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# Green Deal Industrial Plan: Boost digitalisation and make it easier to do business, scrap the subsidy race

As leaders discuss the new European Green Deal Industrial Plan at the upcoming Council, Europe's digital industry calls for measures to promote competitiveness and to provide the right incentives to boost green innovation. The digital transition must be put at the centre of such a plan, not in the margins like the current draft.

Instead of fuelling a subsidy race, we should consolidate the Single Market, better use the tools currently at our disposal, revisit existing regulation, and focus on open and rules-based trade.

Parts of the Inflation Reduction Act came as an unpleasant surprise, but Europe will not become more competitive if we fight fire with fire.

Relaxing state aid rules too much risks placing more power and funding in the hands of member states with the largest pockets at the expense of smaller ones, reducing economic growth in the long-term.

Furthermore, acting as 27 separate nations we will not be able to compete toe to toe with billions of subsidies coming from other parts of the world.

Unfortunately, digital technologies are a footnote in the Commission's plan, yet digitalisation is the key to driving transforming our industries and societies, boosting exports and cutting emissions.

To regain competitiveness we must act smarter, lean on our strengths, and look outwards.

## Single Market focus

Europe's economic success has been built on bringing down barriers between countries and stimulating competition. Yet today many of our most innovative companies – particularly SMEs – complain that doing business in Europe is too difficult or that the digital ecosystem is too fragmented.

For example, the uncertainty over data processing stemming from multiple national interpretations of GDPR, the multitude of different compliance rules per Member State, or the stop-start 5G and broadband rollout across the continent.

The EU has a golden opportunity to set a bold new agenda for the internal market. Member States also need the vision to take difficult choices to make it happen, focusing on harmonisation and reducing the amount of national exemptions to EU rules.

## **Making best use of the funds available**

Together, 57% of the €720 billion Recovery and Resilience Funds was allocated to green and digital spending, yet only 10% of the cash has been spent.

Recent measures like RePowerEU have also undermined the RRF's transformative potential by omitting the 20% digital spending target.

For EU spending we must simplify the processes to ensure the money is disbursed quicker and support industries to reach the goals of the Green Deal. We should also completely rethink procurement to ensure it is streamlined and accessible for SMEs.

Let's also ensure all initiatives consistently aim at the same goal of long-term competitiveness, be it through build-up of digital skills or roll-out of new technologies. Tax breaks for investment in digital technologies must also be part of the solution.

## **Digital regulation: think again**

At a time when European industry is facing unprecedented energy prices and inflation, the EU should also look with fresh eyes at the digital regulation in the pipeline like the AI Act and Data Act.

We should make the "competitiveness check" a reality, for example through regulatory sandboxing, and ask ourselves whether the many digital files on the table will support companies to produce the innovative clean tech solutions we need. Let's not be ashamed to revisit if necessary.

## **Renewed multilateral cooperation**

This situation is precisely why the EU-US Trade and Technology Council was set up. The US Inflation Reduction Act and its fallout amongst allies also shows how high-tech economies are interconnected. Both sides must ensure this does not happen again.

According to Commission estimates, 85% of future GDP growth<sup>1</sup> will come from outside of Europe. We call on the EU to redouble its efforts in international fora like the TTC or the WTO and make sure that cooperation with likeminded countries is a reality and not just a buzzword.

FOR MORE INFORMATION, PLEASE CONTACT:



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<sup>1</sup> European Commission Trade Policy Review

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## About DIGITALEUROPE

DIGITALEUROPE is the leading trade association representing digitally transforming industries in Europe. We stand for a regulatory environment that enables European businesses and citizens to prosper from digital technologies. We wish Europe to grow, attract, and sustain the world's best digital talents and technology companies. Together with our members, we shape the industry policy positions on all relevant legislative matters and contribute to the development and implementation of relevant EU policies, as well as international policies that have an impact on Europe's digital economy. Our membership represents over 45,000 businesses who operate and invest in Europe. It includes 100 corporations which are global leaders in their field of activity, as well as 41 national trade associations from across Europe.

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### National Trade Associations

**Austria:** IOÖ

**Belgium:** AGORIA

**Croatia:** Croatian Chamber of Economy

**Cyprus:** CITEA

**Czech Republic:** AAVIT

**Denmark:** DI Digital, IT BRANCHEN, Dansk Erhverv

**Estonia:** ITL

**Finland:** TIF

**France:** AFNUM, SECIMAVI, numeum

**Germany:** bitkom, ZVEI

**Greece:** SEPE

**Hungary:** IVSZ

**Ireland:** Technology Ireland

**Italy:** Anitec-Assinform

**Lithuania:** Infobalt

**Luxembourg:** APSI

**Moldova:** ATIC

**Netherlands:** NLdigital, FIAR

**Norway:** Abelia

**Poland:** KIGEIT, PIIT, ZIPSEE

**Portugal:** AGEFE

**Romania:** ANIS

**Slovakia:** ITAS

**Slovenia:** ICT Association of Slovenia at CCIS

**Spain:** Adigital, AMETIC

**Sweden:** TechSverige, Teknikföretagen

**Switzerland:** SWICO

**Turkey:** Digital Turkey Platform, ECID

**Ukraine:** IT Ukraine

**United Kingdom:** techUK