As Europe slowly begins to emerge out of an unprecedented public health crisis, questions are being posed as to how digital technologies could be leveraged on the bloc to ensure a resilient and stable recovery.

Building on from a recent event hosted by Digital Europe, which brought together a cross-section of those working in the technology industry and the political world, this event report examines the potential role of technology in the resilience of European citizens to future threats, in a post-COVID world.
Commission sets sights on digital-savvy citizens

We need to reinvent, not rebuild Europe’s industrial base after COVID-19
The European Commission has reiterated the importance of up-skilling adults and young people across the bloc, in order to make European workers more agile in the post-coronavirus digital economy.

Speaking as part of an event hosted by Digital Europe on Thursday (May 28), Anthony Whelan, digital advisor to Commission President Ursula von der Leyen, noted how the executive’s revamped Multi-annual Financial Framework could be leveraged to ensure that Europe is able to bridge the digital skills gap.

The intention with Wednesday’s new seven-year budget, Whelan said, was to “reverse the cuts in the draft MFF that were being discussed in February, to which we then added a whole range of draft budgetary instruments, one of which is advanced skills.”

Indeed, the EU’s Digital Europe Programme is set to be in for a funding allocation of €8.2 billion as part of the new budget, an increase of €1.5 billion after the European Council had marked it down in February.

As part of a communication published by the Commission earlier this week on announcement of the new budget proposal, the importance of ramping up the bloc’s digital skills was made clear.

“As Europe sets off on its path to recovery towards a greener, digital

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and more resilient economy and society, the need to improve and adapt skills, knowledge and competences becomes all the more important,” the communication said.

“The crisis has also shown the importance of digital skills, for children, students, teachers, trainers and all of us to communicate and work.”

Whelan added on Thursday that the increase in funds, should they be approved, could be made use of as part of future priorities in this field, to be clarified by the executive later in the year.

In this vein, he made reference to the adjusted 2020 working timetable – including plans to present an update on the Digital Education Action Plan in the autumn, as well as an updated skills agenda in Q3.

“The whole idea is to learn from the crisis how we can improve our approach to the development of various digital skills,” Whelan said, adding that efforts in the field will be proceeded by a public consultation on the plans due to be opened up soon.

He also noted how the ‘biggest bazooka’ in terms of the bloc’s new funding plans, would be the recovery fund itself – composed of €750 billion mostly in grants. While member states have most of the say in how the new outlay will be spent, Whelan said the executive recognises ‘connectivity’ and ‘skills’ as potential ‘major winners.’

**CONNECTIVITY**

On the subject of connectivity, meanwhile, Marc Vancoppenolle, global head of government relations at Nokia, highlighted how networked technology has proved itself to be particularly important amid the coronavirus outbreak in Europe.

“This pandemic has shown that connectivity is crucial,” he said. “The network traffic for our customers has gone up by 70%.”

Vancoppenolle added however that gaps remain in Europe’s patchy broadband coverage, and that the timetabling of spectrum frequency auctions for 5G has taken a hit.

Spain, Austria, Portugal, and the Czech Republic are just some of the countries that have pushed back their auctions for spectrum frequencies, due to the coronavirus outbreak.

Current EU goals in the field of next-generation telecommunications include a launch of 5G services in all EU member states by the end of 2020 at the latest, as well as a ‘rapid build-up’ that will ensure “uninterrupted 5G coverage in urban areas and along main transport paths by 2025,” as outlined in the 2016 5G Action Plan for Europe.

“Other countries are not standing still. Look at South Korea and the US – everyone is moving forward,” Vancoppenolle noted.

**MANUFACTURING**

Meanwhile, for Digital Europe – the trade association that counts giants such as Amazon, Facebook, Google, Apple, Huawei and Microsoft as members – there is a renewed interest in ensuring that the bloc’s manufacturing sector receives boost from key enabling technologies.

“It’s vital that Europe ensures it stays at the forefront of digital manufacturing,” Cecilia Bonefeld-Dahl, director general of Digital Europe, said on Thursday, adding that advanced digital tools could help the sector minimise resource usage and improve the energy efficiency of manufacturing operations.

Along this axis, Bonefeld-Dahl cited the trade association’s Digital Manufacturing Executive Council (DMEC), which represents executives from top manufacturers and technology firms, as playing a key role in contributing towards Europe’s future goals in the development of next-generation technology.

For his part, the Commission’s Whelan noted how the new ‘strategic investment facility’ – part of the InvestEU programme overseen by the European Investment Bank, could play a key role here. The instrument is designed to open the doors on €150 billion in investment for the digital transition and green priorities, by using €15 billion in guarantees.

And the twin poles of digital and green go hand in hand in the future political priorities of the Union, Whelan noted, with attention afforded to investments in key technologies such as Artificial Intelligence, blockchain, robotics, semiconductors and high-performance computing.

Such tools, he added, could provide a means to achieve Europe’s broader sustainable objectives, ensuring the bloc’s resilience in the face of future crises and in pursuance of the goal of technological sovereignty.

“We need to need to improve our domestic capacities,” he said. “Not as part of a raising of walls, but as part of an intelligent diversification of supplies, in parallel with our capacity to face future crises.”
The economic situation is bleak. The IMF predicts a 3% fall in global GDP in 2020 because of COVID-19. Europe’s largest economy, Germany, officially entered into recession earlier this week and according to McKinsey, 60 million jobs are at risk in Europe alone. The manufacturing sector has been particularly affected as factories closed down and complex supply chains were disrupted.

Cecilia Bonefeld-Dahl is Director General of DIGITALEUROPE, the leading digital technology industry association representing over 35,000 digital companies Europe.

As the lockdown lifts, the digital transformation represents a huge opportunity to regain competitiveness,

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boost the European economy, and make our industry greener and more resilient to future crises. We cannot return to business as usual.

To make the change, Europe needs an ambitious, digital-first budget. On Wednesday, the Commission unveiled its historic new Corona recovery spending plan. Whilst we were very pleased to see a strong focus on digital in the new proposal, we were disappointed to see that the dedicated funding streams for digital, such as the Digital Europe programme, were not increased. The focus on digital transformation of industries, skills and society needs to be maintained during the negotiations with Member States in order to accelerate the recovery and guarantee European competitiveness. Other countries like China, South Korea and the US will not stop moving forward and in many ways they are ahead in areas like AI and 5G. European leaders must prove that digital is not just a buzzword and put their money where their mouths are.

A crisis tends to reinforce trends, and this is also the case with the COVID-19 crisis. As Microsoft CEO Satya Nadella put it recently, in the past two months we have seen around two years’ worth of digital transformation. Firms both large and small are scrambling to move their activities and workers online. This ‘digital leap’ may have been started with a push in the back, but we need to keep moving forwards.

In DIGITALEUROPE’s February paper, A Stronger Digital Industrial Europe, we identified several focus areas that would bring our industry into the digital age. This includes investment in research, and widespread adoption of AI and emerging technologies, 5G, cybersecurity, and big data.

The COVID-19 crisis has not changed our goals, but it has increased the urgency. Digitalisation is not a ‘nice to have’: now it could be essential to business survival. This is especially true of smaller companies.

We should nevertheless remember Europe remains an industrial giant and we are very good at many things, especially in the business to business field. There are fantastic examples all around our continent, such as Nokia’s Oulu factory in Finland, which utilises the full potential of 5G, data analytics and edge computing to boost productivity by 30%. Another is Schneider Electric’s smart factory in Le Vaudreuil, a fully digitalised facility which uses a range of sensors and the Internet of Things (IoT) to increase productivity by between 2% to 7% and achieve energy savings of up to 30%.

The above examples show two key reasons to adopt these technologies. The first is of course the productivity gains and the potential for growth and competitiveness for European manufacturing. Digital businesses grow two and half times faster than non-digital companies.

The second reason is sustainability. Smart factories use less energy, waste fewer resources and pollute less. In other words, the digitalisation of our industry is an essential tool to achieve the goals of the European Green Deal. According to GeSI & Accenture, digitalising Europe’s manufacturing sector could save 2.7 gigatons of carbon emissions by 2030.

Of course, in order to make the most of these new opportunities and ensure that citizens are not left behind, these efforts must be flanked with a huge digital training programme. The manufacturing sector of the future will need ICT technicians, data scientists and robot operators.

Another societal driver that will determine the success or failure of this project is connectivity. Far too few people in Europe have access to high-quality and dependable internet connections. At national level, 5G rollout has been sluggish. This needs to change, and the COVID-19 recovery must put connectivity as a top priority.

In order to get back on its feet in the post-Corona world, and then to thrive, European industry needs to digitalise. This will accelerate the recovery and help us reach our climate goals. To get there, private companies must be encouraged to take their digital leap, and governments need to prioritise investments in digital skills, connectivity and emerging technologies. In short, now is the time to reinvent our manufacturing industry, not rebuild the old one.
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