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DIGITALEUROPE answers to European Commission's questionnaire on the Update to the Industrial Strategy

With the update to the EU Industrial Strategy, Europe can seize the opportunity to decisively move to a digital future for industry.

As a member of the Industrial Forum¹, DIGITALEUROPE was asked by the European Commission to provide its views on specific questions regarding this topic. Please find them below.



1. What lessons have we drawn from the crisis of relevance to the Industrial Strategy?

▶▶ **General comments:**

- DIGITALEUROPE represents 40 national trade associations who in turn represent 36K companies that are advancing digital transformation or are being digitally transformed.
- Building on DIGITALEUROPE's landmark publications "[A stronger digital Europe: Our Call for Action towards 2025](#)" and "[How to spend it: A digital investment plan for Europe](#)", we are putting forward concrete proposals for the update to the industry strategy and the work of the Industrial Forum on the Commission's proposal on Industrial Ecosystems, strategic value creation networks and Important projects of common European interest (IPCEIs), and an open and global Europe.
- The short-term task is preventing COVID-19 from spreading and limiting economic losses. However, the long-term strategy for industry in Europe must address new technologies, the digital transformation of industry, and Europe's sustainable future – objectives extending far beyond the immediately pressing recovery from the pandemic fall-out. Such a strategy is essential for Europe to have a leading position

¹ European Commission (2020): [EU industry: Commission hosts first meeting of the new Industrial Forum to support greening, digitalisation and resilience of EU industry](#)

in each Ecosystem. It must embrace, for example, a long-term vision to strengthen digital manufacturing, Industry 4.0 and the Industrial Internet of Things (IIoT) in Europe, and a framework to ensure as much health data as possible can flow across EU borders.

- The updated Industrial Strategy should result in a Europe that is in control of its own future. This should be achieved by fostering opportunities for industry in Europe to compete and grow both across the EU and in the global market. Europe's ambition should be to become a worldwide hub for innovative digital, industrial technologies and services developed in Europe and traded around the globe.

▶ ***There is a need of stronger EU-level coordination***

- Unilateral measures at Member State level led to **an unprecedented fragmentation of the Single Market** impacting many businesses. The closing of the factories and the subsequent disruption of value chains was the result of both an uncoordinated response and political decisions that moved quickly to contain the spread of the virus. EU governments should resist to solely explain the outcome of the crisis on poor positioning or risk management by industry. Global industrial cooperation remains a critical element for a strong and resilient industry that can accelerate recovery and be prepared for future shocks from a pandemic or any other disaster. Therefore:
 - The EU Industrial Strategy should define formal structures where industry can bring evidence on any **trade limitations** it faces, and where Member States can explain the specific legal justification for limitations imposed.
 - It should also establish **a single European administration centre for businesses**, with centralised registration schemes (company registry, product authorisations, unitary patent scheme, etc.) and an active information network that provides guidance on entering new markets and that connects scaleups with relevant national authorities and organisations. This centre — a concrete request from SMEs surveyed in our [Scaling in Europe report](#) — would help small firms in benefiting from the Single Market much more than they do today.²
 - The EU Industrial Strategy must be a driver for a well-functioning Single Market with **standardisation** of digital and green norms at its core.

² See here

► *Europe needs to strengthen its digital foundations and competences*

- The crisis exposed the lack of digital infrastructure (i.e. 5G) and a digitally competent workforce. Large firms are better able to weather the storm than SMEs. **Investments in digital technologies driving resilience** (i.e. industrial automation, digital training programmes) **insulate firms from external shocks better and more efficiently than temporary state aid measures** which, if not phased out in time, risk distorting the Single Market.
- The crisis also exposed the general lack of digital acceptance, literacy and basic skills. Member States must **prioritise the digital transformation of public services in their national recovery and resilience plans**, especially health services, and in tandem initiate large-scale training programmes for their employees, managers, administrators and population in general. It took weeks, in some cases months, to shift important services online. In several countries, like Denmark, the health services were able to use advanced AI chatbots for triage of patients to the emergency services. But it became quickly evident that in other circumstances people were unable to use even the most basic online search and communication tools. There is too much untapped potential. For instance, in Germany, 86.000 jobs in digital roles remain unfilled and only every 7th applicant is female.³
- Despite being home to global leaders in 5G technology development, Europe lags critically behind in 5G uptake. If current trends continue, it is estimated that in 2026 North America will reach 80 per cent 5G subscription penetration, North East Asia 66 per cent and Europe a meagre 35 per cent.⁴ European 5G players enjoy most of their growth and revenues from non-EU markets.

The EU Industrial Strategy should spur large-scale investments in 5G networks to power growth and innovation in Europe.

Scarce public investments in 5G pose an obstacle to build applications around, say, IIoT in manufacturing or real-time data analysis in mobility. It is the attractiveness of the European market for EU and foreign investors that is damaged by poor public funding and lack of ability for telecom operators to merge and obtain scale across Europe that would tackle national fragmentation in auctions.

³ See source [here](#).

⁴ Ericsson, [Mobility Report](#), 2020

- The EC must accelerate the **development of European Trust Services and Electronic identification (eID)**. It allowed firms to keep doing business and can lead to the creation of European players in the electronic signature space.

▶ ***Businesses want resilience through open markets and supply chain diversification, not protectionism***

- The closing of specific trade routes impacted production capacity across Member States and created prolonged business uncertainty. Companies that source from diverse geographical locations outside the EU were better able to maintain supply as they scaled up production in lockdown-free regions. **Protectionist measures raise the costs of doing business for companies as they make more difficult the sourcing of products and materials.**
- We support that Europe boosts resilience and competitiveness in critical technologies such as AI, cybersecurity, batteries, microprocessors, semiconductors, high-performance computing, quantum and cyber technologies. This is best achieved by making Europe an attractive place to do business in an open economy and by advancing public-private partnerships. Designed effectively, IPCEI investments can play an important role without distorting the Single Market. This should be coupled with forging cooperation with like-minded countries bilaterally and through international institutions, such as WTO and G20, on key research and innovation projects. The end goal should be to prevent shortages and ensure a geographically balanced global production of key technological components that are important to the functioning of society in the digital era. The goal should not be autonomy but resilience.
- Resilience needs to be understood in two important ways:
 1. The capacity of companies to deal with external shocks and the resulting risks and uncertainties, both temporary and permanent. This is about implementing important strategies, such as developing dual sourcing strategies for critical supply chains, or by diversifying. Their activity can be flanked by political action in the interests of creating the best possible framework conditions.
 2. Resilience is part of a firm's operating model. Autonomy is neither attainable nor a desirable goal for the EU as a whole. Europe must not cut ties with global business partners, international ecosystems, or value chains which have been a foundation of Europe's success story. In this

context, several recommendations being discussed by Member States must be immediately struck down, otherwise they risk jeopardising the EU's plans for recovery and resilience. Such ill-informed recommendations include general requirements on the storage location of industrial data. Industry players should be also able to choose freely from different suppliers based on their individual assessments and needs. We believe that diverse and digitally enabled value creation networks provide a foundation for the European economy to bounce back and remain flexible during a period of prolonged uncertainty. Setting up resilient supply chains is a core interest for each company regardless of its location or size. In a market economy, it is the prerogative of companies to organise their supply and value chains autonomously and in their own responsibility. In view of providing reliability to their customers, resilience is a decisive factor in companies' competitiveness. Any politically driven interference in supply and value chains to make them "more resilient" will actually distort competition and be counterproductive. We qualify terms like resilience and open strategic autonomy in [our submission to the EC Trade Policy Review \(pag. 6\)](#)

- **The EU Industrial Strategy must be coupled with a comprehensive and open EU trade strategy**, which is key to create prosperous and sustainable Ecosystems. At present, the EU has in place the largest trade network in the world, with [45 applied trade agreements covering 77 partner countries](#). The EU must use this network to drive a positive global agenda on digital trade (e.g. on WTO eCommerce rules and data flows, the Information Technology Agreement) and make much greater use of the EU delegations' network in pursuing key European business interests, opening markets and promoting investment. It should work with like-minded partners such as the US and Japan to ensure the proper functioning of multilateral rules based on openness and reciprocity, while bringing major partners such as China and India along on the journey.



2. How can the Ecosystems and partnerships approach address our challenges and build linkages with recovery investments?

- ▶ ***Increase the role and powers of the Industry Forum in defining the Ecosystems. It should not be a box-ticking exercise to consult industry.***
 - **The private sector is leading on technology innovation. The EU cannot design Industrial Ecosystems without the leadership and deep involvement of its business community.** The Industrial Forum should be plugged into all efforts to advance and implement the Industrial Strategy and the Ecosystems. It should be a forum for concrete industry feedback on the overall direction of the EU's industrial policy, sectorial initiatives or alliances for key technologies, strategic value creation networks and IPCEIs, as well as global cooperation on industrial projects with key partners. It should act as an alert mechanism on emerging gaps in the single market, be they on skills, financing, research or technology adoption.
 - The Industrial Forum should operate based on principles of transparency and political accountability. Any strategy must include previous work, including that of the [Industry 2030 High Level Industrial Roundtable](#) and [the Strategic Forum on Important Projects of Common European Interest](#).
 - The Industrial Forum should help to monitor progress on the digital and green transition in each Ecosystem through **long-term KPIs** for the implementation of the Industrial Strategy. We need a KPI on the absorption rate of Recovery and Resilience Facility (RRF) funding. This will ensure that 20% of the RRF ringfenced for digital is truly spent on relevant projects. **DIGITALEUROPE has [defined important KPIs](#) critical for this task.**
 - If monitoring mechanisms show a certain Ecosystem is falling behind on digital adoption, the EC should:
 - commit to flagging it in the European Semester process, which is guiding RRF national plans development.
 - explore if regulation is not hindering digital uptake, and explore if EU existing proposed sandboxes (i.e. blockchain in finance) can inspire more agile regulatory models for faster digital transformation in the Ecosystem concerned.
- ▶ ***Position the role of digital horizontally across all other ecosystems; do not confine it to an Ecosystem only.***

- **Digital technologies are an enabler of all industrial sectors.** They should not be seen as a standalone Ecosystem, as the indicated matrix of Ecosystems appears to suggest. Many sectors (e.g. construction, agriculture, aerospace, energy) need new digital services and applications provided by the technology industry in order to successfully transform themselves towards a greener and more digital Europe. Furthermore, digital technologies also cover automation technology applications as well as digital manufacturing sectors in the area of Industry 4.0. Despite them being a key pillar of Europe's industry, they are missing in the current concept. We need more clarity on the way horizontal, cross-cutting aspects are reflected in this initiative. AI and data, for example, transcend individual sectors. The Ecosystems should be a chance to bust the silo mentality, not reinforce it.

▶ ***Define clearly Ecosystems' scope and structure***

- As a precondition, there should be **no silo mentality** across EC DGs regarding Ecosystems and partnerships. The EC should clearly define the role of the Ecosystems. In doing so, **it must lay out transparently how it intends to guarantee the Ecosystems will not pose risks of Single Market distortion.**
- The Ecosystems' scope cannot be defined only on statistical grounds, such as the NACE⁵ classification system. More acknowledgment of the interactions between different domains is essential. All this will give clarity to market players to get engaged in the Ecosystems/partnerships if interested. There should be no geographical discrimination regarding the participating stakeholders.
- Partnerships, such as those in Horizon Europe, should have needs-driven, applied research at their core. Areas like AI, quantum computing, big data analytics, 5G, cybersecurity, cloud and edge computing deserve special attention. This form of open innovation and fundamental research is better suited for a smooth digital transformation of our economy.

▶ ***Provide guidance on technology investments***

- The EC should ensure a timely RRF implementation by producing investment cases Ecosystem by Ecosystem. These use cases should quantify important implementation aspects (indicative project

⁵ NACE stands for Statistical Classification of Economic Activities in the European Community

timelines, upfront costs, return on investment, etc). The EC needs mentoring from the Industrial Forum members to develop them.

- Where state aid for IPCEIs is justified based on the proven evidence of market failures or any other systemic failure,⁶ the Ecosystems could also connect with the IPCEIs and leverage investment synergies. There should be **open calls for all interested stakeholders** aimed to craft joint investment goals. In specifically justified cases with proven existence of market failures or any other systemic failure, combining IPCEIs funding with the RRF can advance innovation and sustainable competitiveness. Importantly, any funding synergy can only be pursued with proven evidence that it would not lead to risks of Single Market distortion.
- Investments should focus on key digital technologies where Europe is on the cutting edge. On infrastructure for instance, it is fundamental to invest in high-performance & secure networks.
- The IPCEI framework must also be more agile and flexible, notably on project implementation, to better reflect shifting technology conditions.

▶ *Drive a massive upskilling of workforce through bottom-up approaches*

- Today an estimated 52% of EU workers need some form of reskilling. **By 2025, Members States and companies across Europe should have completed retraining of 20% of them, leaving only 32% of workers in need of reskilling.**⁷
- The EC should accelerate the use of **AI for skills development forecasting** to identify digital skills gaps and shortages in 2030, Ecosystem by Ecosystem. The outcome of the forecast should point to Ecosystems where intervention is most urgently needed, and thus where ad-hoc digital training investment (such as from DEP, Erasmus+, ESIF) is justified.
- We urge the launch of a **Pact for Skills for each Ecosystem**. To maximise funding at disposal, national authorities should directly draw from the RRF money at disposal to outline ambitious joint upskilling initiatives. There should be one or more Industrial Forum members appointed to coordinate each Pact for Skills per Ecosystem.

⁶ In accordance with the eligibility criteria in the [EC Communication 2014/C 188/02](#).

⁷ See [here](#) for more info on skills KPIs for Europe (p. 15)

- Upskilling workforce also means **creating necessary societal trust** in technologies like AI. Confidence in AI use, not new sweeping legislation, will accelerate AI uptake among SMEs. Trust-building initiatives should be part of the Pact for Skills, especially in consumer-facing Ecosystems like health.

▶ **Boost data and AI competences**

- The Ecosystems should support the formation of data-related initiatives connecting core value chains to the cloud & edge and focusing on standardisation of data sharing and exchange. The potential of cloud computing services remains untapped, including for the provision of public services. **Europe-wide initiatives like GAIA-X can play an important role** in increasing trust in cloud technologies.
- The Ecosystems should build on the Common European Data Spaces. They should contribute to the **EU vision for a common, overall data space** by providing flexible and modular solutions for industries. This will in turn support greater use of data, especially by:
 - Pooling datasets from across Common European Data Spaces made publicly available via existing legislation or voluntarily by organisations. The value created from access to European data pools is significant. It ranges from developing new applications and training AI algorithms to providing better patient experience and realising operational efficiency gains. Combining datasets leads to more insightful AI inferences, and will better serve the digital and green transition. It will also ensure Europe remains a global leader in innovation and significantly contribute to the EU job-creation and growth agenda.
 - Developing a shared European soft infrastructure (modular and agile standards, reference architectures, legal agreements and rulebooks) to facilitate use and sharing of data across sector boundaries. Industry-driven standards, Application Programming Interfaces (APIs) and balanced legal models are the best guarantee that Europe will have a robust foundation for the data economy.
 - With cloud uptake [steadily increasing](#) in the EU, competitive data and cloud ecosystems are needed to strengthen Europe's future growth. Done right, initiatives like GAIA-X can help address Europe's data and cloud markets shortcomings by supporting an internationally accepted set of rules for cloud services and by developing framework conditions for data-sharing across ecosystems

and platforms. The public sector must become a pioneer in driving Europe's cloud demand.

▶▶ ***Recognise public procurement policy responses are key for the successful digital transformation of many Ecosystems***

- Public authorities across the EU spend the equivalent of 14% of the EU's GDP or 2 Trillion EUR on purchasing goods and services.⁸ **Public procurement is one of the most effective ways to counter the unprecedented collapse in demand during this crisis** and could be a powerful stimulus policy for businesses. We need public entities to lead by example.
- The EU needs to ensure procurement, in combination with NextGen EU funding, is a main driver for the adoption of emerging technologies, including the implementation of human-centric trustworthy AI (lawful, ethical and robust). EU institutions, EU agencies and Member States should introduce eligibility and selection criteria reflecting this notion.
- Procurement processes cannot be driven just by the lowest price. They must include additional criteria like **quality, life-cycle cost and environmental** characteristics. This is why it is crucial to make mandatory **the principle of Most Economically Advantageous Tenders ('MEAT-principle')** in any public procurement in those EU countries where it is not yet the case.
- Green public procurement is fundamental for recovery. For building-related public tenders, **the EU should mandate the roll-out of digital design and operating tools with Building Information Modelling (BIM)** in digital construction work and renovation work as it will lead to new disruptive business models. BIM and digital twins will allow for a more efficient building planning process and will shorten product design cycles. Digital twins even allow systems to monitor buildings condition and simulate future performance in real time. DIGITALEUROPE's key recommendations can be found [here](#).
- DIGITALEUROPE's use case to digitally transform water utilities is available [here](#).

▶▶ ***Reflect that every ecosystem requires specific funding priorities and rules. A tailored approach is necessary in order to be successful.***

⁸ Source [here](#)

- Ecosystems that require **manufacturing** processes will be impacted by a one-size-fits-all approach. Key recommendations on data governance, sovereignty, SMEs and skills can be found [here](#). The EU should carefully consider the impact of specific legislation on each Ecosystem. We provide additional input for the recovery of the manufacturing sectors [here](#).⁹
- The **healthcare** Ecosystem requires a tailored approach for processing data rules and accelerating the adoption of trustworthy AI. Our recommendations can be found [here](#).
- The **financial services** sector has yet to be defined in the Industrial Strategy. The EU digital finance package must be approached carefully. Adequate time must be spent to ensure the EU can deliver a trustworthy and stable financial system that can continue to innovate. Our specific recommendations are defined [here](#).
- The future of **autonomous driving** and the EU's role as a market leader will also require a specific focus. Our recommendations can be found [here](#).



3. What are the biggest obstacles to build up strategic capacities in order to master the green & digital transition?

While we urge more clarity on the meaning of “strategic capacities”, we point out the following as bottlenecks to master the digital and green transition:

▶ Fragmentation of the single market

- This is the biggest obstacle for the EU to address important needs for each Ecosystem. For instance, **important data still remains siloed in EU Member States**. For example, health data that would have been invaluable in accelerating the discovery of a COVID-19 vaccine was often locked in hospital, regions or Member States due to primarily a labyrinth of rules, local laws and restrictions. There remains a concern that the upcoming Common European Health Data Space (EHDS) will fall short in delivering to EU citizens electronic health records that can flow freely over borders in the EU. It is likely the EHDS will only deliver a limited and marginal flow of health data available to research. Our recommendation on how to address this are [here](#).

⁹ Published before NextGenEU was announced

- **Existing structural barriers prevent EU start-ups, scale-ups and SMEs to succeed.** We have recently conducted [a survey among our National Trade Associations](#) pointing to obstacles for business growth. They included adapting regulations to new technologies, lack of an improved investment framework, access to talent and an improved data cooperation for standardised open data which is both vendor- and application-neutral. We provide [a way forward to overcome these barriers](#).
 - Fragmentation is also evident in standardisation within the Single Market. **The European standardisation framework should be agile and able to easily adapt to new technological developments on the market.** Harmonised standards for digital as well as new green technologies are essential to avoid fragmentation. Such standards should be developed with industry partners and with the perspective of international harmonisation to ensure global competitiveness and allow industry to scale up world-wide. In particular, there should be a link with the relevant European and international standards development organisations, including CEN, CENELEC, ETSI at European level, ISO, IEC, ITU at global level as well as other industry consortia.
 - **The principles of the New Legislative Framework must therefore be safeguarded and restored.** However, the EC's increasingly prescriptive approach towards harmonised standards development has made this process slower and more cumbersome. This has hampered innovation and limited Europe's ability to influence the technical content in international standards as a result. The EC must reaffirm its commitment to a market-driven European standardisation framework and use the update to the EU Industrial Strategy and the review of the European Standardisation Strategy to address this critical issue. This is fundamental to make harmonised standards the drivers for a unified and strong Single Market.
- ▶ ***Failure to recognise the complementarity of sustainability & profitability thanks to digital***
- While getting some mention in current EC proposals, **much more work is needed for digitisation to be acknowledged as the key enabler for the decarbonisation of the EU.** According to the International Energy Agency, IT could help save no less than 15,000 kilowatt-hours by 2040 across all sectors. In the building sector alone, it would represent 10% of total energy demand from the deployment

of building controls and in the industry, and 6% of total energy demand from upgrades on process control systems.¹⁰ In Germany, CO₂ emissions can be reduced by 37% using digital technologies. The carbon footprint of the digital infrastructure is relatively small. If we accelerate digitalisation, it will correspond to 22 megatons of CO₂ equivalents in Germany in 2030, which means that the potential of digital technologies for CO₂ savings is five times higher than their CO₂ footprint.¹¹ We need new energy efficiency solutions based on this paradigm. AI-enabled logistics management, smart grids, smart mobility solutions as well as buildings using intelligent heating, light and appliance control are relevant focus areas.

- **Targeted investments and campaigns on digital-driven sustainability**, not a raft of new prescriptive regulatory proposals, can best bring us closer to the Green Deal targets. Europe should develop a sense of urgency on the need to decarbonise its economy and provide clarity for businesses on concrete funding measures it wants to adopt for green technology adoption.
- Recognising the role for digital also means giving **more flexibility for companies on standards for product and organisation environmental footprint**. Coherent and best-in-class standards¹² would address the potential risk of greenwashing, increase transparency for companies and consumers, enable comparability, market adoption of technology and facilitate reporting and labelling.
- More care is needed when determining the role of digital to achieve EU climate neutrality by 2050. It should not be side-lined to a few paragraphs or a chapter within regulations designed for specific Ecosystems. Instead, its part to advance sustainability should be better reflected in legislation drafted by the EU. We provide an example of that in our [recent paper](#) on the draft delegated acts on climate change and mitigation under the EU Taxonomy Regulation.

▶ *Lack of digital competences*

- 80% industrial data generated is lost without being used.¹³ **Only 12% of SMEs use big data analytics today. By 2025, at least 50% of**

¹⁰ More info [here](#)

¹¹ Bitkom, [The digital economy's impact on the climate](#), 2020

¹² Relevant examples of international standards include ISO, GHG Protocol, ITCL, PAS 2050

¹³ European Commission, [State of the Union Address by President von der Leyen at the European Parliament Plenary](#), 2020

SMEs should be using big data analytics as pointed out in [our Digital Investment Guide for Europe](#). The EU Industrial Strategy should support this ambition and make the use of industrial data an urgent priority. The Commission must encourage investments and voluntary data partnerships across all Ecosystems.

- **Technical and semantic interoperability and a seamless exchange of data and information is critical** to the success of the Common European Data Spaces. It will boost the efficiency of businesses' operations in various sectors. The governance framework should prioritise standardisation needs and improve data interoperability. As noted above, this framework should be a natural extension of existing structures for ICT standardisation, taking into account the reality of the existing global standardisation arena. It should foresee due stakeholder and industry engagement to align on shared views and be driven by the priorities of the market.
- **The EU should upgrade competences in critical technologies, services and platforms.** Attaining this objective requires the EU to concentrate on enhancing its capacity for innovation and investing in strategic value creation networks and digital ecosystems. Digital manufacturing has a key role to play owing to its function as the central link between the analogue and digital worlds. Electronics form the core of every digital system. Only with secure electronic systems and the associated software, will further technological developments like Industry 4.0 or AI be possible. Secure and trustworthy electronics constitute an important basis for attainment of a digital European ecosystem.
- EU institutions and national governments must actively **promote software competences** in Europe. A focus on competences, combined with the necessary digital skills for all citizens, is an important aspect of the EU's digital and green transition. This not only strengthens the **employment and social inclusion situation of each individual citizen, but is also integral to an enlightened and democratic society**. Society's acceptance of new innovations and technologies is almost as important as the innovation itself. Efforts should be increased to educate, upskill and reskill both workers and the general public and make them fit for the economy of the future.

▶▶ *Lack of connectivity*

- 5G roll-out is too slow in Europe. It should include:
 - The option of flexible, locally limited "own" **5G campus networks** for communication among machines, systems

and plants at production sites. The EC should foster a harmonised approach for those Member States that want to pursue this option.

- Ample spectrum allocation as soon as possible. EU and Member States' policy should also streamline permitting procedures for deployment of 5G equipment, facilitate 'rights of way', cut costs and save time. Spectrum policy should further be combined with extensive use of fibre in fixed networks for more speed and better capacity across all next-generation technologies. Fibre will also create the necessary backbone for 5G and other wireless technologies.
- Large-scale investments in 5G networks, encouraged by the EU Industrial Strategy. Scarce public investments in 5G pose an obstacle to build applications around, say, IIoT in manufacturing or real-time data analysis in mobility. It is the attractiveness of the European market for EU and foreign investors that is damaged by poor public funding and lack of ability for telecom operators to merge and obtain scale across Europe that would tackle national fragmentation in auctions.

▶▶ ***Lack of regulators' expertise on digital technology investments***

- If not properly addressed, the shortage of experts in administration could pose an important obstacle for the success of the RRF. Investing on software equipment or digital training is very different from traditional major public investments on infrastructure assets, like bridges and airports. Member States need to swiftly plug this gap.



3a. Executive Vice President Margrethe Vestager asked Industrial Forum members how to accelerate the green and digital transformation, become more resilient in times of crisis and bring along the rest of the world on the journey:

- ▶▶ **In response to that, we emphasise the Europe must lead by example. EU governments and procurements systems need to be open and invest in digital to:**

- Make sure we have the data and infrastructure to better process health data in order to prevent, track and treat COVID-19 or other diseases in the future
- Develop our industry into one that is competitive, resilient, green, innovative and secure. Achieving that requires developing capabilities to use data and create solid European industrial networks where data use is for the benefit of all members
- Accelerate the digital transformation of our public services and their capacity to co-innovate across organisational silos
- Decrease our energy consumption
- Promote inclusion and create good, well-paying jobs in sectors that have a viable future
- Make sure that everyone has the skills to get a good job and participate in an increasingly digitised society, regardless of their background
- Connect rural areas into a digital inclusive society
- Protect critical digital infrastructure from cyber threats
- Improve the link between digital transformation and traditional sectors:
 - Trends like automation and connectivity will put data-driven services at the core of the future of **mobility**. Sufficient funds must be urgently made available to enable the sector's digitalisation. We need investments in necessary infrastructure and support to local, regional and national authorities in capturing and processing such data. This is critical to interconnect all transport modes.
 - In the field of **agriculture**, the EU should channel substantial investments into digital technology adoption by farmers. Economic incentives can be a way forward. In the German state of Baden Württemberg, for example, precision farming technologies are promoted as a voluntary measure for water and erosion protection. The state offers monetary incentives annually in accordance with the size of the area treated.
 - The digitalisation of the **energy** sector is reaching a critical point with the roll-out of smart meters. There should be technology-neutral incentive mechanisms setting out clear timelines. Data analytics is particularly important for energy applications. National governments and the EU should promote smart meter gateways when funding renovation of buildings or broadband infrastructure.

Specific examples and recommendations can be found here in [DIGITALEUROPE's Investment Guide](#).

▶▶ **We also emphasise we need an open and collaborative approach to strengthen Europe in the World:**

- At a time in which the global economy is coming under geopolitical pressure, Europe must stand for an open, collaborative, and multilateral global economy – while at the same time pursuing its own strategic interests. Europe needs a more strategic and future-oriented trade and industry policy: one which ensures the continent’s future prosperity and economic resilience and is also geared towards attainment of Europe’s strategic goals.
- Our guiding principle is to use global opportunities, to take on challenges, and to minimise risks. This calls for even more action towards global collaboration in order to overcome the current obstacles. However, reshoring or decoupling are not the preferred tools. If competition in certain sectors threatens to completely succumb, the first step is to use the means of competition law aimed at restoring competition. At the same time, Europe must take steps to ensure a level-playing-field with its global partners to ensure fair competition.
- Industrial and trade policies go hand in hand. A strategic coordination of these two key policy areas is vital and entails that any policy action considers the reciprocal impact on the other. In a time where countries aim for technological leadership, European companies are facing strong global competition. Especially in the area of the digital economy, European policy makers should coordinate their policy goals, objectives and principles of trade regulation closely with international partners. The EU’s Industrial Strategy should help European industry to expand on international markets. The EU needs to prioritise actions that level the global playing field. Where needed, reciprocity in market access should be enforced by various means at the EU’s disposal, and the International Procurement Instrument should play a key role in guaranteeing it.
- In a post COVID-19 world, businesses will need to develop resilience, which is better achieved through international collaboration than through fragmentation. Digital technologies have provided the global community with sustainable ways of working, learning and communicating and other effective tools to cope with this crisis. Removing barriers to trade, and the trade of technologies, are crucial for Europe’s recovery.

- The Commission can further strengthen the resilience of industry by establishing a library of digital manufacturing files for critical products. It should digitise production data for potentially critical products such as ventilators, masks, generators, water treatment equipment. By creating a “digital twin” of potentially critical products, it will be possible to ramp up production more quickly than when COVID-19 first struck.
- International trade of digital technologies can provide the global community with sustainable jobs, better health, better public services and effective solutions to tackle climate change. We encourage the EU to develop an EU Industrial Strategy that is well-coordinated with a comprehensive and open EU trade strategy. This will allow our industrial players to reassert their leadership globally and position our framework of industrial rules as a B2B standard setter. Europe is a relentless defender of open, rules-based and fair trade worldwide.
- Furthermore, European industrial Ecosystems have no geographical borders. Not only is industry importing and exporting products and services to global markets, but also the value creation, capital flows, research cooperation and investments are globally linked. Third country-based companies bring value to Europe and European companies rely on open global markets. Without being naïve and facing geopolitical challenges heads on, the best way for Europe to remain a continent at the forefront of industrial digitalisation is to boost industrial competences and capabilities in Europe and at the same time ensure open and global cooperation.
- Industry in Europe covers all companies active in Europe. Companies that are either exclusively active in Europe, headquartered in Europe and active worldwide, or headquartered outside Europe and active in Europe. These companies and their employees are all regarded as equal parties within a cosmopolitan Europe. They contribute to Europe’s economic power, are members of associations and standardisation organisations, and should be listened to equally by policymakers and granted equal participation in funding programmes.

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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.

DIGITALEUROPE Membership

Corporate Members

Accenture, Airbus, Amazon, AMD, Apple, Arçelik, Autodesk, Bayer, Bidao, Bosch, Bose, Bristol-Myers Squibb, Brother, Canon, Cisco, DATEV, Dell, Dropbox, Eli Lilly and Company, Epson, Ericsson, Facebook, Fujitsu, GlaxoSmithKline, Google, Graphcore, Hewlett Packard Enterprise, Hitachi, HP Inc., HSBC, Huawei, Intel, Johnson & Johnson, JVC Kenwood Group, Konica Minolta, Kyocera, Lenovo, Lexmark, LG Electronics, Mastercard, Microsoft, Mitsubishi Electric Europe, Motorola Solutions, MSD Europe Inc., NEC, NetApp, Nokia, Nvidia Ltd., Oki, OPPO, Oracle, Palo Alto Networks, Panasonic Europe, Philips, Pioneer, Qualcomm, Red Hat, Ricoh, Roche, Rockwell Automation, Samsung, SAP, SAS, Schneider Electric, Sharp Electronics, Siemens, Siemens Healthineers, Sony, Swatch Group, Technicolor, Texas Instruments, Toshiba, TP Vision, UnitedHealth Group, Visa, VMware, Workday, Xerox.

National Trade Associations

Austria: IOÖ

Belarus: INFOPARK

Belgium: AGORIA

Croatia: Croatian Chamber of Economy

Cyprus: CITEA

Denmark: DI Digital, IT BRANCHEN, Dansk Erhverv

Estonia: ITL

Finland: TIF

France: AFNUM, SECIMAVI, Syntec Numérique, Tech in France

Germany: BITKOM, ZVEI

Greece: SEPE

Hungary: IVSZ

Ireland: Technology Ireland

Italy: Anitec-Assinform

Lithuania: INFOBALT

Luxembourg: APSI

Netherlands: NLdigital, FIAR

Norway: Abelia

Poland: KIGEIT, PIIT, ZIPSEE

Portugal: AGEFE

Romania: ANIS

Slovakia: ITAS

Slovenia: ICT Association of Slovenia at CCIS

Spain: AMETIC

Sweden: Teknikföretagen, IT&Telekomföretagen

Switzerland: SWICO

Turkey: Digital Turkey Platform, ECID

United Kingdom: techUK