10 March 2020

The future for Europe's industry is digital

"The Commission's new industrial strategy ticks a lot of the right boxes. But whilst we strongly support the initiative, far too much energy has already been spent trying to play catch up with other regions. Europe needs to focus on its strengths in business to business sectors like health, transport, green tech and manufacturing, and drive them into the digital age."

Cecilia Bonefeld-Dahl, Director-General of DIGITALEUROPE

The Commission today presented its new industrial strategy. DIGITALEUROPE is pleased to see a strong focus on digitalisation and looks forward to engaging with the EU institutions on the next steps.

DIGITALEUROPE published on 6 February 'A Stronger Digital Industrial Europe' – our own industrial strategy paper. In it, we argue that we need to refocus our priorities towards driving the digitalisation of the industries where Europe is strong instead of trying to copy the successes of other continents. Our full set of recommendations are below.

Cecilia **Bonefeld Dahl** added:

> *Investment in digitalisation is the most efficient way to reinforce the EU's competitiveness and deliver good, well-paid jobs for our citizens. Digitalised companies grow two and a half times faster than non-digital companies.*

> *We are pleased that the Commission recognises the common thread between the industrial strategy and the goal of climate neutrality by 2050. Digitally-enabled industries could support a 20% reduction in global CO_2 emissions – there's no Green Deal without digital. As a sector, we are also evaluating all options to reduce our own carbon footprint.*

> *The EU budget is not yet aligned with the aims in this industrial strategy. Only 2-3% is dedicated to digital in the latest proposal. More funds need to be available in order to build our technological capabilities. Likewise, more spending should be earmarked for digital skills; over half of European workers will have to retrain in the next five years.*

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**Our recommendations for a sustainable, prosperous and stronger digital Europe**

These are the five key areas that require action from decision makers in the next five years:

» **Framework for a European digital transformation of industry.**

The EU must drive the digitalisation of our industry, building on existing strengths in manufacturing, mobility and health and focusing on areas of the common good such as the environment, digital skills, connectivity and cross-border data spaces.

We need to boost digital spending up to 10% of the EU budget, of which half should be focused on the deployment of new technologies. It is currently just 3% in the Commission's proposal.

» **Open markets and fair global competition.**

Europe must lead at the international level: on World Trade Organization (WTO) reform, on digital trade negotiations, and on data flows. The EU should open up global markets for our digital companies and advance new tools like the International Procurement Instrument.

» **Crucial aspects of digital transformation**

The EU should build a trustworthy AI environment which promotes innovation.

Europe should narrow its focus on high-risk AI applications where regulation is necessary and adopt a sector by sector approach. SMEs in particular need guidance and resources.

We need to prioritise building a 5G and high-capacity network throughout Europe in order to boost our industrial connectivity.

Europe can lead on cybersecurity if it can guarantee a strong and coherent legislative framework at EU-level and avoids fragmented rules.

» **Upscaling SMEs and upskilling the workforce**

Digital Innovation Hubs (DIHs) must play a crucial role for the participation of SMEs in collaborative research programmes on digital technologies

The EU should develop standardised metrics to measure the digital skills gap in each Member States. It should also build data models to analyse and forecast future skills needs.

Governments should put digital skills on the school and university curriculums.

» **Sustainability goals to drive industrial leadership**

Digitalisation is key to the Green Deal. It can transform our most energy-intensive sectors. We know that digitalisation has the potential to reduce global CO_2 emissions by 20%.

The EU should develop performance indicators to measure the decarbonisation sustainability potential enabled by digital technologies.

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The EU should also allocate specific funds towards the implementation of digital technologies aimed at decarbonisation and the circular economy.

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About DIGITALEUROPE

DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies. DIGITALEUROPE ensures industry participation in the development and implementation of EU policies.

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