



European Round Table for Industry

Mr António Costa
Prime Minister
Member of the European Council
Prime Minister's Office
Rua da Imprensa à Estrela 4
1200-888 Lisboa
Portugal

17 March 2021

Dear Prime Minister,

At the European Council on 25 and 26 March, European leaders will meet to discuss the Single Market, industrial policy and digital transformation.

The European Round Table for Industry (ERT), a forum of around 60 Chief Executives and Chairs of multinational companies with our roots in Europe, recommends that the focus should be on improving European competitiveness.

Digital transformation – equal attention and importance as the Green Deal

The digital transition will empower energy transition, innovation and new employment opportunities. For this reason, it is crucial to give the “Digital Compass” equal attention and importance as the “Green Deal”. We strongly support at least 20% of the Recovery and Resilience Facility being invested in digital.

We welcome the European Commission’s recent Communication on the “Digital Compass” and its targets for Europe’s digital transformation by 2030 in key areas including skills, secure and sustainable digital infrastructures, as well as the digitalisation of businesses and public services.

Europe can become a global leader in Artificial Intelligence (AI) and data-driven innovation by leveraging its technological capacity and strong industrial base with high-quality digital infrastructures and a regulatory framework based on its fundamental values. However, Europe currently lags behind its main competitors in AI investments.

Regarding its digital infrastructures, Europe needs however to recognise its starting point on connectivity: lagging behind other parts of the world with merely 14% 5G coverage, having an investment gap in digital infrastructure – based on existing targets – of EUR 254 billion and a financially constrained telecoms sector.

The success of the Digital Decade and Europe’s recovery depends on our collective efforts to maximise the long-lasting impact of public investment and crowd-in private investment.

Europe urgently requires a policy reset and needs to adopt a joined-up, holistic approach from policymakers that knits together the ambitious targets, which will only be achievable with a market structure that encourages investment, an effective industrial policy and regulatory framework, smart measurement and proper scrutiny.

The positive economic effects will not be restricted to the 5G value chain and will have broader benefits across the economy and society. 5G and AI will help to increase productivity and competitiveness in key industrial sectors, support the digitisation of SMEs and support millions of jobs in Europe.

Single Market – remove barriers for new growth

As part of the strategy to recover from the crisis, the EU should urgently continue to harmonise rules in the Single Market as much as possible and improve the level playing field. The rationale for deeper integration is strong in crucial sectors such as energy, the digital economy and capital markets.

Even though some barriers are less visible to policymakers or not of immediate concern to the public opinion, every obstacle to the freedom of movement of people, goods, services and capital constitutes an opportunity cost. Lowering (transaction) costs remains key to Europe's competitiveness, not least among SMEs. Further integrating the economies of the EU is a non-costly (budgetary neutral) way to boost recovery.

Industrial Strategy – monitor progress and benchmark with other geographies

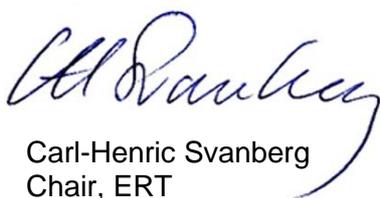
As we are awaiting the European Commission's update of the "New Industrial Strategy", ERT emphasises the need to add Key Performance Indicators (KPIs) as well as targets for 2030 to monitor progress and to benchmark the EU with other geographies.

In November 2020, ERT released a publication "Putting the EU Industrial Strategy into action", which includes an overview of possible KPIs in line with the Commission's priorities of the twin transitions and its objective of open strategic autonomy.

We ask the European Council to request the European Commission to publish regular "Competitiveness Reports" that focus on tracking the EU's performance as a whole from a global perspective.

It is only with quantitative data that the EU will have the required evidence to inform future policy actions and investment decisions needed to successfully achieve the twin transitions – an ambition the Members of ERT wholeheartedly support.

Yours sincerely,



Carl-Henric Svanberg
Chair, ERT
Chairman, AB Volvo