaster management) and platforms (the Association of Danube Chambers in Hungary or the National Hydrogen Technology Platform) have been established. A number of strategic projects, such as Danube Sediment, DARLINGe, JOINTISZA, launched in recent years, completed with useful results in the second half of 2019, and the start gun was launched in connection with the implementation of new projects. Meanwhile, we are

slowly reaching the end of the 2014-2020 EU budget period. In these weeks and months, the outcome of the last calls for proposals will be decided, and in parallel the planning of the 2021-2027 budget cycle has begun. The current Croatian Presidency of the DRS places great emphasis on embedding the new Action Plan for the Strategy into post-2020 programmes. To this end, a separate working group has been established, and Hungary is actively involved in its work. In the context of the planning, each funding programme will also hear the views of the organisations involved in implementation, so that they can take into account their proposals in addition to the findings of territorial analyses, national or county objectives and the Commission's guidance recommendations. I think it is particularly important that the Hungarian institutions play an active role this year in the development of programmes for the period 2021-2027.

In the current situation, the role of online communication has been appreciated instead of personal contacts, information and professional events. With the partial lifting of curfews and the arrival of summer time, there is a growing temptation to spend our time outdoors at a safe distance from others. I hope that the latest number of our digital newsletter will help ease the feeling of closure of the dear reader and open the gates of the Danube region again, giving him a meaningful pastime and useful information.

Dr. Viktor Oroszi National *Coordinator of the Danube Region Strategy*

USE OF ARTIFICIAL INTELLIGENCE IN THE DANUBE REGION

The new Artificial Intelligence (AI) Task Force was established in 2019 to improve the competitiveness of EU Danube Strategy enterprises (PA8), coordinated by the Pannon Economic Network Association based in Győr. In this connection we asked Balázs Barta, the managing director of the association.

Barta BALÁZS

Degree

University of Sopron Károly Simonyi Doctoral School

INSEAD and Wharton executive management

Budapest University of Economics economist



Workplace, professional experience

Managing Director – Pannon Business Network
Trade Marketing Director – Borsodi Brewery zRt.

Main Results

70 international R & D and partnership projects,
450 EU partners

An EU-accredited digital innovation centre

Digitalization development of 150 manufacturing companies in 2019

Creation of a wide range of production support tools

What are the experiences of the Pannon Business Network Association (PBN) in the field of artificial intelligence?

Since its foundation in 2006, PBN has been involved in the development of domestic manufacturing companies. Initially, the focus was on innovation management and audits, and the focus on digitalization-driven developments was steadily shifted. Since 2018, we have our own equipment portfolio, in-house engineering expertise. The trainings and improvements that were achieved made it clear that the increasing volume of data is the next challenge. How can they be transformed into values, in which applications can be used? Therefore, in the first half of last year, our biggest investment was to provide data science training within the organization.

Our main objective is to introduce and introduce our market and municipal parties with the possibilities of acquainted AI-based applications. We hope that we will be able to announce serious concrete things this year.

What led you to take the lead of the PA8 Task Force for the Danube Region Strategy?

We wanted to be able to take part in the development of the developing programmes and act as an initiator. The international players of the PA8 area of the Danube Region Strategy – the unit responsible for the development of small and medium-sized enterprises – were fully known to us, and when we heard that the coordinators of the area were looking for an organizer in the framework of a tender, we applied with great ambition. We believe that Hungary's representation at this level will be able to provide opportunities for many.

What is the current situation of the countries of the Danube region and domestic organisations in the application/development of AI?

It is the biggest challenge in the Danube region, which is also the main possibility - being extremely heterogeneous. Baden-Württemberg's development is not comparable to that of any other region, but Slovenia is not comparable to Bulgaria. Within AI, we focus exclusively on the small and medium-sized business

sector. The German partners are already in a state of know-how export level, due to their specialization in expert fields and to their regional targeted subsidy scheme, while the relevant competences are steadily decreasing as we move towards the eastern part of the macro-region.

What are the essential elements of the working group's work plan? What are the goals set?

As a first step, we have prepared an analysis of the relevant areas of AI from a small and medium-sized business point of view. After that, we organised an international conference of 200 people in Budapest, the first half of which was about the relationship between the automotive industry and AI. In the second half we sat down with the members of the Task Force and discussed the lessons learnt so far and the motivations for actors would be coordinators or contributor. We identified 10 application areas and 7 relevant technologies – e.g. in manufacturing, healthcare, machine learning, chatbot, image recognition solutions – and we set the task force priorities by forming a matrix. Our task is to implement this programme together in the next period.

Which organisations are involved in the work of the Task Force?

In total, 18 organisations from 9 countries – Austria, Germany, Bulgaria, Croatia, Czech Republic, Romania, Slovenia and Moldova – participate in the joint work, research institutes, universities, intermediary organisations and entrepreneurial representations.

Which industries and economic sectors are the most open to the use of AI at the moment, and which have the most potential in the coming years?

The first step is always to involve the stakeholders involved in serial production, because the fastest way to identify applications. From here we would like to move gradually towards individual product manufacturers and service providers. From a sectoral point of view, mechatronics, furniture, food, health industry.



International conference in Budapest organised by AI Working Group

What are the results of the first year under your leadership?

We started working together a year ago. We have created our priorities based on a common picture – from applications to be developed in the fields of manufacturing, agriculture, smart city and healthcare — we organised a conference with participants from 10 countries, prepared the proposal of the Interreg strategic umbrella project, which can provide an organizational framework for continuing the joint work, and we have launched a smart model city-climate pilot project proposal for AI.

How can the work of the Danube Region be linked to the work of the Hungarian AI Coalition established in autumn 2018 and to the National Artificial Intelligence Strategy completed in February 2020?

The Hungarian AI Coalition is an important partner for us, as our territories are mutually interconnected. To our great pleasure, domestic cooperation was also represented at the international conference. It is a priority for us to work together in effective symbiosis.

What funding can a company operating in the Danube region expect to receive at EU or international level in adapting AI?

Artificial intelligence is a key and even central element of European strategy papers. Under Horizon Europe, billions of euros are earmarked for AI projects and are guided by all macro-regional and national programmes. The challenge will not be the ability to draw resources, but to translate it into sustainable results.

Do you think the COVID-19 epidemic can affect the spread of artificial intelligence in the Danube region?

In general, the role of digitalization will be strengthened, including automation, robotization, as well as various data science applications. I am convinced that it will put further emphasis on this area, but on the condition that it has to lead to meaningful, concrete results, not concepts.

What links are there between the protection of personal data and the use of artificial intelligence, how does European legislation reflect on this?

European regulators have placed great emphasis on individual data protection in the previous period, and in my opinion the next period will be a period of cyber-security. It is a strategic goal for the whole European Union to move forward in this area by both market and institutional players.

What do you think the most important benefits of the smart cities and smart villages of the Danube region are for those who live there in ten years' time? Where are the regional AI-hubs in the region?

Smart cities can be interpreted primarily in large cities. As long as there is no available data of sufficient quality, it is difficult to develop smart solutions. Smart settlement is a service unit where, in accordance with the interests of the residents, the role of local government service providers, information technology and the population are linked. This also requires a number of actors to be approached. Today, there are still many self-purpose, IT-generated development concepts and fewer demand-driven concepts. We would also like to step forward significantly in this regard and develop pilot solutions involving domestic businesses. Several such initiatives have been launched, and our aim is to have AI-smart city in Hungary as well.

