

Investing in the transition towards a low-carbon and digitalised economy



- From the **second** to the **third** industrial revolution
- From a **fossil-fuel based industry** to a **low-carbon and digitalised industry**
- From **mass** production and consumption to **sustainable** production and consumption
- With **data** as a new raw material
- With products as carriers of services
- From individual **consumption** to **investments** in collective goods
- While integrating the **Paris Agreement** and the **UN Sustainable Development Goals** in industrial policy

Investing in a long-lasting recovery



- **Sixth year of economic recovery** but clouds are gathering!
 - Trade wars, global economic slowdown, Germany on the brink of a recession, Brexit, political tensions, WTO at risk
 - To prevent a recession: uphold investments (e.g. by the creation of macro-economic stabilisation function at European level)
- **Increase public investments:** currently at 2,9% of GDP compared to 3,2% in 2007
 - Strategic investments in the **industrial infrastructure** for a low-carbon/digital economy
 - Half of member states have a surplus on their budget
 - **Golden rule** of public investments
 - Public investments also trigger private investments

- **Support business investments** (13% of GDP, back at the level of 2008)
 - New financial instruments to support sustainable investments (e.g. green bonds)
 - Addressing short termism in financial markets (shareholders' value=/shareholders' interests)
 - A European market for long-term venture capital
- **Fair taxation** (e.g. implementation of the OECD BEPS programme)
- Promotion of **internal demand**: stop the secular decline of labour in GDP, employment security, reducing the low-wage sector → will trigger investments by increasing consumption

Investing in the transition to a sustainable industry

- Integrating **long-term climate objectives** into industrial strategies
- **Exploring synergies** between industrial policy & environmental policies
 - Developing the toolbox for a sustainable industrial policy: regulations, taxes/subsidies, green technologies, labels, eco-design and standard setting, information campaigns
- Special attention for the promotion of an **'industrialised' circular economy**: re-cycling, re-use, re-manufacturing
- Deep decarbonisation strategies for the **energy-intensive industries**
 - Electrification of heat
 - Electrification of processes
 - Upscaling breakthrough technologies
 - CCS for process emissions
 - New business models for low-carbon products
 - Minimise stranded investments
- Avoid **carbon- and investment leakage**



Investing in the energy transition



- A regulatory framework that allows **secure, sufficient, sustainable** energy for both corporations and citizens at **affordable** prices
- Massive investments needed in the **decarbonisation of energy system** (175-290 bn annually according to the EU climate plan 2050)
 - zero-emissions energy technologies, CCS-U, energy storage, smart grids, increase of supply of electricity, deployment of hydrogen, ...
- **Energy efficiency** : Reduce energy consumption by 50% by 2050, compared to 2005 (EU Climate Plan 2050)
 - Higher renovation rates (combined with adequate financial instruments)
 - Eco-design, energy labelling
- **Renewables**
 - Share of renewable electricity has to be more than 80% by 2050 (EU Climate Plan 2050)
 - switching to renewable heating (e.g. hydrogen, heat pumps)

Investing in the digital economy

- Making the most of **digital technologies to solve our societal challenges**: smart grids, smart cities, e-Health, energy efficiency, resource efficiency
- **Preparing industry for the digital age**: upgrading the digital innovation capacity in all sectors of industry ('Industry 4.0' to create 'Factories of the Future')
- Develop a EU-wide high performance **digital industrial infrastructure**
 - Roll-out of 5G is of strategic importance
 - Leveraging the growth power of new ICT sectors like Artificial Intelligence, big data, IoT, advanced manufacturing, cloud computing,

- Address the **digital divide** between countries/people
- New rules for **taxing the digital economy**
- **Fair distribution of value added** over the value chain (addressing platform monopolies)
- **Regulating the collaborative economy** to avoid the emergence of a digital informal economy
- Addressing the **adverse impact on quantity and quality of jobs**
- Organize a **digital skills revolution**: all employees will need digital skills and must be enabled to adapt to a fast digitalization of the world of work
- **Regulating the use of data**, the access of data, the free flow of data, protection of data, the way data and algorithms are used, organizing FRAND access to industrial data

Investing in innovation as most important driver for industrial policy

- **EU 2020 3% of GDP objective** (currently 2,03%)
- Maintaining the positive track record of Horizon 2020 in **Horizon Europe** (FP9)
 - 35% of the near 100 bn budget of Horizon Europe for climate objectives
- Further **integration of national R&D systems**: building European innovation eco-systems
- Support to **all stages of the innovation process**: also pilots, demonstration projects, market introduction
 - Innovation Fund: commercial-scale demonstration of breakthrough technologies
 - Innovative public procurement
- Support to **all forms of innovation**, not only technological
- Industrial leadership at home: investing in **strategic value chains of the future**, building up 'Brand Europe',
- Promote **industrial cooperation by Important Projects of Common European Interest** (Battery Alliance, Plastics Alliance, Microelectronics)
- **Research public-private partnerships** for the development of new technologies, new markets, innovative networks
- Ensure that the **first industrial application** of publicly-funded R&D takes place inside the EU
- **Super-deduction** in the context of CCCTB

Invest in skills and quality jobs

- **A qualified and committed workforce** at all levels is Europe's most important asset
- **skills mismatches** are a bottleneck for the transition
 - Building skills intelligence
 - Invest in digital and low-carbon skills
- An **individual right to training** ensured by collective agreement
- Creating **pathways** between school and labour market
 - Promote lifelong learning
 - Systems of dual learning
 - Sectoral training initiatives
 - Validation of non-formal and informal learning
- Improve the **European Qualifications Framework** to provide quality assurance to training and ensure the recognition and transferability of acquired skills
- Stop policies of deregulating labour markets and **restore collective bargaining systems**
- Access for all to standard full-time **open-ended employment contracts**
- An **Employment Guarantee** for all low-skilled workers
- Wage convergence between core and periphery
- Keep **older workers** in the workplace



Invest in a just transition

- Making economic/technological disruptions socially more gradual/progressive and avoid mass redundancies
- no region, no community and no worker may be left behind during the transition
- Social implications have to be taken into account from the outset:
 - Mainstream 'just transition' into all existing European funds
 - Regional redevelopment plans to take care of sectors/regions that are expected to decline or will have to transform
 - Smart specialisation strategies for regions in transition
 - Exchange of good practice and technical assistance
- Implementation of the European Pillar or Social Rights
- Avoid that people with low income are disproportionately affected
- A **socially fair** transition is crucial to ensure a **politically feasible** transition



Vision for Industry 2030

Report of the High Level Round Table

‘ In 2030 European industry will be a global leader, responsibly delivering value for society, the environment and the economy. Europe will built its competitive advantage on cutting-edge and breakthrough technologies, respect for our environment and biodiversity, investment in our people, and smart European and global alliances. Based on collaboration and our common European values, this new industrial model will help to make Europe a role model for the rest of the world. ‘

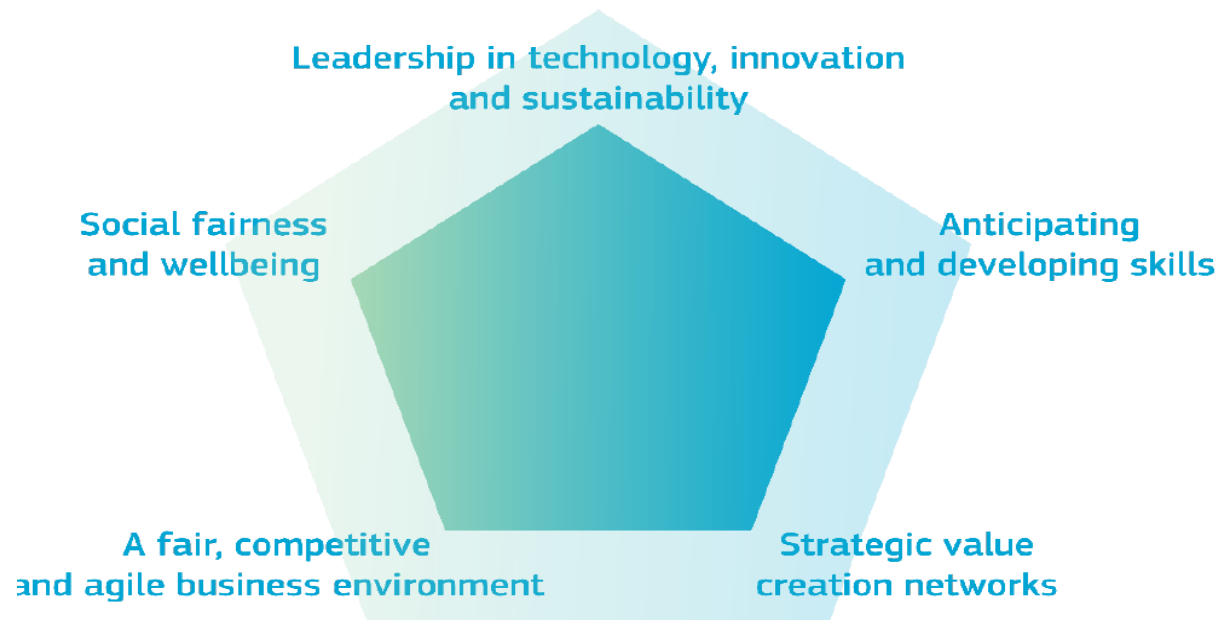


Figure: Five key drivers to achieve the Industry 2030 vision

Thank you for your attention!

