

Brussels, 10 June 2020

SUBJECT: DIGITALEUROPE and 27 national trade associations call for a digital-first budget and recovery plan

Dear President Michel,

Since we last wrote to you with our budget recommendations, the COVID-19 pandemic has had a seismic impact on the economy and our way of life.

Digital technologies have been central to society's response to the crisis. Many of us have taken a huge 'digital leap' to working, studying and socialising online, not to mention the role technology has played in maintaining and supporting our healthcare systems. But there is still much more to do. 60 million jobs are at risk across the continent, and there is a real danger that the crisis will widen the digital divide between those that have access to digital technologies and the necessary skills to thrive in the post-COVID-19 world, and those that do not.

The European Council meetings in June and July will be decisive moments in the history of our continent. By investing in digital we have a **unique opportunity to reinvent our economy, not just rebuild the old one.**

Why digital?

Investments in connectivity and emerging technologies have a strong multiplier effect. For example, artificial intelligence (AI) could add €3.6 trillion to Europe's economic growth by 2030¹. The digital transformation of traditional sectors also holds enormous promise,

¹ "Innovation in Europe: Changing the game to regain a competitive edge", McKinsey, October 2019

particularly for small and medium-sized enterprises (SMEs), which form the backbone of the EU economy. At the same time, SMEs in Europe have been hit hard by the crisis and are in need of financial support. Less than one fifth are 'highly digitised'², meaning they are particularly vulnerable to future crises.

Digitalisation also goes hand in hand with the goals of the European Green Deal. Digitally enabled industries could enable a 20% reduction in global CO₂ emissions by 2030³.

The crisis has highlighted the great potential and benefits of digitization – for example, we have seen a huge leap forward in terms of public sector innovation. But it has also revealed some significant gaps, particularly in areas like education, healthcare and government administration. If we do not act now, our economy and society will remain vulnerable to future crises. We must grasp this opportunity to build up our resilience and leverage the benefits of technology for the public good. Public-private partnerships could also play an important role here.

How to get there?

Connectivity must be one of the top priorities for investment. Network traffic has gone up by 70% in the crisis, yet only 60% have access to ultrafast broadband. This is much lower in rural areas.⁴ Boosting our digital infrastructure will also enable more people to work, study or socialise from home.

We should focus spending on enabling the digital transformation of companies both large and small, as well as in high growth areas such as 5G, data, AI, and high-performance computing.

Furthermore, over half of citizens need to gain new digital skills to do their jobs⁵, and we expect this trend to be reinforced by the current crisis. Reskilling and upskilling, particularly of those put out of work from traditional industries, are vital to empower citizens and prevent regions from falling behind. They must be considered an integral part of the 'just transition'.

We fully support the twin digital and green focus in the Commission's spending plans. We were nevertheless disappointed to see that in the new proposal the dedicated digital streams – the Digital Europe programme and the Connecting Europe Facility – did not receive extra funding despite the strong rhetoric. For the other funding programmes, including those under Next Generation EU, we call on national governments to ringfence significant amounts to be spent on digitalising aspects of our economy.

DIGITALEUROPE urges EU leaders to:

- ▶ **Swiftly approve the new EU budget and Recovery Instrument** to ensure funds are available as soon as possible.
- ▶ **Earmark specific spending on digital transformation and infrastructure from other programmes, like:**

² DESI 2019, European Commission

³ #SMARTer 2030, GeSI & Accenture, 2015

⁴ DESI 2019, European Commission

⁵ World Economic Forum, The Future of Jobs Report, 2018

- The “Recovery and Resilience Facility”;
 - Funds within the Common Agricultural Policy;
 - Funds within the Cohesion Policy;
 - The Just Transition Fund;
 - EU4Health.
- ▶ **Prioritise investment in digital skills** across the European Social Fund+ and the European Regional Development Fund.
 - ▶ **Maintain Horizon Europe funding as set out in latest Commission proposal** and earmark money for applied research on digital transformation in key sectors.
 - ▶ **Reinforce the dedicated funds for digital**, i.e the Digital Europe programme and the Connecting Europe Facility.

For more details, please see DIGITALEUROPE’s [recovery plan](#) and our specific recommendations for the [manufacturing sector](#) and [skills](#).

I look forward to the opportunity to discuss this with you further.

Yours sincerely,



Cecilia Bonefeld-Dahl

Director General of DIGITALEUROPE

About us:



DIGITALEUROPE represents over 35,000 digital companies of all sizes and has 40 national associations across Europe. Our members are committed to helping Europe achieve its digital potential.

National trade associations that co-signed this letter:

- ▶▶ [AFNUM](#) – France
 - ▶▶ [AGEFE](#) - Portugal
 - ▶▶ [AGORIA](#) – Belgium
 - ▶▶ [AMETIC](#) – Spain
 - ▶▶ [ANIS](#) – Romania
 - ▶▶ [Anitec-Assinform](#) – Italy
 - ▶▶ [APSI](#) – Luxembourg
 - ▶▶ [Bitkom](#) – Germany
 - ▶▶ [CITEA](#) – Cyprus
 - ▶▶ [Croatian Chamber of Economy](#) – Croatia
 - ▶▶ [Dansk Erhverv](#) – Denmark
 - ▶▶ [GZS Chamber of Commerce & Industry of Slovenia](#) – Slovenia
 - ▶▶ [INFOBALT](#) – Lithuania
 - ▶▶ [Internetoffensive Österreich](#) – Austria
 - ▶▶ [ITAS](#) – Slovakia
 - ▶▶ [ITL](#) – Estonia
 - ▶▶ [IVSZ](#) – Hungary
 - ▶▶ [KIGEIT](#) – Poland
 - ▶▶ [NLdigital](#) – The Netherlands
 - ▶▶ [PIIT](#) – Poland
 - ▶▶ [SEPE](#) – Greece
 - ▶▶ [Syntec Numérique](#) – France
 - ▶▶ [TECH IN France](#) – France
 - ▶▶ [Technology Industries of Finland](#) – Finland
 - ▶▶ [Technology Ireland](#) – Ireland
 - ▶▶ [Teknikföretagen](#) – Sweden
 - ▶▶ [ZIPSEE](#) – Poland
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