Digitising European industry

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PURPOSE: to assist European industry to reap the full benefits of a digital single market.

BACKGROUND: the Commission considers it essential to achieve the Digital Single Market (DSM) in Europe to attract investment in digital innovations and for faster business growth in the digital economy. In 2015 the Commission initiated an ambitious strategy to achieve a DSM.

The Digital Single Market strategy is part of a coherent framework of Commission initiatives aimed at strengthening the overall competitiveness of industry, especially small and medium-sized enterprises (SME). This includes the Investment Plan for Europe, the Energy Union, the Capital Markets Union, the Circular Economy package and the Single Market Strategy.

High-tech sectors in Europe are fairly advanced in embracing digital innovations while **a large part of SME, mid-caps and non-tech industries still lag behind**. Large disparities in digitisation also exist between regions.

Several national and regional initiatives were launched recently to tap into the opportunities offered by digital innovations in industry. However, addressing the challenges of digital transformation at national level alone bears **the risk of leading to further fragmentation of the single market** and to efforts below the critical mass needed to attract private investments.

Recent studies estimate that digitisation of products and services will add more than **EUR 110 billion of revenue for industry per year** in Europe in the next 5 years.

CONTENT: this communication aims to **reinforce the EU's competitiveness in digital technologies** and to ensure that every industry in Europe, in whichever sector, wherever situated, and no matter of what size can fully benefit from digital innovations.

The focus is on actions with a clear **European value added** building on, complementing and ensuring the scaling up of national initiatives.

The Commission states that the proposed actions are expected to mobilise **close to EUR 50 billion of public and private investment in the next 5 years,** explore and adapt when needed the legislative framework and reinforce coordination of efforts on skills and quality jobs in the digital age.

The Commission’s approach is built around the following themes:

1) A framework for co-ordination of initiatives for digitising industry: in the first half of 2016, the Commission, together with Member States and industry, will set up a **governance framework** to (i) facilitate the coordination of EU and national initiatives on digitisation, (ii) mobilise stakeholders, and resources across the value chain, on actions towards the achievement of a Digital Single Market, building upon existing multi- stakeholders dialogues, and (iii) exchange best practices.

2) Co-investing in boosting Europe's digital innovation capacities: the Commission plans to focus EUR 500 million investment from Horizon 2020 on digital innovation hubs on:

- networking and collaboration of **digital competence centres** and cluster partnerships;
- supporting cross-border collaboration of innovative experimentation activities;

- sharing of best practices and developing, by end of 2016, a **catalogue of competences**;
- wider use of **public procurement** of innovations to improve efficiency and quality of the public sector.
- in co-operation with Member States, the Commission will focus investments in the **public-private partnerships (PPPs)** by concentrating on key technologies and their integration including through **large scale federating projects** and **large-scale pilot projects** to strengthen **Internet of Things**, advanced manufacturing and technologies in smart cities and homes, connected cars or mobile health services.

The Commission will monitor the commitment by the private sector to invest, on average, at **least four times as much as the EU investments in the PPPs** and the use of the opportunities offered by financial instruments under the **European structural and investments funds** (EFSI and ESIF).

3**) Providing the appropriate regulatory framework conditions**: with the support of industry and Member States, the Commission will:

- propose in 2016 the **initiative on free flow of data** within the EU in order to remove or prevent unjustified localisation requirements in national legislation or regulation as well as to examine in greater detail the emerging issues of **data ownership**, access and re-use rules, including as regards data in an industrial context and especially data generated by sensors and other collecting devices;
- explore the legal frameworks for autonomous systems (like driverless cars or drones) and **Internet of Things** applications in particular safety and liability rules and the legal conditions to allow large scale testing in real life environments;

4) Digital skills: the digital transformation is structurally changing the labour market and the nature of work. The Commission address these challenges with a **comprehensive dialogue on the social aspects of digitization** that engages all stakeholders involved in all aspects of work, education and training.

Starting in 2013, the Commission initiated the Grand Coalition for digital jobs as a cross-European, multi-stakeholder initiative to increase the provision of digital skills. The initiative has been successful in attracting over 60 pledges from more than 100 stakeholders, largely from the ICT sector, to train hundreds of thousands of people in new digital skills.

The forthcoming **New Skills Agenda for Europe** will provide a comprehensive framework for employability, including the need for digital and complementary skills.